Audited Financial Results

for the year ended 31 December 2013

CBZ HOLDINGS LIMITED

CHAIRMAN'S STATEMENT

for the year ended 31 December 2013

It is with great pleasure that I present to you the audited financial results for CBZ Holdings Limited for the year ended 31 December 2013, marking a continuous five years post dollarisation of profitable operations by the Group.

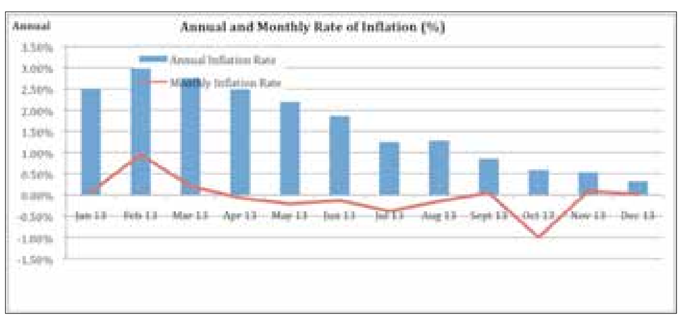
The past two years have been characterised by subdued economic performance which in-turn called for extended prudential banking practices. According to the January 2014 Monetary Policy Statement, the level of non-performing loans generally increased in the sector with the market ratio deteriorating from 13.47% to 15.92% as at 31 December 2013, with the resultant write offs and provisions from the foregoing taking a toll on the banking industry's profitability. Despite the challenges, the Group has made notable inroads in the banking, insurance and asset management fronts and again the Group has delivered significant value to all stakeholders along the value chain.

Operating Environment

The economy's performance continued to be a major concern to investors and market watchers alike, with the GDP growth rate estimated at only 3.4%. Fiscal revenue collections for the year were down 6% due to a declining working population, while other exogenous aspects of the economy were not helping either as most mineral prices were depressed by as much as 13% from 2012 levels. The bulk of the country's trade deficit was funded by international remittances of $1.8 billion and tobacco revenues. Tobacco sales contributed $577.3 million after 156.2 million kilogrammes of the golden leaf went under the hammer during the selling season.

The South African Rand was on the back foot for the greater part of 2013, and provided arbitrage opportunities on the dollar for importers due to the seemingly stable prices prevailing in that economy.

The year on year inflation figure opened the year at 2.91% and averaged a modest 1.64% during the year before closing at 0.33%. The low inflation levels depicted by the subdued economy are testimony of a soft aggregate demand regime resulting from declining consumer income levels.



Financial Market

A well-functioning financial services system has always played a key role in driving and supporting growth by providing capital, facilitating trade and financing infrastructure and innovation. Financial institutions must therefore play a pivotal role in providing innovative solutions to the social, economic and environmental challenges. Access to financial services is thus deemed critical for the achievement of the aforementioned.

The money market is yet to recover from the level of interbank and corporate activities reached in the pre-dollarisation era while the treasury bills market is yet to be fully explored.

In this regard, it is encouraging to note the direction taken by the Government, to recapitalise the Reserve Bank of Zimbabwe and capacitate it to undertake the Lender of Last Resort function. It is also expected that such capitalisation will consequently assist in the resuscitation of interbank trading.

Capital Market

Trade on the Stock Market remained subdued for the most part due to liquidity constraints from the depressed economic performance. The mining index eased 29.68% in 2013 to close at 45.79 points while the industrial index managed to gain 32.62% to close the year at 202.12 points.

The CBZ Holdings stock, which opened the year at 10.0 cents, managed to gain 50% of that value to close the year at 15.0 cents. Approximately 217 million of the company's shares changed hands during the year as the company's market capitalisation closed the year at US$103 million.

Overview of the Group's performance

Below are the key highlights of the Group's performance for the stated period:

	Year Ended 31-Dec-13 US$m	Year Ended 31-Dec-12 US$m
Financial Performance		
Profit before taxation	42.2	55.6
Profit after taxation	36.7	45.0
Total comprehensive income	39.9	50.1
Total assets	1 558.7	1 223.1
Total equity and reserves	205.8	160.7
Total deposits	1 332.6	1 032.4
Total advances	1 028.1	854.7
Other statistics		
Basic earnings per share (cents)	6.3	7.39
Non- interest Income to total Income %	36.7	33.9
Cost to income ratio %	59.0	57.8
Annualised return on assets %	3.0	4.9
Annualised return on equity %	20.0	32.2
Growth in deposits %	29.1	24.4
Growth in advances %	20.3	8.1
Growth in PBT %	(24.0)	45.4
Growth in PAT %	(18.6)	48.4

"A well-functioning financial services system has always played a key role in driving and supporting growth by providing capital, facilitating trade and financing infrastructure and innovation."

Directorate

During the year under review, Mr Mohammed H. Nanabawa retired from the Board as a Non-Executive Board Member with effect from 31 December 2013. Mr Luxon Zembe also retired from the Board as Board Chairman with effect from 10 February 2014. We thank them for their contribution and wish them every success in their future endeavours

Governance

The Group is cognisant of its fundamental role in the economy and therefore strong governance is integral to the Group's long term success. The Group has remained compliant with all requirements of the regulatory bodies in its business environment and continually assesses its governance structures to ensure its effectiveness.

Dividend

In line with the Group's dividend growth policy, and considering the need for capital preservation, the Board has proposed the declaration of a final dividend of $1 262 708. Having paid an interim dividend of $1 026 829, this translates into a total annual dividend of $2 289 537, a 10% growth from the prior year.

Outlook

We remain hopeful for an improved operating environment which is conducive to sustainable investment. The need for long-lasting solutions to the funding challenges and the resuscitation of the manufacturing sector remains priority for the economy to register positive growth.

The Group reiterates its commitment to serve its current and future clients and to contribute to the overall improvement of the country's investment climate.

Appreciation

My appreciation goes to the Board, management and staff, for their commitment to the common goals of growth and success. Achievement of these goals would be impossible without the unwavering support of our stakeholders who remain the backbone of our existence. We hope to sustain our relationships in pursuit of growth through exploiting the Group's dynamic capabilities.

R V Wilde
Chairman

26 February 2014

AUDITOR'S STATEMENT

These financial results should be read in conjuction with the complete set of financial statements for the year ended 31 December 2013, which have been audited by Deloitte & Touche and an unmodified audit opinion issued thereon. The auditor's report on these financial results is available for inspection at the company's registered office.

Deloitte & Touche
Harare, Zimbabwe

26 February 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
Interest income	2	171 798 621	156 861 775
Interest expense	2	(76 531 111)	(61 523 515)
Net interest income	2	**95 267 510**	**95 338 260**
Non-interest income	3	48 106 088	44 072 651
Underwriting income (net)	4	7 171 217	4 723 220
Total income		**150 544 815**	**144 134 131**
Operating expenditure	5	(88 813 016)	(83 299 535)
Operating income		**61 731 799**	**60 834 596**
Charge for impairment		(19 445 247)	(4 632 446)
Transfer to Life Fund		(63 567)	(646 528)
Profit before taxation		**42 222 985**	**55 555 622**
Taxation	6.1	(5 570 643)	(10 530 635)
Profit for the year		**36 652 342**	**45 024 987**
Other comprehensive income			
Gains on property revaluation		3 774 521	5 016 300
Fair value adjustments on available-for-sale (AFS) financial instruments		-	643 003
Income tax relating to components of other comprehensive income	6.3	(561 057)	(596 405)
Other comprehensive income for the year, net of tax		3 213 464	5 062 898
Total comprehensive income for the year		**39 865 806**	**50 087 885**
Profit for the year attributable to:			
Equity holders of parent		36 469 338	44 930 463
Non-controlling interests		183 004	94 524
Profit for the year		**36 652 342**	**45 024 987**
Total comprehensive income attributable to:			
Equity holders of parent		39 682 802	49 993 361
Non-controlling interests		183 004	94 524
Total comprehensive income for the year		**39 865 806**	**50 087 885**
Earnings per share (cents):			
Basic	8	6.30	7.39
Fully diluted	8	6.14	7.23
Headline	8	6.18	6.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
ASSETS			
Balances with banks and cash	7	152 612 007	180 186 510
Money market assets	10	175 131 880	24 896 421
Advances	11	1 028 118 742	854 689 983
Insurance assets	12	3 980 123	4 706 525
Other assets	13	71 078 468	52 217 859
Investments in other financial assets	14	11 797 778	2 181 257
Property and equipment	15	76 444 894	74 248 554
Investment properties	16	21 849 043	20 335 977
Intangible assets	17	1 603 965	2 090 819
Deferred taxation	18.1	16 050 111	7 539 322
TOTAL ASSETS		**1 558 667 011**	**1 223 093 227**
LIABILITIES			
Deferred taxation	18.2	2 579 371	2 383 845
Deposits	19	1 332 564 255	1 032 352 075
Insurance liabilities	20	3 619 146	5 108 824
Life fund	21	1 614 683	1 538 283
Other liabilities	22	10 485 516	16 019 797
Current tax payable		1 956 968	5 013 168
TOTAL LIABILITIES		**1 352 819 939**	**1 062 415 992**
EQUITY AND RESERVES			
Share capital	23.1	6 862 084	6 841 445
Share premium	23.2	26 938 904	26 708 659
Treasury shares	23.3	(6 104 335)	(8 195 417)
Non-distributable reserve	23.4	13 000 000	13 000 000
Revaluation reserve		23 606 200	20 392 736
Share option reserve	23.5	772 890	499 637
Revenue reserve	23.6	140 102 078	100 943 928
Equity and reserves attributable to equity holders of the parent		**205 177 821**	**160 190 988**
Non-controlling interests	23.7	669 251	486 247
TOTAL EQUITY AND RESERVES		**205 847 072**	**160 677 235**
TOTAL LIABILITIES, EQUITY AND RESERVES		**1 558 667 011**	**1 223 093 227**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share capital US$	Share premium US$	Treasury shares US$	NDR US$	Revaluation reserve US$	Share option reserve US$	AFS reserve US$	Revenue reserve US$	Non-controlling interests US$	Total US$
2012										
Balance at 1 January 2012	6 841 445	26 708 659	(587 510)	13 000 000	15 966 335	-	(636 497)	57 565 187	391 723	119 249 342
Total comprehensive income	-	-	-	-	4 426 401	-	636 497	44 930 463	94 524	50 087 885
Treasury shares acquisition	-	-	(7 613 361)	-	-	-	-	-	-	(7 613 361)
Treasury shares disposal	-	-	5 454	-	-	-	-	91 252	-	96 706
Employee share option reserve	-	-	-	-	-	499 637	-	-	-	499 637
Dividends	-	-	-	-	-	-	-	(1 642 974)	-	(1 642 974)
Balance at 31 December 2012	**6 841 445**	**26 708 659**	**(8 195 417)**	**13 000 000**	**20 392 736**	**499 637**	**-**	**100 943 928**	**486 247**	**160 677 235**
2013										
Balance at 1 January 2013	6 841 445	26 708 659	(8 195 417)	13 000 000	20 392 736	499 637	-	100 943 928	486 247	160 677 235
Total comprehensive income	-	-	-	-	3 213 464	-	-	36 469 338	183 004	39 865 806
Treasury shares acquisition	-	-	(1 711 465)	-	-	-	-	-	-	(1 711 465)
Treasury shares disposal	-	-	3 802 547	-	-	-		4 676 947	-	8 479 494
Employee share option reserve	-	-	-	-	-	342 300	-	-	-	342 300
Exercise of share options	20 639	230 245	-	-	-	(69 047)	-	-	-	181 837
Dividends	-	-	-	-	-	-		(1 988 135)	-	(1 988 135)
Balance at 31 December 2013	**6 862 084**	**26 938 904**	**(6 104 335)**	**13 000 000**	**23 606 200**	**772 890**	**-**	**140 102 078**	**669 251**	**205 847 072**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	31 Dec 2013 US$	31 Dec 2012 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	42 222 985	55 555 622
Non cash items:		
Depreciation	5 482 586	4 784 926
Amortisation of intangible assets	814 575	739 911
Impairment of property and equipment	746 093	-
Fair value adjustments	(1 956 224)	(2 490 124)
Impairment on advances and insurance assets	19 445 247	4 632 446
Unrealised gain on foreign currency position	(2 505 158)	(3 328 089)
Loss on disposal of investment properties	55 891	-
Loss on sale of property and equipment	24 578	160 793
Unearned premium	530 904	259 788
Claims provision Incurred But Not Reported (IBNR)	(176 210)	517 368
Employee share option expense	342 300	499 637
Operating cashflows before changes in operating assets and liabilities	**65 027 567**	**61 332 278**
Changes in operating assets and liabilities		
Deposits	302 717 338	205 783 442
Advances	(200 216 662)	(68 982 309)
Money market assets	(150 235 459)	(16 938 043)
Insurance assets	441 027	(3 185 322)
Insurance liabilities	(1 767 972)	1 995 618
Other assets	(14 972 576)	(33 866 581)
Other liabilities	(5 534 281)	(78 317 081)
	(69 568 585)	**6 489 724**
Corporate tax paid	(17 503 163)	(13 849 844)
Net cash (outflow)/inflow from operating activities	**(22 044 181)**	**53 972 158**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of investment property	176 609	-
Net change in investments	(1 763 123)	905 974
Purchase of investment properties	(14 707)	(16 113)
Proceeds on disposal of property and equipment	810 232	411 297
Purchase of property and equipment	(9 423 343)	(8 087 695)
Purchase of intangible assets	(277 721)	(293 338)
Net cash outflow from investing activities	**(10 492 053)**	**(7 079 875)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options exercised	181 837	-
Treasury shares acquisition	(1 711 465)	(7 613 361)
Treasury shares disposal	8 479 494	96 706
Dividends paid	(1 988 135)	(1 642 974)
Net cash inflow/(outflow) from financing activities	**4 961 731**	**(9 159 629)**
NET (DECREASE)/INCREASE IN BALANCES WITH BANKS AND CASH	**(27 574 503)**	**37 732 654**
Balances with banks and cash at the beginning of the year	180 186 510	142 453 856
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	**152 612 007**	**180 186 510**

1. NOTES TO THE CONSOLIDATED FINANCIAL RESULTS
for the year ended 31 December 2013

1.1 BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of property, equipment, investment property and certain financial instruments that are stated at fair value.

The financial statements are presented in United States dollars (US$), the Group's functional currency.

Basis of consolidation
The Group's consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee, is exposed or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired and up to the date control ceased.

The financial statements of the subsidiaries and associate Company are prepared for the same reporting period as the parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that are recognised in assets and liabilities and income and expenses are eliminated in full.

Non-controlling interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Compliance with Companies, Banking, Insurance, Building Societies, Asset Management Acts and Statutory Instruments (SI 33/99 and SI 62/99)

These financial results which have been prepared under the historical cost convention are in agreement with the underlying books and records. The financial results have been prepared in accordance with the Group's accounting policies and are in compliance with the requirements of the Companies Act (Chapter 24:03) and Statutory Instruments SI 33/99 and SI 62/99, the Banking Act (Chapter 24:20), the Insurance Act (Chapter 24:07), the Building Societies Act (Chapter 24:02) and the Asset Management Act (Chapter 24:26).

Compliance with IFRS

The financial results have been prepared in conformity with IFRS, promulgated by the International Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as International Accounting Standards (IAS) and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial results. Kindly refer to our website (www.cbz.co.zw) for a detailed analysis of the significant accounting estimates and judgements.

1.3 INCORPORATION AND ACTIVITIES

The consolidated financial statements of the Group for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 26 February 2014. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

2. INTEREST

	31 Dec 2013 US$	31 Dec 2012 US$
Interest Income		
Bankers acceptances	4 283 512	410 392
Overdrafts	96 150 349	76 854 234
Advances	48 219 640	49 141 455
Mortgage interest	10 431 765	5 310 280
Staff loans	2 591 187	2 778 451
	161 676 453	**134 494 812**
Short-term money market assets	4 200 301	1 180 915
Other investments	5 921 867	21 186 048
	171 798 621	**156 861 775**
Interest expense		
Call deposits	457 047	68 409
Savings deposits	5 471 339	6 342 095
Money market deposits	46 684 514	37 862 439
Other offshore deposits	23 918 211	17 250 572
	76 531 111	**61 523 515**
Net interest income	**95 267 510**	**95 338 260**

3. NON-INTEREST INCOME

	31 Dec 2013 US$	31 Dec 2012 US$
Net income from trading securities	237 337	46 247
Fair value adjustments on financial instruments	225 365	(8 630)
Fair value adjustments on investment properties	1 730 859	2 498 754
Net income from foreign currencies dealings	6 099 364	4 119 364
Unrealised gain on foreign currency	2 505 158	3 328 089
Commission and fee income	31 543 315	30 057 188
Loss on disposal of assets	(80 469)	(160 793)
Other operating income	5 845 159	4 192 432
	48 106 088	**44 072 651**

4. UNDERWRITING INCOME (NET)

	31 Dec 2013 US$	31 Dec 2012 US$
Gross premium insurance	15 217 421	11 754 811
Reinsurance	(4 234 666)	(4 996 096)
Net written premium	10 982 755	6 758 715
Unearned premium	(243 824)	(109 782)
Net earned premium	10 738 931	6 648 933
Net commission	(700 767)	(224 031)
Net claims	(2 866 947)	(1 701 682)
	7 171 217	**4 723 220**

5. OPERATING EXPENDITURE

	31 Dec 2013 US$	31 Dec 2012 US$
Staff costs	48 882 802	44 809 023
Administration expenses	32 252 844	32 370 819
Audit fees	634 116	594 856
Depreciation	5 482 586	4 784 926
Amortisation of intangible assets	814 575	739 911
Impairment of property and equipment	746 093	-
	88 813 016	**83 299 535**
Remuneration of directors and key management personnel (included in staff costs)		
Fees for services as directors	640 075	555 800
Pension for past and present directors	274 046	172 843
Salaries and other benefits	4 390 130	4 384 954
	5 304 251	**5 113 597**

Operating leases
The following is an analysis of expenses related to operating leases:
Non cancellable lease rentals are payable as follows:

	31 Dec 2013 US$	31 Dec 2012 US$
Less than 1 year	842 910	223 551
Between 1 and 5 years	930 755	1 306 579
More than 5 years	570 000	-
	2 343 665	**1 530 130**

The Group leases a number of branches under operating leases. The leases typically run for a period of less than 5 years with an option to renew the lease after the expiry date.

During the year ended 31 December 2013, an amount of US$2 232 510 was recognised as rent expense in the statement of comprehensive income.

6. TAXATION

Current income tax and deferred tax on temporary differences have been fully provided for. Deferred income tax is calculated using the full statement of financial position liability method.

		31 Dec 2013 US$	31 Dec 2012 US$
6.1	**Analysis of taxation charge in respect of the profit for the year**		
	Current income tax charge	14 446 963	13 621 984
	Deferred income tax	(8 876 320)	(3 091 349)
	Income tax expense	**5 570 643**	**10 530 635**
6.2	**Tax rate reconciliation**	%	%
	Notional tax	25.00	25.00
	Aids levy	0.75	0.75
	Permanent differences	(12.89)	(6.40)
	Temporary differences	0.66	(0.39)
	Tax credit	(0.33)	-
	Effective tax rate	**13.19**	**18.96**
6.3	**Tax effects relating to comprehensive income**		
	Gross revaluation adjustment	3 774 521	5 016 300
	Tax expense	(561 057)	(589 899)
	Net revaluation adjustment	**3 213 464**	**4 426 401**
	Gross fair value adjustment on AFS financial assets	-	643 003
	Tax credit	-	(6 506)
	Net fair value adjustment on AFS financial assets	**-**	**636 497**
	Total taxation	**561 057**	**596 405**

7. BALANCES WITH BANKS AND CASH

	31 Dec 2013 US$	31 Dec 2012 US$
Balance with the Reserve Bank of Zimbabwe	**94 237 886**	**102 502 494**
Statutory reserve	-	-
Current accounts	94 237 886	102 502 494
Balances with other banks and cash	**58 374 121**	**77 684 016**
Cash foreign	35 820 181	38 778 884
Nostro accounts	22 530 964	33 137 879
Interbank clearing accounts	22 976	5 767 253
	152 612 007	**180 186 510**

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares adjusted for the effects of all potentially dilutive ordinary shares.

Headline earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent after adjustments for excluded re-measurements by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	31 Dec 2013 US cents	31 Dec 2012 US cents
Basic earnings (earnings attributable to holders of parent)	6.30	7.39
Fully diluted	6.14	7.23
Headline	6.18	6.80

		31 Dec 2013 US $	31 Dec 2012 US $
8.1	**Earnings**		
	Basic earnings (earnings attributable to equity holders of parent)	36 469 340	44 930 463
	Fully diluted	36 469 340	44 930 463
	Headline	35 773 930	41 314 365
	Number of shares used in calculations (weighted)		
	Basic earnings per share (weighted)	578 552 839	607 672 081
	Fully diluted earnings per share (weighted)	594 207 764	621 499 352
	Headline earnings per share (weighted)	578 552 839	607 672 081
8.2	**Reconciliation of denominators used for calculating basic and diluted earnings per share:**		
	Weighted average number of shares before adjustment for treasury shares	686 208 540	684 144 546
	Less: Treasury shares held	(107 655 701)	(76 472 465)
	Weighted average number of shares used for basic EPS	578 552 839	607 672 081
	Potentially dilutive shares	15 654 925	13 827 271
	Weighted average number of shares used for diluted EPS	**594 207 764**	**621 499 352**

8.3 Headline earnings

	31 Dec 2013 US$	31 Dec 2012 US$
Profit attributable to ordinary shareholders	36 469 338	44 930 463
Adjusted for excluded re-measurements:		
Impairment on property and equipment	746 093	-
Disposal loss on property and equipment	80 469	160 793
Gains on investment properties valuations	(1 730 859)	(5 016 300)
Gains on AFS reclassification from equity	-	643 003
Tax relating to re-measurements	208 887	596 405
	35 773 928	**41 314 364**

9. DIVIDENDS

	31 Dec 2013 US$	31 Dec 2012 US$
Interim dividend paid	961 305	903 071
Final dividend proposed	1 262 708	1 178 326
	2 224 013	**2 081 397**

Dividends are paid on shares held at the record date net of treasury shares held on the same date.

10. MONEY MARKET ASSETS

	31 Dec 2013 US$	31 Dec 2012 US$
AMA/Agro bills	100 000	50 000
Call placements	82 244 680	13 239 994
Treasury bills	54 171 471	11 164 435
Bankers acceptances	35 700 159	-
Accrued interest on money market assets	2 915 570	441 992
	175 131 880	**24 896 421**

10.1 Money market portfolio analysis

	31 Dec 2013 US$	31 Dec 2012 US$
Held to maturity	8 772 334	1 081 658
Held for trading	166 359 546	23 814 763
	175 131 880	**24 896 421**
Maturity analysis		
Between 1 and 3 months	88 174 146	13 989 209
Between 3 months and 1 year	82 980 597	10 800 401
Between 1 and 5 years	3 977 137	106 811
	175 131 880	**24 896 421**

10.2 Financial assets held for trading

	31 Dec 2013 US$	31 Dec 2012 US$
Trading bills and placements	**166 359 546**	**24 896 421**
Maturity value	173 049 063	25 014 327
Book value	166 359 546	23 814 763

10.3 Financial assets classification

	31 Dec 2013 US$	31 Dec 2012 US$
Financial assets held for trading	**166 359 546**	**24 896 421**

11. ADVANCES

	31 Dec 2013 US$	31 Dec 2012 US$
Overdrafts	558 909 098	488 988 537
Loans	355 480 541	303 554 515
Mortgage advances	137 205 371	89 980 277
	1 051 595 010	**882 523 329**
Interest accrued	12 439 476	7 621 860
Total gross advances	**1 064 034 486**	**890 145 189**
Impairment provision (including interest in suspense)	(35 915 744)	(35 455 206)
	1 028 118 742	**854 689 983**

11.1 Sectoral analysis

	31 Dec 2013	%	31 Dec 2012	%
Private	107 684 586	10	94 382 701	11
Agriculture	295 851 155	27	266 467 187	30
Mining	16 809 125	2	13 562 452	2
Manufacturing	96 973 194	9	153 521 287	17
Distribution	245 722 483	23	216 351 971	24
Construction	5 299 981	1	4 607 354	1
Transport	25 254 808	2	21 584 514	2
Communication	8 911310	1	6 636 850	1
Services	242 453 956	23	111 954 128	12
Financial organisations	19 073 888	2	1 076 745	-
	1 064 034 486	**100**	**890 145 189**	**100**

11.2 Maturity analysis

	31 Dec 2013 US$	31 Dec 2012 US$
Demand	613 145 157	524 181 656
Between 1 and 3 months	13 090 851	22 299 913
Between 3 and 6 months	8 986 471	14 543 293
Between 6 months and 1 year	128 262 783	59 863 136
Between 1 and 5 years	180 355 875	169 986 402
More than 5 years	120 193 349	99 270 789
	1 064 034 486	**890 145 189**

Maturity analysis is based on the remaining period from 31 December 2013 to contractual maturity.

11.3 Loans to directors, key management and employees

Loans to directors and key management
Included in advances are loans to executive directors and key management:

	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	5 993 289	3 534 685
Advances made during the year	2 635 763	3 532 272
Repayments during the year	(704 050)	(1 073 668)
Balance at end of year	**7 925 002**	**5 993 289**

Loans to employees
Included in advances are loans to employees:

	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	38 073 520	35 492 076
Advances made during the year	5 160 557	9 281 704
Repayments during the year	(5 395 600)	(6 700 260)
Balance at end of year	**37 838 477**	**38 073 520**

11.4 Non performing advances

	31 Dec 2013 US$	31 Dec 2012 US$
Total advances on which interest is suspended	**46 985 692**	**41 861 695**

11.5 Impairment provisions

	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	35 455 206	21 667 169
Charge for impairment on advances	19 159 872	4 618 173
Interest in suspense	13 699 706	9 169 864
Amounts written off during the year	(32 399 040)	-
Balance at end of year	**35 915 744**	**35 455 206**
Comprising:		
Specific impairments	17 410 620	19 213 448
Portfolio impairments	18 505 124	16 241 758
	35 915 744	**35 455 206**
Collateral		
Collateral (mortgage security)	737 233 914	726 740 897
Cash cover	31 776 798	26 543 980
Notarial General Covering Bonds and cessions	657 516 198	397 534 723
	1 426 526 910	**1 150 819 600**

12. INSURANCE ASSETS

	31 Dec 2013 US$	31 Dec 2012 US$
Reinsurance unearned premium reserve	1 076 997	1 060 418
Reinsurance receivables	1 151 399	2 187 436
Deferred acquisition cost	443 141	236 684
Insurance premium receivables	1 408 104	1 235 891
Suspended premium	(99 518)	(13 904)
	3 980 123	**4 706 525**

12.1 Impairment on insurance assets

	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	89 557	75 284
Provision for doubtful insurance receivables	285 375	14 273
Amounts written off during the year	(195 728)	-
Balance at end of year	**179 204**	**89 557**

13. OTHER ASSETS

	31 Dec 2013 US$	31 Dec 2012 US$
Work in progress	1 734 385	6 808 632
Land inventory	65 964 183	14 894 700
Prepayments and deposits	1 669 340	1 536 930
Other receivables	1 710 560	28 977 597
	71 078 468	**52 217 859**

14. INVESTMENTS IN OTHER FINANCIAL ASSETS

	31 Dec 2013 US$	31 Dec 2012 US$
Investments in equity instruments	4 169 747	2 181 257
Investments in debenture instruments	7 628 031	-
	11 797 778	**2 181 257**

14.1 Investments in equities

	31 Dec 2013 US$	31 Dec 2012 US$
Listed investments	1 419 423	1 772 190
Unlisted investments	2 750 324	409 067
	4 169 747	**2 181 257**
At cost	2 750 323	409 067
At fair value	1 419 424	1 772 190
	4 169 747	**2 181 257**
Portfolio analysis		
Trading	3 968 976	2 181 257
Available for sale	200 771	-
	4 169 747	**2 181 257**

14.2 Investment in subsidiaries

	31 Dec 2013	%	31 Dec 2012	%
CBZ Bank Limited	21 839 891	100	21 839 891	100
CBZ Asset Management	1 987 950	100	1 423 430	100
CBZ Building Society	19 114 990	100	19 114 990	100
CBZ Insurance (Private) Limited	374 579	58.5	374 579	58.5
CBZ Properties (Private) Limited	4 779 144	100	4 779 144	100
CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
	49 484 568		**48 920 048**	

15. PROPERTY AND EQUIPMENT

Cost	Land US$	Buildings US$	Leasehold improvements US$	Motor vehicles US$	Computers and equipment US$	Work in progress US$	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	4 496 725	44 589 499	583 690	3 239 643	20 825 951	9 691 259	83 426 767	72 233 850
Additions	-	2 139 533	111 484	504 060	5 653 232	1 015 033	9 423 342	8 087 695
Revaluation surplus	681 569	1 949 181	-	-	-	-	2 630 750	3 975 867
Impairments	-	(711 553)	-	-	(10 020)	-	(721 573)	-
Disposals	-	-	-	(83 960)	(139 357)	(765 190)	(988 507)	(870 645)
Transfers to non property and equipment assets	(78 200)	-	-	-	-	(3 891 765)	(3 969 965)	-
Transfers/Acquisitions	-	3 671 114	-	63 110	550 989	(4 285 213)	-	-
Closing balance	**5 100 094**	**51 637 774**	**695 174**	**3 722 853**	**26 880 795**	**1 764 124**	**89 800 814**	**83 426 767**
Accumulated depreciation and impairment								
Opening balance	-	-	135 463	1 642 158	7 400 592	-	9 178 213	5 732 274
Charge for the year	-	1 143 771	61 399	566 900	3 710 516	-	5 482 586	4 784 926
Disposals	-	-	-	(62 763)	(90 934)	-	(153 697)	(298 554)
Revaluation	-	(1 143 771)	-	-	-	-	(1 143 771)	(1 040 433)
Impairments	-	-	-	-	(7 411)	-	(7 411)	-
Closing balance	**-**	**-**	**196 862**	**2 146 295**	**11 012 763**	**-**	**13 355 920**	**9 178 213**
Net book value	**5 100 094**	**51 637 774**	**498 312**	**1 576 558**	**15 868 032**	**1 764 124**	**76 444 894**	**74 248 554**

Properties were revalued on an open market basis by an independent professional valuer, Mabikacheche & Associates, as at 31 December 2013 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.

In determining the market values of the subject properties, the following was considered:

- Comparable market evidence which comprised complete transactions as well as transactions where offers had been made but the transactions had not been finalised.
- Professional judgement was exercised to take cognisance of the fact that properties in the transactions were not exactly comparable in terms of size, quality and location to the properties owned by the Group.
- The reasonableness of the market values of commercial properties so determined, per above bullet, was assessed by reference to the properties in the transaction.
- The values per square metre of lettable spaces for both the subject properties and comparables were analysed.
- With regards to the market values for residential properties, the comparison method was used. This method entails carrying out a valuation by directly comparing the subject property, which have been sold or rented out. The procedure was performed as follows:
  - Surveys and data collection on similar past transactions.
  - Analysis of the collected data.
- Comparison of the analysis with the subject properties and then carrying out the valuation of the subject properties. Adjustments were made to the following aspects:
  - Age of property – state of repair and maintenance
  - Aesthetic quality – quality of fixtures and fittings
  - Structural condition – location
  - Accommodation offered – size of land

The maximum useful lives are as follows:

- Buildings — 40 years
- Motor vehicles — 3 – 5 years
- Leasehold improvements — 10 years
- Computer equipment — 5 years
- Furniture and fittings — 10 years

The carrying amount of buildings would have been US$32 382 280 (2012: US$27 096 617) had they been carried at cost.

Property and equipment was tested for impairment through comparison with the open market values determined by independent valuers.

16. INVESTMENT PROPERTIES

	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	20 335 977	17 821 110
Additions	14 707	16 113
Disposals	(232 500)	-
Fair valuation	1 730 859	2 498 754
Closing balance	**21 849 043**	**20 335 977**

The carrying amount of the investment property is the fair value of the property as determined by Mabikacheche & Associates, a registered independent appraiser, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties. The properties were valued as at 31 December 2013.

The rental income derived from investments properties amounted to US$1 317 835 (2012: US$1 323 864) and direct operating expenses amounted to US$175 678 (2012: US$104 083).

17. INTANGIBLE ASSETS

	31 Dec 2013 US$	31 Dec 2012 US$
Computer software		
At cost	3 418 383	3 090 662
Accumulated amortisation	(1 814 418)	(999 843)
	1 603 965	**2 090 819**
Movement in intangible assets:		
Opening balance	2 090 819	2 537 393
Additions	277 721	293 337
Transfer from property and equipment	50 000	-
Amortisation	(814 575)	(739 911)
Closing balance	**1 603 965**	**2 090 819**

Intangible assets are carried at cost less accumulated amortisation. The intangible assets, which comprise computer software, are amortised over a useful life of 3 years.

18 DEFERRED TAXATION

18.1 Deferred tax asset

	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	7 539 322	5 759 724
Assessed loss	161 378	152 162
Impairments and provisions	657 112	1 191 116
Tax claimable impairments	8 377 977	-
Other	(685 678)	436 320
Closing balance	**16 050 111**	**7 539 322**

18.2 Deferred tax liability

Deferred tax related to items charged or credited to statement of comprehensive income during the year is as follows:

	31 Dec 2013 US$	31 Dec 2012 US$
Revaluation of property and equipment	561 057	589 899
Fair value adjustment – financial instruments at fair value through OCI	-	6 506
	561 057	**596 405**

The deferred tax included in the statement of financial position and changes recorded in the income tax expenses are comprised of:

	31 Dec 2013 US$	31 Dec 2012 US$
Fair value adjustments	208 886	208 547
Prepayments	589 907	144 646
Impairment allowance	-	(1 092 359)
Property and equipment	(1 042 633)	82 385
Other	(121 691)	(654 969)
	(365 531)	**(1 311 750)**
Add:		
Opening balance	2 383 845	3 099 190
Closing balance	**2 579 371**	**2 383 845**

19. DEPOSITS

	31 Dec 2013 US$	31 Dec 2012 US$
Call deposits	10 439 337	5 358 031
Savings and other deposits	521 227 248	499 758 972
Money market deposits	490 348 491	339 034 158
Offshore deposits	299 481 272	178 842 308
Accrued interest	11 067 911	9 358 606
	1 332 564 255	**1 032 352 075**

19.1 Deposits by source

	31 Dec 2013 US$	31 Dec 2012 US$
Banks	37 647 610	36 114 207
Money market	468 446 725	314 843 174
Customers	522 778 226	500 978 085
Offshore deposits	303 691 694	180 416 609
	1 332 564 255	**1 032 352 075**

19.2 Deposits by type

	31 Dec 2013 US$	31 Dec 2012 US$
Retail	66 911 308	56 386 272
Corporate	455 866 918	444 591 814
Money market	506 094 335	350 957 380
Offshore deposits	303 691 694	180 416 609
	1 332 564 255	**1 032 352 075**

	31 Dec 2013 US$		31 Dec 2012 US$	
19.3 Sectoral Analysis		%		%
Private	66 088 820	5	125 243 743	12
Agriculture	33 618 095	3	33 747 322	3
Mining	11 045 154	1	11 436 926	1
Manufacturing	124 870 103	9	123 793 013	12
Distribution	133 636 078	10	131 278 594	13
Construction	23 766 879	2	23 659 081	2
Transport	16 249 538	1	15 994 662	2
Communication	62 095 991	5	61 966 512	6
Services	324 718 478	24	197 653 496	19
Financial organisations	487 294 770	37	281 568 065	27
Financial and investments	49 180 349	3	26 010 661	3
	1 332 564 255	**100**	**1 032 352 075**	**100**

	31 Dec 2013 US$	31 Dec 2012 US$
19.4 Maturity analysis		
Repayable on demand	805 831 152	643 962 477
Between 1 and 3 months	192 584 821	159 132 448
Between 3 and 6 months	121 254 263	48 834 228
Between 6 months and 1 year	102 362 566	37 016 860
Between 1 and 5 years	89 710 470	125 737 783
More than 5 years	20 820 983	17 668 279
	1 332 564 255	**1 032 352 075**

Maturity analysis is based on the remaining period from 31 December 2013 to contractual maturity.

20. INSURANCE LIABILITIES

	31 Dec 2013 US$	31 Dec 2012 US$
Reinsurance payables	549 367	1 058 715
Gross outstanding claims	635 779	1 228 735
Gross unearned premium reserve	2 202 048	1 942 410
Deferred reinsurance acquisition revenue	231 952	878 964
	3 619 146	**5 108 824**

20.1 Insurance contract provisions

	Gross US$	Reinsurance US$	Net US$
(a) Provision for unearned premium			
Unearned premiums beginning of year	2 845 208	1 060 418	1 784 790
Written premiums	15 217 421	4 235 431	10 981 990
Premiums earned during the year	(15 060 215)	(4 218 853)	(10 841 362)
Unearned premiums at end of year	3 002 414	1 076 996	1 925 418
Outstanding claims provision			
Outstanding claims at beginning of year	2 391 648	1 240 933	1 150 715
Claims incurred	3 653 593	1 146 050	2 507 543
Incurred But Not yet Reported claims provision (IBNR)	(176 210)	-	(176 210)
Claims paid	(4 801 847)	(2 236 067)	(2 565 781)
Outstanding claims at end of year	1 067 184	150 916	916 268
	4 069 598	1 227 912	2 841 686

	Gross US$	Reinsurance US$
(b) Reinsurance payables		
Reinsurance payables at beginning of year	1 058 715	840 582
Premiums ceded during the year	4 235 431	4 996 096
Reinsurance paid	(4 744 779)	(4 777 963)
Reinsurance payables at end of year	**549 367**	**1 058 715**

	Unearned Commission US$	Deferred Acquisition US$	Net US$
(c) Commissions			
Unearned at beginning of year	243 478	236 684	6 794
Written premiums	878 710	802 983	75 727
Earned during the year	(890 235)	(793 490)	(96 745)
Unearned at end of year	**231 953**	**246 177**	**(14 224)**

	31 Dec 2013 US$	31 Dec 2012 US$
(d) Net claims		
Gross claims incurred	4 377 900	4 196 622
Reinsurance claims	(1 882 360)	(2 889 002)
Incurred but not yet reported claims	459 275	517 368
Gross outstanding claims	664 930	1 575 770
Reinsurance share of outstanding claims	(122 900)	(1 163 764)
	3 496 845	**2 236 994**
(e) Net commissions		
Commission received	953 886	1 189 541
Commission paid	(1 872 444)	(1 394 464)
Deferred acquisition costs	217 791	(19 108)
Net commission	**(700 767)**	**(224 031)**

21. LIFE FUND

	Unearned Premium Reserve US$	Incurred But Not Reported US$	Guaranteed Education Plan Provision US$	Total US$
Opening balance	902 798	635 485	-	1 538 283
Transfer to/(from) income	(103 196)	(210 681)	390 277	76 400
Closing balance	**799 602**	**424 804**	**390 277**	**1 614 683**

22. OTHER LIABILITIES

	31 Dec 2013 US$	31 Dec 2012 US$
Revenue received in advance	1 124 626	859 007
Sundry creditors	7 234 689	13 087 114
Other	2 126 201	2 073 676
	10 485 516	**16 019 797**

23. EQUITY AND RESERVES

23.1 Share capital

	31 Dec 2013 US$	31 Dec 2012 US$
Authorised		
1 000 000 000 ordinary shares of US$ 0.01 each	10 000 000	10 000 000
Issued and fully paid		
686 208 450 ordinary shares of US$ 0.01 each	6 862 084	6 841 445
Opening balance	6 841 445	6 841 445
Exercise of share options	20 639	-
Closing balance	**6 862 084**	**6 841 445**
23.2 Share premium		
Opening balance	26 708 659	26 708 659
Share option reserve	230 245	-
Closing balance	**26 938 904**	**26 708 659**
23.3 Treasury shares		
Opening balance	8 195 417	587 510
Share buyback	1 711 465	7 613 361
Disposal of shares	(3 802 547)	(5 454)
Closing balance	**6 104 335**	**8 195 417**

During the year, the Group purchased 11 622 065 shares at an average price of $0.15 per share. The share buy back was in fulfilment of the resolution made at the annual general meeting (AGM) to purchase the company's issued share capital. The Group also disposed of US$55 723 448 treasury shares to a strategic partner, Safari Quantum at a price of $0.15 per share.

	31 Dec 2013 US$	31 Dec 2012 US$
23.4 Non-distributable reserve		
Opening balance	13 000 000	13 000 000
Movement for the year	-	
Closing balance	**13 000 000**	**13 000 000**
23.5 Employee share option reserve		
Opening balance	499 637	-
Share option to employees	273 253	499 637
Closing balance	**772 890**	**499 637**

During the year 2 063 994 share options were exercised after vesting on 1 June 2013 and 1 181 837 was realised from the exercise.

	31 Dec 2013 US$	31 Dec 2012 US$
23.6 Revenue reserve		
The revenue reserve comprises:		
Holding company	18 745 795	15 895 428
Subsidiary companies	125 022 672	88 490 270
Effects of consolidation journals	(3 666 389)	(3 441 770)
	140 102 078	**100 943 928**
23.7 Non controlling interests		
Non controlling interests comprise:		
Opening balance	486 247	391 723
Total comprehensive income	183 004	94 524
Closing balance	**669 251**	**486 247**

24. CATERGORIES OF FINANCIAL INSTRUMENTS

	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
December 2013					
Financial assets					
Balances with banks and cash	-	-	152 612 007	-	152 612 007
Money market assets	166 359 546	-	8 772 334	-	175 131 880
Advances	-	-	1 028 118 742	-	1 028 118 742
Insurance assets	-	-	3 980 123	-	3 980 123
Investments	3 968 976	200 771	7 628 031	-	11 797 778
Other assets	-	-	18 917 844	-	18 917 844
Total	**170 328 522**	**200 771**	**1 220 029 081**	**-**	**1 390 558 374**
Financial liabilities					
Deposits	-	-	-	1 332 564 255	1 332 564 255
Insurance liabilities	-	-	-	3 619 146	3 619 146
Other liabilities	-	-	-	10 485 516	10 485 516
Current tax payable	-	-	-	1 956 968	1 956 968
Total	**-**	**-**	**-**	**1 348 625 885**	**1 348 625 885**

	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
December 2012					
Financial assets					
Balances with banks and cash	-	-	180 186 510	-	180 186 510
Money market assets	23 814 763	-	1 081 658	-	24 896 421
Advances	-	-	854 689 983	-	854 689 983
Insurance assets	-	-	4 706 525	-	4 706 525
Investments	1 980 486	200 771	-	-	2 181 257
Other assets	-	-	52 217 859	-	52 217 859
Total	**25 795 249**	**200 771**	**1 092 882 535**	**-**	**1 118 878 555**
Financial liabilities					
Deposits	-	-	-	1 032 352 075	1 032 352 075
Other liabilities	-	-	-	16 019 797	16 019 797
Current tax payable	-	-	-	5 013 168	5 013 168
Total	**-**	**-**	**-**	**1 053 385 040**	**1 053 385 040**

25. CAPITAL MANAGEMENT

The Group adopted the Group Internal Capital Adequacy Assessment Policy (ICAAP) which enunciates CBZ Holding's approach, assessment and management of risk and capital from an internal perspective that is over and above the minimum regulatory rules and capital requirements of Basel II. The primary objective of the Group's capital management is to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and maximise shareholder value. ICAAP incorporates a capital management framework designed to satisfy the needs of key stakeholders i.e. Depositors, Regulators, Rating Agencies who have specific interest in its capital adequacy and optimal risk taking to ensure its going concern status (solvency) . The focus is also targeted at meeting the expectations of those stakeholders i.e. Shareholders, Analysts, Investors, clients and the general public who are interested in looking at the profitability of the Group vis-à-vis assumed levels of risk (risk vs return).

It is important to highlight that CBZ Holdings Limited has three levels of capital and other components that are measured and managed simultaneously: -

(i) Regulatory capital,
(ii) Economic capital, and
(iii) Available book capital.

26. CONTINGENCIES AND COMMITMENTS

	31 Dec 2013 US$	31 Dec 2012 US$
Contingent liabilities		
Guarantees	155 884 234	23 220 366
	155 884 234	**23 220 366**
Capital commitments		
Authorised and contracted for	209 519	282 102
Authorised but not yet contracted for	31 685	-
	241 204	**282 102**

The capital commitments will be funded from the Group`s own resources.

27. FUNDS UNDER MANAGEMENT

	31 Dec 2013 US$	31 Dec 2012 US$
Pensions	116 750 198	90 399 455
Private	12 697 695	11 208 428
Unit trust	1 002 987	1 574 283
Money market	9 720 336	7 918 821
	140 171 216	**111 100 987**

28. OPERATING SEGMENTS

The Group is comprised of the following operating units:

CBZ Bank Limited	Provides commercial banking and mortgage finance products through retail banking, corporate and merchant banking and investing portfolios through the treasury function.
CBZ Asset Management (Private) Limited	Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.
CBZ Insurance (Private) Limited	Provides short term insurance.
CBZ Properties (Private) Limited	Property investment arm of the business.
CBZ Life (Private) Limited	Provides long term life insurance.

The following tables present revenue and profit information regarding the Group`s operating segments for the year ended 31 December 2013:

28.1 Segment operational results

	Commercial Banking US$	Mortgage finance US$	Asset management US$	Insurance US$	Property Investment US$	Other operations US$	Elimination of inter segment amounts US$	Consolidated US$
Income								
Total income for the year ended 31 Dec 2013	116 435 622	23 623 732	2 085 001	7 867 177	1 209 871	1 387 929	(2 064 517)	150 544 815
Total income for the year ended 31 Dec 2012	117 928 151	18 724 227	1 434 948	5 231 622	1 730 357	21 091 510	(22 006 684)	144 134 131
Depreciation and amortisation for the year ended 31Dec 2013	4 176 727	1 513 249	160 513	191 278	-	146 020	109 374	6 297 161
Depreciation and amortisation for the year ended 31 Dec 2012	3 542 186	1 459 770	68 255	156 736	-	188 516	109 374	5 524 837
Results								
Profit before taxation for the year ended 31 Dec 2013	23 287 628	14 954 494	494 751	3 878 458	1 190 625	(219 388)	(1 363 583)	42 222 985
Profit before taxation for the year ended 31 Dec 2012	42 316 995	11 311 695	(215 941)	1 897 445	1 687 800	19 752 830	(21 195 202)	55 555 622
Cash flows:								
Used in operating activities for the year ended 31 Dec 2013	18 788 528	721 630	(340 828)	696 438	(82 586)	2 379 979	(44 207 342)	(22 044 181)
Used in operating activities for the year ended 31 Dec 2012	(58 468 010)	2 316 146	(34 635)	(1 075 566)	4 246 286	11 324 488	95 663 449	53 972 158
Used in investing activities for the year ended 31 Dec 2013	7 518 893	(702 982)	431 126	(501 852)	176 609	(2 725 634)	(14 688 213)	(10 492 053)
Used in investing activities for the year ended 31 Dec 2012	6 015 210	(1 018 079)	82 030	(147 699)	(2 713)	(440 784)	(11 567 840)	(7 079 875)
Used in financing activities for the year ended 31 Dec 2013	1 300 000	-	-	-	-	4 746 786	(1 085 055)	4 961 731
Used in financing activities for the year ended 31 Dec 2012	16 580 370	-	-	-	-	(9 045 765)	(16 694 234)	(9 159 629)
Impairment of assets for the year ended 31 Dec 2013	19 082 552	820 803	-	285 375	28 452	-	-	20 217 182
Impairment of assets for the year ended 31 Dec 2012	4 242 173	376 000	-	14 273	-	-	-	4 632 446
Reportable segment liabilities for the year ended 31 Dec 2013	1 315 070 925	121 203 013	501 309	6 394 809	1 333 994	2 927 634	(94 611 745)	1 352 819 939
Reportable segment liabilities for the year ended 31 Dec 2012	1 019 818 563	86 427 121	1 169 122	7 831 252	1 480 416	-	(54 310 482)	1 062 415 992
Total segment assets for the year ended 31 Dec 2013	1 427 833 598	185 109 574	2 564 653	13 975 470	11 136 563	63 142 973	(145 095 820)	1 558 667 011
Year ended 31 Dec 2012	1 115 110 169	133 744 951	2 203 548	11 706 116	9 957 383	56 342 296	(105 971 236)	1 223 093 227

29. RELATED PARTIES

The ultimate controlling party of the Group is CBZ Holdings Limited. The Group has related party relationships with its shareholders who own, directly or indirectly, 20% or more of its share capital or those shareholders who control in any manner, the election of the majority of the Directors of the Group 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 at arm's length terms and in compliance with the relevant Banking Regulations.

Loans and advances to related parties	31 Dec 2013 US$	31 Dec 2012 US$
TNV Investments (Private) Limited	-	2 086
Mkay Enterprises (Private) Limited	1 612 043	1 193 069
Blackbrand Investments (Private) Limited	230 245	417 178
Vimbo Steel (Private) Limited	551 603	408 180
Mauriberg Investments (Private) Limited	517 770	978 960
Valuefin Investments (Private) Limited	66 599	44 478
Mt Pleasant Paint & Hardware (Private) Limited	220 924	197 541
Grisberg Services (Private) Limited	-	399 619
Mene Development Trust	404 942	244 723
Ranah Trust	-	48 377
Blackstone Bookshop	104 427	113 412
Imaldape Investments (Private) Limited	50 711	40 766
Josstick Restaurant (Private) Limited	98 682	59 829
Dernawi Fouadmokhtar	57 318	51 500
Forkside Investments	8 853	4 050
Eazantine Investments	417 817	-
Ambassadors Advent	65 309	37 662
Management Solutions	2 265 929	2 114 719
	6 673 172	**6 356 149**

The companies noted above are directly owned or significantly influenced by executive and non executive directors and or their close family members.

Transactions with related parties	31 Dec 2013 US$	31 Dec 2012 US$
Interest income	569 395	650 035
Commission and fee income	53 433	101 654
Other	2 367	-
	625 195	**751 689**

Compensation of key management personnel of the Group
As required by IAS 24: Related Party Disclosure, the Board's view is that non-executive and executive directors constitute the management of the Group. Accordingly, key management remuneration is disclosed under note 5 to the financial results.

30. EXCHANGE RATES AT 31 DECEMBER

	2013 US$	2012 US$
ZAR	10.4310	8.4767
GBP	1.6479	1.6158
EUR	1.3790	1.3192

31. CAPITAL ADEQUACY

The capital adequacy is calculated in terms of the guidelines issued by the Reserve Bank of Zimbabwe.

	31 Dec 2013 CBZ Bank US$	31 Dec 2013 CBZ Building Society US$	31 Dec 2012 CBZ Bank US$	31 Dec 2012 CBZ Building Society US$
Risk weighted Assets	**836 230 581**	**160 791 054**	**780 353 072**	**125 027 823**
Total qualifying capital	116 138 437	63 536 828	100 702 263	46 237 295
Tier 1				
Share capital	5 118 180	7 500 000	5 118 180	7 500 000
Share premium	11 198 956	9 028 622	11 198 956	9 028 622
Revenue reserves	81 487 951	34 192 550	65 260 266	19 281 078
Exposures to insiders	(7 077 119)	(2 379 621)	(4 343 756)	(2 419 976)
Total core capital	**90 727 968**	**48 341 551**	**77 233 646**	**33 389 724**
Less transfer to tier 3	(18 240 798)	(2 772 461)	(16 924 248)	(2 303 197)
	72 487 170	**45 569 090**	**60 309 398**	**31 086 527**
Tier 2				
Revaluation reserve	14 957 586	13 185 389	13 714 204	11 508 131
General provisions	10 452 882	2 009 888	9 754 413	1 339 440
	25 410 468	15 195 277	23 468 617	12 847 571
Tier 3				
Capital allocated for market risk	462 983	7 775	1 045 058	30 315
Capital allocated to operations risk	17 777 815	2 764 686	15 879 190	2 272 882
	18 240 798	**2 772 461**	**16 924 248**	**2 303 197**
Capital adequacy	**13.89**	**39.51**	**12.90%**	**36.98%**
-Tier 1	8.67	28.34	7.72	24.86
-Tier 2	3.04	9.45	3.01	10.28
-Tier 3	2.18	**1.72**	2.17	1.84

Regulatory capital consists of Tier 1 capital which comprises share capital, share premium and revenue reserves including current period profit. The other component of the regulatory capital is Tier 2 capital, which includes hidden reserves agreed to by Banking Supervision of the Reserve Bank of Zimbabwe, general provisions and revaluation reserves.

32. RISK MANAGEMENT

32.1 Risk overview

CBZ Group has continued to be guided by a desire to uphold a High Risk Management and Compliance Culture as one of its major strategic thrusts which is embedded under clearly defined risk appetite in terms of the various key risk exposures. This approach has given direction to the Group's overall strategic planning and policies. Through the CBZ Group risk management function, the Group regularly carries out risk analysis through value at risk (VaR) assessment, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and desired risk appetite.

32.2 Group risk management framework

The Group's risk management framework looks at enterprise wide risks and recognises that for effective risk management to take effect, it has to be structured in terms of acceptable appetite, defined responsibility, accountability and independent validation of set processes. Group Management and staff are responsible for the management of the risks that fall within their organisational responsibilities. The CBZ Group Risk Management function is responsible for ensuring that the Group's risk taking remains within the set risk benchmarks. The CBZ Group Internal Audit function provides independent assurance on the adequacy and effectiveness of the deployed risk management processes. The CBZ Group Enterprise Wide Governance and Compliance Unit evaluates the quality of compliance with policy, processes and governance structures.

In terms of risk governance, the CBZ Group Board has delegated authority to the following Board Committees whose membership consists mainly of non – executive directors of the Group.

Risk Management & Compliance Committee – this Committee has the responsibility to oversee and review all critical risks comprising but not limited to credit, liquidity, interest rate, exchange, investment, operational, equities, reputational and compliance. Its other responsibilities includes reviewing the adequacy and effectiveness of the Group's risk management policies, systems and controls as well as the implications of proposed regulatory changes to the Group. It receives consolidated quarterly risk and compliance related reports from Group Executive Management Committee (EXCO). The committee governance structures ensure that approval authority and risk management responsibilities are cascaded down from the Board through to the appropriate functional committees. Its recommendations are submitted to the Group Board.

IT & Business Development Committee – oversees the harmonisation, adequacy, relevance and effectiveness of Group IT systems in delivering services to the Group's stakeholders. In addition, it looks at the integrity of the Group's management information systems.

Audit & Finance Committee – manages financial risk related to ensuring that the Group financial statements are prepared in line with the International Financial Reporting Standards. This committee is responsible for capital management policy as well as the adequacy of the Group's prudential capital requirements given the Group's risk appetite. The committee is also tasked with the responsibility of ensuring that efficient tax management systems are in place and that the Group is in full compliance with tax regulations.

Human Resources & Remunerations Committee – is accountable for people related risks and ensures that the Group has the optimal numbers, right mix in terms of skills and experience for the implementation of the Group's strategy. The committee also looks at welfare of Group staff as well as the positive application of the Group's code of ethics.

32.3 Credit risk

This is the risk of potential loss arising from the probability of borrowers and or counterparties failing to meet their repayment commitments to the Group in accordance with agreed terms.

Credit risk management framework
Credit risk is managed through a framework of credit policies and standards covering the measurement and management of credit risk. These policies are approved by the Board, which also delegates credit approvals as well as loans reviews to designated sub committees within the Group. Credit origination and approval roles are segregated.

The Group uses an internal rating system based on our internal estimates of probability of default over a one year horizon and customers are assessed against a range of both quantitative and qualitative factors.

Credit concentration risk is managed within set benchmarks by counterparty or a group of connected counterparties, by sector, maturity and by credit rating. Concentration is monitored and reviewed through the responsible risk committees set up by the Board.

The Group through credit originating units as well as approving committees regularly monitors credit exposures, portfolio performance and external environmental factors that are likely to impact on the credit book. Through this process, clients or portfolios that exhibit material credit weaknesses are put on watch list for close monitoring or exiting of such relationships where restructuring is not possible.

Credit mitigation
Credit mitigation is employed in the Group through taking collateral, credit insurance and other guarantees. The Group is guided by considerations related to legal certainty, enforceability, market valuation and the risk related to the guarantor in deciding which securities to accept from clients. Types of collateral that is eligible for risk mitigation include cash, mortgages over residential, commercial and industrial property, plant and machinery, marketable securities and commodities.

Non–performing loans and advances
The Group's credit policy also covers past due, default, impaired and non–performing loans and advances, as well as specific and portfolio impairments.

Past due refers to a loan or advance that exceeds its limit for fluctuating types of advances or is in arrears by 30 days or more.

Default is where, for example, a specific impairment is raised against a credit exposure as a result of a decline in the credit quality or where an obligation is past due for more than 90 days or an obligor has exceeded a sanctioned limit for more than 90 days.

Impaired loans and advances are defined as loans and advances where the Group has raised a specific provision for impairment. A specific impairment is raised where an asset is classified as substandard, doubtful or loss under the prudential lending guidelines issued by the regulatory authorities and where collateral held against the advance is insufficient to cover the total expected losses.

Portfolio impairment, on the other hand, applies under loans and advances that have not yet individually evidenced a loss event i.e. advances classified as "Pass" and "Special Mention" under prudential lending guidelines issued by the regulatory authorities. For such portfolios, the Group calculates general provisions.

32.3 (a) Credit risk exposure

The table below shows the maximum exposure to credit for the components of the statement of financial position:

	31 Dec 2013 US$	31 Dec 2012 US$
Balances with banks	116 791 825	102 502 494
Money market assets	175 131 880	24 896 421
Advances	1 028 118 742	854 684 983
Other assets	18 917 844	52 217 858
Total	**1 338 960 291**	**1 034 301 756**
Contingent liabilities	155 884 234	23 220 366
Commitments	241 204	282 102
Total	**156 125 438**	**23 502 468**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not maximum risk exposure that could arise in the future as a result of changes in value.

The Group held cash equivalents of US$116 791 825 (excluding notes and coins) as at 31 December 2013, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

32.3 (b) Aging analysis of past due but not impaired loans (Special Mention Loans):

	31 Dec 2013 US$	31 Dec 2012 US$
1 to 3 months	**139 544 237**	**83 169 024**

Past due but not impaired loans relate to loans in the special mention category. See definition of special mention category on note number 32.2.2

32.3 (c) Aging analysis of impaired loans (Non performing loans):

	31 Dec 2013 US$	31 Dec 2012 US$
3 to 6 months	44 457 363	29 922 752
6 to 12 months	2 528 329	11 938 942
Total	**46 985 692**	**41 861 694**

32.3 (d) An industry sector analysis of the Group's financial assets before and after taking into account collateral ` held is as follows:

	31 Dec 2013 US$ Gross maximum exposure	31 Dec 2013 US$ Net maximum exposure (not covered by mortgage security)	31 Dec 2012 US$ Gross maximum exposure	31 Dec 2012 US$ Net maximum exposure (not covered by mortgage security)
Private	107 684 586	26 238 122	94 382 701	12 250 926
Agriculture	295 851 155	90 836 324	266 467 187	48 681 925
Mining	16 809 125	3 361 813	13 562 452	1 801 697
Manufacturing	96 973 194	54 327 514	153 521 287	29 115 753
Distribution	245 722 483	102 533 658	216 351 971	49 299 014
Construction	5 299 981	4 255 491	4 607 354	2 280 646
Transport	25 254 808	22 327 686	21 584 514	13 303 576
Communication	8 911 310	7 297 448	6 636 850	-
Services	242 453 956	17 528 754	111 954 128	20 357 059
Financial organisations	19 073 888	-	1 076 745	266 745
Gross value at 31 December	**1 064 034 486**	**328 706 810**	**890 145 189**	**177 357 341**

	31 Dec 2013 US$	31 Dec 2012 US$
Collateral (mortgage security)	737 233 914	726 740 897
Cash cover	31 776 798	26 543 980
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc.	657 516 198	397 534 723
	1 426 526 910	**1 150 819 600**

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, guarantees, cash cover, and assignment of crop or export proceeds, leasebacks and stop-orders. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are regularly updated with trends in the market. An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown above and analysed as follows;

	31 Dec 2013 US$	31 Dec 2012 US$
Against doubtful* and loss* grades		
Property	350 000	3 583 000
Other	-	12 534 574
Against substandard* grade		
Property	21 948 578	4 982 480
Other	42 113 360	35 315 191
Against special mention* grade		
Property	62 921 656	70 576 852
Other	72 182 308	40 963 046
Against normal* grade		
Property	652 013 680	647 598 565
Other	574 997 328	335 265 892
	1 426 526 910	**1 150 819 600**

*See definition on note 32.3.1

32.3 (e) Credit quality per class of financial assets
The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for loan-related statement of financial position lines based on the Group's credit rating system.

DECEMBER 2013

	Neither past due nor impaired				
	***Normal grade US$**	***Special mention grade US$**	***Doubtful and Sub- standard grade US$**	***Loss grade US$**	**Total US$**
Advances					
Agriculture	219 956 496	69 137 561	4 228 769	2 528 329	295 851 155
Manufacturing	77 912 512	6 705 548	12 355 134	-	96 973 194
Commercial	226 094 371	10 742 019	5 617 567	-	242 453 957
Individuals and households	89 380 436	10 787 074	7 517 076	-	107 684 586
Mining	14 283 064	2 517 508	8 553	-	16 809 125
Distribution	200 327 643	34 057 912	11 336 928	-	245 722 483
Construction	4 959 467	189 235	151 280	-	5 299 982
Transport	16 588 358	5 424 393	3 242 057	-	25 254 808
Communication	8 911 310	-	-	-	8 911 310
Financial services	19 073 886	-	-	-	19 073 886
	877 487 543	**139 561 250**	**44 457 364**	**2 528 329**	**1 064 034 486**

*See definition on note 32.3.1

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is US$155 884 234.

32.3 (e) Credit quality per class of financial assets (continued)

DECEMBER 2012

	Neither past due nor impaired				
	*Normal grade US$	*Special mention grade US$	*Doubtful and *Sub- standard grade US$	*loss grade US$	Total US$
Advances					
Due from banks	655 015	-	-	-	655 015
Agriculture	205 106 497	45 540 772	8 094 884	7 725 034	266 467 187
Manufacturing	136 882 592	5 876 761	6 785 432	3 976 502	153 521 287
Commercial	105 367 132	3 949 359	2 578 387	59 250	111 954 128
Individuals and households	90 848 606	2 692 997	835 572	5 526	94 382 701
Mining	7 928 034	3 709 321	1 925 097	-	13 562 452
Distribution	186 123 375	21 322 683	8 733 282	172 631	216 351 971
Construction	4 492 674	201	114 479	-	4 607 354
Transport	20 651 966	76 929	855 619	-	21 584 514
Communication	6 636 850	-	-	-	6 636 850
Financial services	421 730	-	-	-	421 730
	765 114 471	**83 169 023**	**29 922 752**	**11 938 943**	**890 145 189**

*See definition on note 32.3.1

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is US$23 220 366.

Allowances for impairment
The Group establishes an allowance for impairment on assets carried at amortised cost or classified as available-for-sale that represents its estimate of incurred losses in its loan and investment debt security portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Write-offs
The Group writes off a loan or an investment debt security balance, and any related allowances for impairment, when the relevant committees determine that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's / 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 balance standardised loans, write-off decisions generally are based on a product-specific past due status.

Concentration of credit risk
The directors believe that the concetration risk is limited due to the customer base being large and unrelated. The Group is not exposed to any customer by more than 10% of the total advance book.

32.3.1 Credit quality definitions

Normal grade
If the asset in question is fully protected by the current sound worth and paying capacity of the obligor, is performing in accordance with contractual terms and is expected to continue to do so.

Special mention grade
(i) If the asset in question is past due for more than 30 days but less than 90 days; or
(ii) although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asset or inadequately protect the institution's position at some future date, for example, where:
- the asset in question cannot be properly supervised due to an inadequate loan agreement; or
- the condition or control of the collateral for the asset in question is deteriorating; or
- the repayment capacity of the obligor is jeopardised because of deteriorating economic conditions or adverse trends in the obligor's financial position; or
- there is an unreasonably long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset:

Provided that, generally, a loan or advance shall require special mention only if its risk potential is greater than that under which it was originally granted.

Substandard grade
(i) If the asset in question is past due for more than 90 days but less than 180 days; or
(ii) is a renegotiated loan, unless all past due interest is paid by the borrower in cash at the time of renegotiation and a sustained record of timely repayment of principal and interest under a realistic repayment programme has been demonstrated for a period of not less than 180 days; or
(iii)whether or not it is past due, is inadequately protected by the current sound worth and paying capacity of the obligor by reason of the fact that:
- the primary source of repayment is insufficient to service the debt and the institution must look to secondary sources such as collateral, sale of fixed assets, refinancing or additional capital injections for repayment; or
- there is an unduly long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset; or
- generally, there is more than a normal degree of risk attaching to the asset due to the borrower's unsatisfactory financial condition.

Doubtful:
(i) If the asset in question is past due for more than 180 days but less than 360 days; or
(ii) exhibits all the weaknesses of a substandard asset and, in addition, is not well-secured by reason of the fact that collection in full, on the basis of currently existing facts, is highly improbable, but the actual amount of the loss is indeterminable due to pending events that have a more than reasonable prospect of mitigating the loss, such as a proposed merger, acquisition or liquidation, a capital injection, perfecting liens on additional collateral, refinancing plans, new projects or asset disposal.

Loss:
(i) If the asset in question is past due for more than 360 days, unless such asset is well secured and legal action has actually commenced which is expected to result in the timely realisation of the collateral or enforcement of any guarantee relating to the asset; or
(ii) had been characterised as doubtful on account of any pending event , and the event concerned did not occur within 360 days, whether or not the event is still pending thereafter; or
(iii)is otherwise considered uncollectible or of such little value that its continuance as an asset is not warranted.

32.4 Market Risk
This is the risk of loss under both the banking book and or trading book arising from unfavourable changes in market prices such as interest rates, foreign exchanges rates, equity prices, credit spreads and commodity prices, which can cause substantial variations in earnings and or economic value of the Group and its strategic business units (SBUs) if not properly managed. The Group's exposure to market risk arises mainly from customer driven transactions.

32.4.1 Group market risks management framework
To manage these risks, there is oversight at Group Board level through the Group Board Risk Management Committee, which covers Asset and Liability Management processes through periodic review of the Group's Asset and Liability as well as investment policies and benchmarks meant to assist in attaining the Group's liquidity strategic plan. The Group's subsidiary (SBU) Boards are responsible for setting specific market risks strategies for their respective SBU and Executive Management implements policy and track performance regularly against set benchmarks through use of daily liquidity position reports, investment portfolio mix, cash flow analysis, liquidity matrix analysis, liquidity gap analysis and liquidity simulations to evaluate ability of the SBU to withstand stressed liquidity situations.

32.5 Liquidity risk
Liquidity relates to the Group's ability to fund its growth in assets and to meet obligations as they fall due without incurring unacceptable losses. The Group recognizes two types of liquidity risks i.e. Market liquidity risk and Funding liquidity risk.

Market liquidity risk is the risk that the Group cannot cover or settle a position without significantly affecting the market price because of limited market depth.

Funding risk on the other hand is the risk that the Group will not be able to efficiently meet both its expected as well as the unexpected current and future cash flow needs without affecting the financial condition of the Group.

The Group's liquidity risk management framework ensures that limits are set under respective Group SBUs relating to levels of wholesale funding, retail funding, loans to deposit ratio, counter- party exposures as well as prudential liquidity ratio.

The primary source of funding under the Group and its SBUs are customer deposits made up of current, savings and term deposits and these are diversified by customer type and maturity. The Group tries to ensure through the ALCO processes and balance sheet management that asset growth and maturity are funded by appropriate growth in deposits and stable funding respectively.

32.5.1 Gap analysis

LIQUIDITY PROFILE AS AT 31 DECEMBER 2013

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Total US$
Assets						
Advances	588 794 298	12 677 692	132 884 743	175 199 449	118 562 560	1 028 118 742
Balances with banks and cash	60 886 163	91 725 844	-	-	-	152 612 007
Investment in equities	20	-	288 076	11 481 118	28 564	11 797 778
Money market assets	85 506 749	24 403 863	58 261 279	6 959 989	-	175 131 880
Insurance assets	994 917	122 900	2 488 857	-	-	3 606 674
Other liquid assets	637 967	18 917 844	43 785	-	-	19 599 596
Financial guarantees	-	-	155 884 234	-	-	155 884 234
Total assets	**736 820 114**	**147 848 143**	**349 850 974**	**193 640 556**	**118 591 124**	**1 546 750 911**
Liabilities						
Deposits	805 831 152	192 584 821	223 616 829	89 710 470	20 820 983	1 332 564 255
Current tax payable	-	1 956 968	-	-	-	1 956 968
Insurance liabilities	34 108	425 727	3 159 311	-	-	3 619 146
Other liabilities	443 189	1 711 129	8 331 198	-	-	10 485 516
Financial guarantees	-	-	155 884 234	-	-	155 884 234
Total liabilities	**806 308 449**	**196 678 645**	**390 991 572**	**89 710 470**	**20 820 983**	**1 504 510 119**
Liquidity gap	(69 488 335)	(48 830 502)	(41 140 598)	103 930 086	97 770 141	42 240 792
Cumulative liquidity gap	(69 488 335)	(118 318 837)	(159 459 435)	(55 529 349)	42 240 792	42 240 792

LIQUIDITY PROFILE AS AT 31 DECEMBER 2012

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Total US$
Assets						
Advances	488 726 450	22 299 913	74 406 430	169 986 402	99 270 788	854 689 983
Balances with banks and cash	96 839 402	83 347 108	-	-	-	180 186 510
Investment in equities	1 723 718	-	256 769	-	200 770	2 181 257
Money market assets	9 773 025	14 213 170	803 414	106 812	-	24 896 421
Financial guarantees	-	-	-	196 279	-	196 279
Other assets	235 516	11 926 230	3 484 538	-	-	15 646 284
Total assets	**597 298 111**	**131 786 421**	**78 951 151**	**170 289 493**	**99 471 558**	**1 077 796 734**
Liabilities						
Deposits	643 962 477	159 132 448	85 851 088	125 737 783	17 668 279	1 032 352 075
Current tax payable	(724)	5 029 692	-	-	(15 800)	5 013 168
Other liabilities	-	4 647 128	11 042 669	330 000	-	16 019 797
Financial guarantees	-	-	-	23 220 366	-	23 220 366
Total liabilities	**643 961 753**	**168 809 268**	**96 893 757**	**149 288 149**	**17 652 479**	**1 076 605 406**
Liquidity gap	(46 663 642)	(37 022 847)	(17 942 606)	21 001 344	81 819 079	1 191 328
Cumulative liquidity gap	(46 663 642)	(83 686 489)	(101 629 095)	(80 627 751)	1 191 328	1 191 328

32.5.2 Gap analysis
The table above shows the undiscounted cash flows of the Group's non-derivative on and off balance sheet financial assets and liabilities on the basis of their earliest possible contractual maturity and the related period gaps. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The Group's SBUs carry out static statement of financial position analysis to track statement of financial position growth drivers, the pattern of core banking deposits, statement of financial position structure, levels and direction of the SBU's maturity mismatch and related funding or liquidity gap. The Asset and Liability Management Committee (ALCO) of the respective SBU comes up with strategies through its monthly meetings to manage these liquidity gaps.

Details of the liquidity ratios for the relevant Group SBUs as at the reporting date and during the reporting period were as follows:

	CBZ Bank Limited %	CBZ Building Society %
At 31 December 2012	33.09	14.00
At 31 December 2013	31.73	10.31
Average for the year	35.55	11.00
Maximum for the year	40.95	12.00
Minimum for the year	31.21	9.00

32.5.3 Interest rate risk
This is the possibility of a Banking Group's interest income being negatively influenced by unforeseen changes in the interest rate levels arising from weaknesses related to a banking Group's trading, funding and investment strategies.

This is managed at both Board and Management level through the regular policy and benchmarks which related also to interest rate risk management. The major areas of intervention involves daily monitoring of costs of funds, monthly analysis of interest re-pricing gaps, monthly interest rate simulations to establish the Group and its SBUs' ability to sustain a stressed interest rate environment. The use of stress testing is an integral part of the interest rate risk management framework and considers both the historical market events as well as anticipated future scenarios. The Group and its SBUs denominates its credit facilities in the base currency i.e. the USD in order to minimise cross currency interest rate risk. The Group's interest rate risk profiling is displayed below:

32.5.3 (a) Interest rate repricing

31 December 2013

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Non- interest bearing US$	Total US$
Assets							
Balance with banks and cash	60 886 162	91 725 845	-	-	-	-	152 612 007
Money market assets	85 506 749	24 403 863	58 261 279	6 959 989	-	-	175 131 880
Advances	588 794 297	12 677 692	132 884 743	175 199 449	118 562 561	-	1 028 118 742
Insurance assets	-	-	-	-	-	3 980 123	3 980 123
Other assets	-	-	-	-	-	71 078 468	71 078 468
Investment in equities	-	-	-	7 628 032	-	4 169 746	11 797 778
Investment properties	-	-	-	-	-	21 849 043	21 849 043
Property and equipment	-	-	-	-	-	76 444 894	76 444 894
Deferred taxation	-	-	-	-	-	16 050 111	16 050 111
Intangible assets	-	-	-	-	-	1 603 965	1 603 965
Total assets	**735 187 208**	**128 807 400**	**191 146 022**	**189 787 470**	**118 562 561**	**195 176 350**	**1 558 667 011**
Equity and liabilities							
Deposits	805 831 152	192 584 821	223 616 829	89 710 470	20 820 983	-	1 332 564 255
Insurance liabilities	-	-	-	-	-	3 619 146	3 619 146
Life Fund	-	-	-	-	-	1 614 683	1 614 683
Other liabilities	-	-	-	-	-	10 485 516	10 485 516
Deferred taxation	-	-	-	-	-	2 579 371	2 579 371
Current tax payable	-	-	-	-	-	1 956 968	1 956 968
Equity and reserves	-	-	-	-	-	205 847 072	205 847 072
Total equity and liabilities	**805 831 152**	**192 584 821**	**223 616 829**	**89 710 470**	**20 820 983**	**226 102 756**	**1 558 667 011**
Interest rate repricing gap	(70 643 944)	(63 777 421)	(32 470 807)	100 077 000	97 741 578	30 926 406	-
Cumulative gap	(70 643 944)	(134 421 365)	(166 892 172)	(66 815 172)	30 926 406	-	-

31 December 2012

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Non- interest bearing US$	Total US$
Assets							
Balance with banks and cash	96 839 402	83 347 108	-	-	-	-	180 186 510
Money market assets	9 773 025	14 213 170	803 414	106 812	-	-	24 896 421
Advances	488 726 450	22 299 913	74 406 430	169 986 402	99 270 788	-	854 689 983
Insurance assets	-	-	-	-	-	4 706 525	4 706 525
Other assets	235 516	7 405 492	-	-	-	44 576 851	52 217 859
Investment in equities	-	-	-	-	-	2 181 257	2 181 257
Investment properties	-	-	-	-	-	20 335 977	20 335 977
Property and equipment	-	-	-	-	-	74 248 554	74 248 554
Deferred taxation	-	-	-	-	-	2 090 819	2 090 819
Intangible assets	-	-	-	-	-	7 539 322	7 539 322
Total assets	**595 574 393**	**127 265 683**	**75 209 844**	**170 093 214**	**99 270 788**	**155 679 305**	**1 223 093 227**
Equity and liabilities							
Deposits	643 962 477	159 132 448	85 851 088	125 737 783	17 668 279	-	1 032 352 075
Insurance liabilities	-	-	-	-	-	5 108 824	5 108 824
Life fund	-	-	-	-	-	1 538 283	1 538 283
Other liabilities	-	-	-	-	-	16 019 797	16 019 797
Deferred taxation	-	-	-	-	-	5 013 168	5 013 168
Current tax payable	-	2 400 369	-	-	-	(16 524)	2 383 845
Equity and reserves	-	-	-	-	-	160 677 235	160 677 235
Total equity and liabilities	**643 962 477**	**161 532 817**	**85 851 088**	**125 737 783**	**17 688 279**	**188 340 783**	**1 223 093 227**
Interest rate repricing gap	(48 388 084)	(34 267 134)	(10 641 244)	44 355 431	81 602 509	(32 661 478)	-
Cumulative gap	(48 388 084)	(82 655 218)	(93 296 462)	(48 941 031)	32 661 478	-	-

32.6 EXCHANGE RATE RISK

This risk arises from the changes in exchange rates and originates from mismatches between the values of assets and liabilities denominated in different currencies and can lead to losses if there is an adverse movement in exchange rate where open positions either spot or forward, are taken for both on and off – statement of financial position transactions.

There is oversight at Board level through the Board Risk Management Committee which covers ALCO processes by way of strategic policy and benchmarking reviews and approval. Management ALCO which is held on a monthly basis reviews performance against set benchmarks embedded under acceptable currencies, currency positions as well as stop loss limits. Derivative contracts with characteristics and values derived from underlying financial instruments, exchange rates which relates to futures, forwards, swaps and options can be used to mitigate exchange risk. The Group had no exposure to derivative transactions under the reporting period.

At 31 December 2013, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the period would have been US$1 109 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Group as at 31 December 2013 is as below:

Foreign currency position as at 31 December 2013

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	152 612 007	139 065 884	7 825 865	2 883 446	2 836 812
Money market assets	175 131 880	175 131 880	-	-	-
Advances	1 028 118 742	1 027 326 458	329 289	621	462 374
Insurance assets	3 980 123	3 980 123	-	-	-
Other assets	71 078 468	70 739 147	182 804	94 523	61 994
Investment in equities	11 797 778	11 654 136	-	-	143 642
Investment properties	21 849 043	21 849 043	-	-	-
Property and equipment	76 444 894	76 361 916	6 869	-	76 109
Deferred taxation	16 050 111	16 050 111	-	-	-
Intangible assets	1 603 965	1 603 965	-	-	-
Total assets	**1 558 667 011**	**1 543 762 663**	**8 344 827**	**2 978 590**	**3 580 931**
Equity and liabilities					
Deposits	1 332 564 255	1 317 746 551	13 848 544	307 406	661 754
Insurance liabilities	3 619 146	3 619 146	-	-	-
Life fund	1 614 683	1 614 683	-	-	-
Other liabilities	10 485 516	10 421 050	14 722	48 185	1 559
Current tax payable	1 956 968	1 956 968	-	-	-
Deferred taxation	2 579 371	2 579 371	-	-	-
Equity and reserves	205 847 072	205 847 072	-	-	-
Total equity and liabilities	**1 558 667 011**	**1 543 784 841**	**13 863 266**	**355 591**	**663 313**

Foreign currency position as at 31 December 2012

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	180 186 510	158 103 460	16 858 548	2 597 105	2 627 397
Money market assets	24 896 421	11 731 755	6 339 123	2 161 870	4 663 673
Advances	854 689 983	853 806 685	1 241 611	257 029	(615 342)
Insurance assets	4 706 525	4 706 525	-	-	-
Other assets	52 217 859	50 825 225	1 291 389	53 945	47 300
Investment in equities	2 181 257	2 037 614	-	-	143 643
Investment properties	20 335 977	20 335 977	-	-	-
Property and equipment	74 248 554	74 159 315	13 130	-	76 109
Deferred taxation	7 539 322	7 539 322	-	-	-
Intangible assets	2 090 819	2 090 819	-	-	-
Total assets	**1 223 093 227**	**1 185 336 697**	**25 743 801**	**5 069 949**	**6 942 780**
Equity and liabilities					
Deposits	1 032 352 075	994 388 628	29 870 209	6 082 124	2 011 114
Insurance liabilities	5 108 824	5 108 824	-	-	-
Life fund	1 538 283	1 538 283	-	-	-
Other liabilities	16 019 797	2 767 325	6 339 299	2 241 959	4 671 214
Current tax payable	5 013 168	5 013 168	-	-	-
Deferred taxation	2 383 845	2 383 845	-	-	-
Equity and reserves	160 677 235	160 677 235	-	-	-
Total equity and liabilities	**1 223 093 227**	**1 171 877 308**	**36 209 508**	**8 324 083**	**6 682 328**

Foreign currency position as at 31 December 2013

Underlying currency

	ZAR	GBP	Other foreign currencies
Assets			
Cash and short term assets	81 631 601	1 749 770	2 836 812
Advances	3 434 814	377	462 374
Money market assets	-	-	-
Investment in equities	-	-	143 642
Investment properties	-	-	-
Other assets	1 906 830	57 360	61 994
Property and equipment	71 651	-	76 109
Total assets	**87 044 896**	**1 807 507**	**3 580 931**
Liabilities			
Deposits	144 454 164	186 724	661 754
Other liabilities	153 564	3 083 458	1 559
	-	-	
Total liabilities	**144 607 728**	**3 270 182**	**663 313**
Net position	**(57 562 832)**	**(1 462 675)**	**2 917 618**

Foreign Currency Position as at 31 December 2012

Underlying currency

	ZAR	GBP	Other foreign currencies
Assets			
Cash and short term assets	142 904 856	1 607 318	2 627 397
Advances	10 524 763	159 073	(615 342)
Money market asset	51 812 191	-	4 663 674
Other assets	10 946 709	33 386	47 300
Investments	-		143 643
Total assets	**216 188 519**	**1 799 777**	**6 866 672**
Liabilities			
Deposits	253 200 801	3 764 156	2 011 115
Other liabilities	53 736 339	1 387 523	4 671 213
Total liabilities	**306 937 140**	**5 151 679**	**6 682 328**
Net position	**(90 748 621)**	**(3 351 902)**	**184 344**

32.7 Operational risk

This is the potential for loss arising from human error and fraud, inadequate or failed internal processes, systems, non-adherence to procedure or other external sources that result in the compromising of the Group and its SBUs revenue or erosion of the Group and its SBUs' statement of financial position value.

32.7.1 Operational risk management framework

The Group Risk Management and Compliance Committee exercises adequate oversight over operational risks across the Group with the support of SBU Boards as well as business and functional level committees. The Risk Management and Compliance Committee is responsible for setting and approving of Group Operational Policies and maintaining standards for operational risk.

The Group Board Audit Committee, through the Internal Audit function as well as Group Enterprise Wide Governance and Compliance, performs their independent review and assurances under processes and procedures as set under Business Units policies and procedure manuals. On the other hand Group Risk Management and Group IT Department with assistance from Organisation and Methods Department within Group Human Resources ensures processes, procedures and control systems are in line with variables in the operating environment.

32.8 Strategic risk

This is the risk that arises where the Group's strategy may be inappropriate to support its long term corporate goals due to underlying inadequate strategic planning processes, weak decision making processes as well as weak strategic implementation programs.

To mitigate this risk, the Group's Board, SBU Boards and Management teams craft the strategy which is underpinned by the Group's corporate goals. Approval of the strategy is the responsibility of the appropriate Board whilst implementation is carried out by Management. On the other hand strategy and goal congruency is reviewed monthly by management and quarterly by the appropriate Board.

32.9 Regulatory risk

Regulatory risk is defined as the failure to comply with applicable laws and regulations or supervisory requirements, or the exclusion of provisions of relevant regulatory requirements out of operational procedures. This risk is managed and mitigated through the Risk Management and Compliance Committee and the Group Enterprise Wide Governance and Compliance unit which ensures that:

- Comprehensive and consistent compliance policies and procedures exist covering the Group and its SBUs;
- A proactive and complete summary statement of the Group and its SBUs position on ethics and compliance;
- A reporting structure of the Group Enterprise Wide Compliance Function exists that ensures independence and effectiveness; and
- Periodic compliance and awareness training targeting employees in compliance sensitive areas is carried out.

32.10 Reputation risk

This is the risk of potential damage to the Group's image that arises from the market perception of the manner in which the Group and its SBUs package and deliver their products and services as well as how staff and management conduct themselves. It also relates to the Group's general business ethics. This can result in loss of earnings or adverse impact on market capitalization as a result of stakeholders adopting a negative view to the Group and its actions. The risk can further arise from the Group's inability to address any of its other key risks. This risk is managed and mitigated through:

- Continuous improvements of the Group's operating facilities to ensure that they remain within the taste of the Group's various stakeholders;
- Ensuring that staff subscribe to the Group's code of conduct, code of ethics and general business ethics; and
- Stakeholders' feedback systems that ensures a proactive attention to the Bank's reputation management.

32.11 Money-laundering risk

This is the risk of financial or reputational loss suffered as a result of transactions in which criminal financiers disguise the origin of funds they deposit in the subsidiaries of the Group and then use the funds to support illegal activities. The Group manages this risk through:

- Adherence to Know Your Customer Procedures;
- Effective use of compliance enabling technology to enhance anti–money laundering program management, communication, monitoring and reporting;
- Development of early warning systems; and
- Integration of compliance into individual performance measurement and reward structures.

32.12 Insurance risk

The principal risk that the insurance company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the insurance subsidiary is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The subsidiary also purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

The insurance company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the company substantially dependent upon any single reinsurance contract.

CBZ Group

Risk Matrix Summary

Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit Risk	Moderate	Acceptable	Moderate	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	Moderate	Acceptable	Moderate	Stable
Foreign Exchange Risk	Low	Acceptable	Low	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Low	Acceptable	Low	Stable
Reputation Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

CBZ Bank Limited

Risk Matrix Summary

Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Com-posite Risk	Direction of Overall Composite Risk
Credit Risk	Moderate	Acceptable	Moderate	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	Moderate	Acceptable	Moderate	Stable
Foreign Exchange Risk	Low	Acceptable	Low	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Low	Acceptable	Low	Stable
Reputation Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

CBZ Asset Management

Risk Matrix Summary

Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Low	Low	Stable
Financial Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

Key

Level of inherent risk

Low- reflects a lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.

Moderate- could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High– reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

Adequacy of Risk Management Systems

Weak– risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written down policies and procedures.

Acceptable- management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognized and are being addressed. Management information systems are generally adequate.

Strong- management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the financial institution's risk tolerance, responsibilities are effectively communicated.

Overall Composite Risk

Low Risk- would be assigned to low inherent risk areas. Moderate risk areas may be assigned a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.

Moderate Risk- risk management effectively identifies and controls all types of risk posed by the relevant functional area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organistation.

High Risk- risk management systems do not significantly mitigate the high inherent risk. Thus the activity could potentially result in a financial loss that would have a significant impact on the financial institution's overall condition, even in some cases where the systems are considered strong.

Direction of Overall Composite

Increasing- based on the current information, composite risk is expected to increase in the next twelve months.

Decreasing- based on current information, composite risk is expected to decrease in the next twelve months.

Stable- based on the current information, composite risk is expected to be stable in the next twelve months.

32.13 Risk and Credit Ratings

32.13.1 External Credit Rating

CBZ Bank Limited

Rating agent	2013	2012	2011	2009	2008	2007	2006	2005
Global Credit Rating (Short Term)	A1	-	-	-	-	-	-	-
Global Credit Rating (Long Term)	A+	-	A+	A	A	A	A	A

32.13.2 Reserve Bank Ratings

CAMELS RATING MATRIX

	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank	1	1	2	1	1	2	2
CBZ Holdings Group	2	2	2	-	2	2	2

KEY:

1. **Strong**
2. **Satisfactory**
3. **Fair**
4. **Sub-standard**
5. **Weak**

CORPORATE GOVERNANCE REPORT

OUR APPROACH TO CORPORATE GOVERNANCE

The Board maintains, and requires that Management maintains, the highest level of corporate ethics to ensure the creation, protection and enhancement of shareholder value. The Board comprises a majority of Independent Non-Executive Directors who, together with the Executive Directors, have an appropriate balance of skills, experience and expertise. The governance of the company is guided by internal policies and external laws, rules, regulations and best practice guidelines, including the King Reports and the Reserve Bank of Zimbabwe Corporate Governance Guidelines. The Group is cognisant of its duty to conduct business with due care and in good faith in order to safeguard all stakeholders' interests and adheres to the corporate governance structure detailed below:

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS
Mr. Zembe*	Dr. Mangudya
Mr. Wilde	Mr. Nyemudzo
Mrs. Pasi	
Mr. Lowe	
Mr. Mugamu	
Mr. Bere	
Mr. Mutambara	
Mr. Nanabawa**	
Mr. Dernawi	
Mrs. Nhamo	
Mr. Taputaira	
*CHAIRMAN	

* Mr Zembe retired as Board Chairman on 10 February 2014
**Mr Nanabawa resigned from the Board with effect from 31 December 2013

BOARD COMMITTEES

AUDIT & FINANCE	RISK MANAGEMENT & COMPLIANCE	HUMAN RESOURCES & REMUNERATION	IT & BUSINESS DEVELOPMENT
Mr. Mugamu**	Mrs. Pasi**	Mrs. Nhamo**	Mr. Taputaira**
Mr. Nanabawa	Mr. Bere	Mr. Zembe	Mr. Zembe
Mr. Bere	Mr. Lowe	Mr. Wilde	Mr. Dernawi
Mr. Lowe	Mr. Dernawi	Mr. Bere	Mr. Bere
Mrs. Nhamo	Dr. Mangudya	Mr. Mutambara	Mr. Mutambara
Mrs. Pasi	Mr. Nyemudzo	Dr. Mangudya	Dr. Mangudya
Dr. Mangudya			Mr. Nyemudzo
Mr. Nyemudzo			
**COMMITTEE CHAIRPERSON			

THE MAKING OF AN EFFECTIVE BOARD

Appointment of Directors
The Board is authorised by the company's Articles of Association to appoint new directors based on recommendations by the Human Resources and Remuneration Committee. Eligibility for appointment as a director is guided by best practice, the Director's Fit and Proper test, requirements of the Companies Act and the RBZ corporate gorvernance guidelines.

The Board's role is to foster effective decision making processes and policies and has expertise that adds value to the Group's policies and processes. The Board thus has broad knowledge and has skills in finance, law, human resources, marketing and information technology.

The Board's commitment to diversity and inclusion
The Board firmly believes in the importance of diverse board membership. Currently there is a diverse mix of ethnicity, gender and experience on the Board, including two women and two nationalities.

Openness and transparency
The Board has access to Company information, records, documents and Management. Efficient and timely procedures for briefing Board Members before Board meetings have been developed and implemented. The information provided to Directors enables them to reach objective and well-informed decisions.

A range of non-financial information is also provided to the Board to enable it to consider qualitative performance factors that involve broader stakeholder interests. The Directors are empowered to obtain independent professional advice at the Group's expense, should they consider it necessary.

Board meetings
The Board meets quarterly. Board meetings are scheduled well in advance according to a Board calendar which is set and approved a year in advance. Additional board meetings, apart from those planned, are convened as circumstances dictate.

The Board agenda and meeting structure focuses on strategy, performance monitoring, governance and related matters. This ensures that the Board's time and energy are appropriately applied. Directors may propose additional matters for discussion at Board meetings.

Board meetings are conducted in a manner that encourages open communication, active participation and timely resolution of issues. Sufficient time is provided during Board meetings for thoughtful discussions.

Board remuneration
Non-executive Directors receive fees for their Board membership and committees on which they serve. In line with best practice, proposals on non-executive directors' remuneration are made by the Human Resources and Remuneration Committee for review by the Board. The remuneration of non-executive directors is submitted to shareholders for approval at the Annual General Meeting prior to implementation. The Directors' remuneration is aligned to best practice and remains competitive with that of other financial institutions.

Performance assessment
The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and each Director. The Board uses a detailed questionnaire provided by the Reserve Bank of Zimbabwe and completed by each Director, as the basis of the evaluations which are aimed at determining how the Board's effectiveness can be improved. The evaluation process is governed by the Reserve Bank of Zimbabwe which is ultimately the custodian of the Board Evaluation Report in line with its Corporate Governance Guidelines.

Succession planning
The Board's succession planning process encompasses an evaluation of the skills, knowledge and experience required to implement the Group's business plans and strategy, as well as the need to transform the Board and ensure greater diversity.

Our Board has members with diverse skills, knowledge and experiences and this provides effective Board dynamics. The Board continues to focus on its current and future composition and that of its committees and key factors include technical skills, gender and diversity of perspective.

STRATEGIC LEADERSHIP

The strategic leadership of the Company is the responsibility of the Board, comprising of two executive Directors and eleven non-executive Directors as at 31 December 2013.

The Board manages the Company through a formal schedule of matters reserved for its decision. These include overall management of the Company; approval of the company's strategic plans; approval of the Company's operating and capital expenditure budgets; approval of the annual report and financial statements, material agreements, audit and risk management, remuneration, and corporate responsibility.

The Board has delegated some of its responsibilities to its sub-committees but reserves some areas of responsibility solely for itself.

Board oversight of risks and performance
The Board identifies and monitors key risk areas, key performance areas and non-financial aspects relevant to the Group, supported by Board-appointed committees. The Board also considers several key performance indicators, variance reports and industry trends every quarter.

Internal financial control
It is the responsibility of the Board to ensure that effective financial controls are implemented in the Group. Internal controls focus on critical risk areas and are based on established policies and procedures. Adequate segregation of duties are in place to enhance the effectiveness of these controls. The Board monitors the effectiveness of these controls through reviews by the Audit and Finance Committee and independent evaluation by the external auditors.

Financial reporting
The Directors are responsible for ensuring that the Group maintains adequate records for reporting on the financial position of the Group and the results of its activities with accuracy and reliability. Financial reporting procedures are consistently applied within the Group and all financial and related non-financial information is constantly reviewed and remedial action taken, where necessary. Shareholders and the public are regularly kept up to date through the Annual report, the consolidated financial statements, as well as Interim financial reports.

Compliance
The banking, building society and asset management subsidiaries are subject to regulation by the Reserve Bank of Zimbabwe and the Registrar of Banks and Financial Institutions. Where appropriate, the Group participates in industry consultative committees and discussion groups aimed at enhancing the business environment.

As at 31 December 2013 the Group was not involved in any material litigation, disputes or arbitration proceedings which may have had a significant effect on its financial position.

Shareholders
The Board's primary role is to promote the success of the Company and the interests of shareholders. The Board is accountable to shareholders for the performance and activities of the Group. The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood. This is achieved principally through the Annual Report and the AGM. In addition, a range of corporate information, including all Company announcements and presentations, is available to investors on the Company's website.

BOARD COMMITTEES
The Board has established and delegated specific roles and responsibilities to four standing committees, to assist it in discharging its duties and responsibilities. The terms of reference of each committee are approved by the board and reviewed annually or as necessary. All committees are chaired by independent non-executive directors.

The committees meet quarterly in accordance with their terms of reference and members of the executive committee and other management attend meetings of the various committees by invitation. The Board receives the minutes of each of the committee's meetings in advance. In addition, the committee chairpersons update the full Board on the items covered by their committee.

This framework ensures that there is a balance of power and that no individual has unlimited decision-making powers. All board-delegated authorities are reviewed and updated annually by the Board. The Board evaluates the performance and effectiveness of Board committees every year.

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER
(January to December 2013)

	Audit & Finance	Risk Management & Compliance	Human Resources & Remuneration	It & Business Development	Main Board
Bere T	**	3	3	**	3
Ben Ghali M I O	**	2	**	2	2
Dernawi F M	**	4	**	4	4
Lowe A	4	4	**	**	3
Mugamu E	4	**	**	**	4
Mutambara D	**	**	4	4	3
Nanabawa M H	3	**	**	**	3
Nhamo R	**	**	4	**	4
Pasi R	4	4	**	**	4
Taputaira G	**	**	**	4	4
Wilde R V	**	**	4	**	4
Zembe L	**	**	4	4	4
Mangudya J P*	4	4	4	4	4
Nyemudzo N*	4	4	**	3	4

KEY:

*** Executive Directors (Mangudya J P and Nyemudzo N attend Audit & Finance Committee meetings by Invitation)**
**** Not a Member**

Committee	Number of Meetings Held
Audit & Finance	4
Risk Management & Compliance	4
Human Resources & Remuneration	4
IT & Business Development	4
Main Board	4

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER
(January to December 2013)

	ALCO	LENDING	LOANS REVIEW	MAIN BOARD
R V Wilde	4	2	**	4
S G R Harnden	**	**	4	4
J P Mangudya (Dr)	4	2	4	4
N Nyemudzo	4	**	**	4
L Zembe***	4	**	4	4
R Mabeza-Chimedza (Dr)	4	2	**	4
R Pasi	4	2	**	4
E Mugamu	**	**	4	4
F B Chirimuuta	**	2	**	4
P S Whata	4	**	**	4
P S Madzonga	**	**	4	4
*P Zimunya	4	2	4	4
*C Chimutsa	**	2	3	4

KEY:

*** Executive Directors**
**** Not a committee member**
***** Mr Zembe retired from the Board with effect from 10 February 2014**

Committee	Number of Meetings Held
ALCO	4
LENDING	2
LOANS REVIEW	4
MAIN BOARD	4

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER
(January to December 2013)

	Audit & Compliance	Investments & Risk	Main Board
Meetings held	2	4	4
Mrs. Naik	N/A	4	4
Mr. Jones	2	4	4
Mr. Harris	2	4	4
Dr. Mangudya	2	4	4
Mr. Zirobwa	N/A	N/A	4
Mr. Bere	N/A	4	4
Mr. Nyemudzo	2	3	3
Mr. Smith*	2	4	4
Mr. Muzadzi*	N/A	4	4

*** - Executive Directors;**
N/A - Not a Member

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER
(January to December 2013)

	MAIN
R Dawes	4
F B Zizhou	4
V Masunda (Dr)	4
D Mutambara	2
J P Mangudya (Dr)	4
N Nyemudzo	4
*N Mureriwa	4

KEY:

*** - Executive Directors**
0 – Not committee member

Main Board: **held 4 meetings**

CBZ INSURANCE BOARD ATTENDANCE REGISTER
(January to December 2013)

	MAIN
R Nhamo	3
P Mundangepfupfu	4
W Muchenje (Dr)	4
J P Mangudya (Dr)	4
N Nyemudzo	4
*N Mureriwa	3

KEY:

***- Executive Directors**
0 – Not committee member
N/A – Did not attend
N/A – Did not attend

Main Board: **held 4 meetings**

ADDITIONAL SUPPORT TO THE BOARD

Subsidiary Boards
The Board has the overall responsibility for the affairs of the Group. However, subsidiary boards play an important role in the governance of the Group. The Company has created a governance framework between the Group and its subsidiaries that allows Directors access to subsidiary Board documentation.

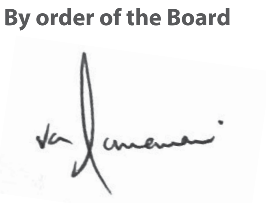
Group Legal Corporate Secretary
All Directors have access to the Group Legal Corporate Secretary who provides guidance to the Board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interests of the Company.

The Group Secretary oversees the induction of new Directors and assists the Group Chairman and the Group Chief Executive to determine the Board agendas, as well as to formulate governance and Board-related issues.

STATEMENT OF COMPLIANCE

Based on the information set out in this corporate governance statement, the Board believes that throughout the accounting period under review, the Group complied with the requisite regulatory requirements.

By order of the Board



RUMBIDZAYI A. JAKANANI
GROUP LEGAL CORPORATE SECRETARY

26 February 2014

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
Interest income	2	154 672 001	146 802 718
Interest expense	2	(75 173 779)	(60 638 604)
Net interest income	2	**79 498 222**	**86 164 114**
Non-interest income	3	36 937 400	31 764 037
Total income		116 435 622	**117 928 151**
Operating expenditure	4	(74 808 925)	(71 368 984)
Operating income		**41 626 697**	**46 559 167**
Charge for impairment	10.5	(18 339 069)	(4 242 173)
Profit before taxation		**23 287 628**	**42 316 994**
Taxation	5	(5 759 942)	(11 272 783)
Profit for the year after taxation		**17 527 686**	**31 044 211**
Other comprehensive income			
Gains on property revaluations	5.1	1 702 888	2 467 273
Fair value adjustment on available-for-sale (AFS) financial instruments	5.1	-	643 003
Income tax relating to components of Other comprehensive income	5.1	(459 506)	(549 491)
Other comprehensive income for the year net of tax		1 243 382	2 560 785
Total comprehensive income for the year		**18 771 068**	**33 604 996**
Profit for the year attributable to:			
Equity holders of parent		17 527 686	31 044 211
		17 527 686	**31 044 211**
Total comprehensive income attributable to:			
Equity holders of parent		18 771 068	33 604 996
		18 771 068	**33 604 996**
Earnings per share (cents):			
Basic	6.4	3.42	6.07
Fully diluted	6.4	3.42	6.07
Headline	6.4	3.58	6.11

STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
ASSETS			
Balances with banks and cash	8	148 325 373	175 932 794
Money market assets	9	231 111 785	57 004 893
Advances	10	898 988 379	774 152 205
Other assets	11	76 946 779	52 312 287
Investment in other financial assets	12	7 800 238	172 206
Property and equipment	13	47 910 102	46 698 149
Investment properties	14	2 718 600	2 745 000
Intangible assets	15	777 176	1 175 445
Deferred taxation	16	13 255 167	4 917 190
TOTAL ASSETS		**1 427 833 599**	**1 115 110 169**
LIABILITIES			
Deposits	17	1 303 981 360	1 003 429 254
Other liabilities	18	9 187 466	11 863 027
Current tax payable		1 902 099	4 526 282
TOTAL LIABILITIES		**1 315 070 925**	**1 019 818 563**
EQUITY AND RESERVES			
Share capital	19	5 118 180	5 118 180
Share premium	19.1	11 198 956	11 198 956
Non-distributable reserve	19.2	5 522 755	5 522 755
Revaluation reserve	19.3	9 434 831	8 191 449
Revenue reserves	19.5	81 487 952	65 260 266
TOTAL EQUITY AND RESERVES		**112 762 674**	**95 291 606**
TOTAL LIABILITIES, EQUITY AND RESERVES		**1 427 833 599**	**1 115 110 169**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Share Capital US$	Share premium US$	NDR US$	Revaluation reserve US$	AFS reserve US$	Revenue reserve US$	Total US$
2012							
Balance at the beginning of the year	5 118 180	11 198 956	5 522 755	6 267 162	(636 498)	50 796 425	78 266 980
Total comprehensive income	-	-	-	1 924 287	636 498	31 044 211	33 604 996
Dividends	-	-	-	-	-	(16 580 370)	(16 580 370)
Balance at 31 December 2012	**5 118 180**	**11 198 956**	**5 522 755**	**8 191 449**	**-**	**65 260 266**	**95 291 606**
2013							
Balance at 1 January 2013	5 118 180	11 198 956	5 522 755	8 191 449	-	65 260 266	95 291 606
Total comprehensive income	-		-	1 243 382	-	17 527 686	18 771 068
Dividends	-	-	-	-	-	(1 300 000)	(1 300 000)
Balance at 31 December 2013	**5 118 180**	**11 198 956**	**5 522 755**	**9 434 831**	**-**	**81 487 952**	**112 762 674**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	31 Dec 2013 US$	31 Dec 2012 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23 287 628	42 316 994
Non-cash items:		
Depreciation	3 603 458	2 999 193
Amortisation	573 269	542 993
Impairments on property, equipment and land inventory	743 483	-
Fair value adjustment on investment property	26 400	(447 070)
Impairment on advances	18 339 069	4 242 173
Loss on sale of property and equipment	14 029	28 233
Unrealised gain on foreign currency position	(2 013 602)	(2 991 897)
Operating profit before changes in operating assets and liabilities	**44 573 734**	**46 690 619**
Changes in operating assets and liabilities		
Deposits	302 565 708	197 296 816
Advances	(150 803 275)	(48 886 262)
Money market assets	(174 106 892)	(51 954 893)
Other assets	(21 160 631)	6 659 117
Other liabilities	(2 675 561)	(77 686 391)
	(46 180 651)	**25 428 387**
Corporate tax paid	(17 181 610)	(13 650 996)
Net cash (outflow)/inflow from operating activities	**(18 788 527)**	**58 468 010**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment property	-	(9 930)
Net change in investments	-	734 174
Proceeds on disposal of property and equipment	794 665	365 488
Purchase of property and equipment	(8 188 559)	(6 946 595)
Purchase of intangible assets	(125 000)	(158 347)
Net cash outflow from investing activities	**(7 518 894)**	**(6 015 210)**
CASHFLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1 300 000)	(16 580 370)
Net cash outflow from financing activities	**(1 300 000)**	**(16 580 370)**
NET (DECREASE)/INCREASE IN BALANCES WITH BANKS AND CASH	**(27 607 421)**	35 872 430
Balances with banks and cash at the beginning of the year	175 932 794	140 060 364
Balances with banks and cash at end of the year	**148 325 373**	**175 932 794**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. INCORPORATION AND ACTIVITIES

The Bank is incorporated in Zimbabwe and registered in terms of the Companies Act (Chapter 24:03) and the Banking Act (Chapter 24:20). It offers retail banking, corporate banking, mortgage finance, commercial banking, investment banking and structured finance, small to medium enterprises financing, treasury management, wealth management, agribusiness and custodial services.

	31 Dec 2013 US$	31 Dec 2012 US$
2. NET INTEREST INCOME		
Interest income		
Bankers acceptances	4 213 607	-
Overdrafts	91 628 395	76 158 477
Loans	43 703 756	46 132 793
Staff loans	2 516 793	2 599 255
	142 062 551	124 890 525
Short-term money market assets	3 557 061	728 026
Other Investments	9 052 389	21 184 167
	154 672 001	**146 802 718**
Interest expense		
Savings deposits	5 366 117	4 644 212
Call deposits	457 047	68 409
Money market deposits	46 308 956	39 158 953
Other offshore deposits	23 041 659	16 767 030
	75 173 779	**60 638 604**
Net interest income	**79 498 222**	**86 164 114**
3. NON-INTEREST INCOME		
Fair value adjustments on investment property	(26 400)	447 070
Net income from foreign currency dealings	6 099 427	4 119 356
Unrealised gain on foreign currencies	2 013 602	2 991 897
Commission and fee income	24 099 005	20 925 162
Loss on sale of property and equipment	(14 029)	(28 233)
Other operating income	4 765 795	3 308 785
	36 937 400	**31 764 037**
4. OPERATING EXPENDITURE		
Staff costs	44 412 230	40 936 172
Administration expenses	25 147 704	26 579 830
Audit fees	328 781	310 796
Depreciation	3 603 458	2 999 193
Amortisation of intangible assets	573 269	542 993
Impairment on property, equipment and land inventory	743 483	-
	74 808 925	**71 368 984**

Included in staff costs is pension contributions under the National Social Security Authority, a defined contribution fund, and the Bank's separate trustee administered fund of US$ 3 147 586 (2012:US$1 607 936)

	31 Dec 2013 US$	31 Dec 2012 US$
Remuneration of directors and key management personnel		
Fees for services as directors	549 200	464 628
Pension for past and present directors	244 224	153 360
Salaries and other benefits	3 876 162	3 936 323
	4 669 586	**4 554 311**
Operating Leases		
The following is an analysis of expenses related to operating leases		
Non cancellable leases are paid as follows:		
Less than 1 year	538 674	156 816
Between 1 and 5 years	284 566	1 265 251
	823 240	**1 422 067**

The Bank leases a number of branches under operating leases. The leases typically run for a period of less than five years with an option to renew the lease after the expiry date.

5. TAXATION

Current income tax and deferred tax on temporary differences have been fully provided for. Deferred income tax is calculated using the statement of financial position liability method.

	31 Dec 2013 US$	31 Dec 2012 US$
Analysis of tax charge in respect of the profit for the year		
Current income tax charge	14 557 427	13 350 952
Deferred income tax	(8 797 485)	(2 078 169)
Income tax expense	**5 759 942**	**11 272 783**
Tax rate reconciliation		
	%	%
Notional Tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	(1.35)	1.28
Temporary differences	0.66	(0.39)
Tax credits	(0.33)	-
Effective rate	**24.73**	**26.64**
5.1 Tax effects relating to comprehensive income		
Gross revaluation adjustment	1 702 888	2 467 273
Tax expense	(459 506)	(542 986)
Net revaluation adjustment	**1 243 382**	**1 924 287**
Gross fair value adjustment on AFS financial assets	-	643 003
Tax expense	-	(6 505)
Net fair value adjustment on AFS financial assets	-	636 498
Total taxation	**459 506**	**549 491**

6. EARNINGS PER SHARE

6.1 Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the adjusted net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into the ordinary shares.

The following notes reflect the respective earnings and share data used in the basic and diluted earnings per share computations:

	31 Dec 2013	31 Dec 2012
EARNINGS (US$)		
Basic earnings	17 527 686	31 044 211
Diluted earnings	17 527 686	31 044 211
Headline earnings	18 311 598	31 290 627
Number of shares used in calculations		
Basic	511 817 951	511 817 951
Fully diluted	511 817 951	511 817 951
Headline	511 817 951	511 817 951
6.2 Reconciliation of denominators used for calculating Basic and diluted earnings per share:		
Weighted average number of shares used for basic earnings per share	511 817 951	511 817 951
Potential dilutive shares	-	-
Weighted average number of shares used for dilutive EPS	**511 817 951**	**511 817 951**
6.3 Reconciliation of earnings used for calculating basic and headline earnings per share (US$):		
Profit attributable to shareholders	17 527 686	31 044 211
Adjusted for excluded re-measurements:		
Disposal losses on property and equipment	14 029	28 233
Impairment on property,equipment and land inventory	743 483	-
Fair value adjustments on investment property	26 400	(447 070)
Gains on AFS reclassified from equity	-	643 003
Tax relating to re-measurements	-	22 250
	18 311 598	**31 290 627**
6.4 Earning per share US (cents)		
Basic	3.42	6.07
Diluted	3.42	6.07
Headline	3.58	6.11

	31 Dec 2013 US$	31 Dec 2012 US$
7. DIVIDENDS		
Interim dividend paid	1 300 000	9 030 000
Final dividend paid	-	7 550 370
	1 300 000	**16 580 370**

	31 Dec 2013 US$	31 Dec 2012 US$
8. BALANCES WITH BANKS AND CASH		
Balance with the Reserve Bank of Zimbabwe	94 237 886	102 502 494
Balances with other banks and cash	**54 087 487**	**73 430 300**
Cash	37 876 479	40 815 918
Nostro accounts	16 188 032	32 605 515
Interbank clearing accounts	22 976	8 867
	148 325 373	**175 932 794**
9. MONEY MARKET ASSETS		
Call placements	139 992 744	45 992 285
Treasury bills and placements	54 171 471	10 942 842
Bankers acceptances	34 635 628	-
Accrued interest	2 311 942	69 766
	231 111 785	**57 004 893**
Money market assets analysis		
Held for trading portfolio	231 111 785	57 004 893
	231 111 785	**57 004 893**
Maturity analysis		
Between 1 and 3 months	80 300 329	47 007 906
Between 3 months and 1 year	146 834 319	9 996 987
Between 1 and 5 years	3 977 137	-
	231 111 785	**57 004 893**
Maturity value	237 801 302	57 122 799
Book value	231 111 785	57 004 893
10. ADVANCES		
Overdrafts	536 211 484	474 849 515
Loans	345 489 958	288 582 634
Mortgage advances	39 009 054	37 158 222
	920 710 496	**800 590 371**
Interest accrued	11 752 605	7 006 485
Total gross advances	**932 463 101**	**807 596 856**
Impairment	(33 474 722)	(33 444 651)
	898 988 379	**774 152 205**

10.1 Sectoral analysis

	31 Dec 2013 US$	%	31 Dec 2012 US$	%
Private	49 964 036	5	51 268 781	6
Agriculture	277 240 784	30	255 563 449	32
Mining	16 140 238	2	13 120 322	2
Manufacturing	95 131 867	10	151 717 080	19
Distribution	210 383 005	22	205 807 416	25
Construction	4 409 858	1	3 119 161	-
Transport	21 218 603	2	17 070 839	2
Communication	8 752 982	1	6 636 850	1
Services	230 149 664	25	102 216 773	13
Financial Organisations	19 072 064	2	1 076 185	-
	932 463 101	**100**	**807 596 856**	**100**

10.2 Maturity analysis

	31 Dec 2013 US$	31 Dec 2012 US$
Demand	589 456 884	508 663 930
Between 1 and 3 months	12 254 011	21 687 862
Between 3 and 6 months	7 736 867	12 434 738
Between 6 months and 1 year	121 711 411	49 740 824
Between 1 and 5 years	152 935 886	142 679 444
More than 5 years	48 368 042	72 390 058
	932 463 101	**807 596 856**

Maturity analysis is based on the remaining period from 31 December 2013 to contractual maturity.

10.3 Loans to directors and key management personnel and employees

	31 Dec 2013 US$	31 Dec 2012 US$
Loans to directors and key management personnel		
Included in advances are loans to directors and key management:-		
Opening balance	5 751 072	3 541 884
Advances made during the year	2 375 256	3 228 160
Repayment during the year	(446 317)	(1 018 972)
Closing balance	**7 680 011**	**5 751 072**
Loans to employees		
Included in advances are loans to employees: -		
Opening balance	34 914 128	32 933 309
Advances made during the year	2 961 325	7 774 075
Repayments during the year	(3 413 316)	(5 793 256)
Closing balance	**34 462 137**	**34 914 128**
10.4 Non performing advances		
Total advances on which interest is suspended	**45 764 666**	**41 386 122**
10.5 Impairment of advances		
Opening balance	33 444 651	20 640 909
Charge for impairment	18 339 069	4 242 173
Interest in suspense	14 090 042	8 561 569
Amounts written off during the year	(32 399 040)	-
Balance at end of year	**33 474 722**	**33 444 651**
Comprising:		
Specific impairments	17 073 712	18 432 176
Portfolio impairments	16 401 010	15 012 475
	33 474 722	**33 444 651**
10.6 Collaterals		
Notarial general covering bonds and cessions	657 516 198	377 872 583
Cash cover	19 156 999	18 387 000
Mortgage bonds	607 135 229	649 281 010
	1 283 808 426	**1 045 540 593**
11. OTHER ASSETS		
Intercompany	14 657 088	7 405 492
Property inventory	58 253 810	15 941 157
Prepayments and deposits	1 492 828	1 437 173
Short term receivables	2 543 053	27 528 465
	76 946 779	**52 312 287**
12. INVESTMENTS IN OTHER FINANCIAL ASSETS		
Unlisted investments	**7 800 238**	**172 206**
At cost	172 206	172 206
At amortised cost	7 628 032	-
	7 800 238	**172 206**
Portfolio analysis		
Available for sale	172 206	172 206
Loans and rceivable	7 628 032	-
	7 800 238	**172 206**

13. PROPERTY AND EQUIPMENT

Cost	Land US$	Buildings US$	Leasehold improvements US$	Motor vehicles US$	Computers and equipment US$	Work in progress US$	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	2 650 000	23 351 500	442 240	2 504 055	14 279 646	9 352 360	52 579 801	44 201 607
Additions	-	1 964 775	63 963	479 750	4 665 036	1 015 035	8 188 559	6 946 595
Revaluation reserve	537 290	552 164	-	-	-	-	1 089 454	1 930 890
Impairment	-	(711 553)	-	-	-	-	(711 553)	-
Disposals	-	-	-	(67 360)	(66 449)	(765 190)	(898 999)	(499 291)
Transfers to non PPE	-	-	-	-	-	(3 555 789)	(3 555 789)	-
Transfers within PPE	-	3 671 114	-	63 110	550 989	(4 285 213)	-	-
Closing balance	**3 187 290**	**28 828 000**	**506 203**	**2 979 555**	**19 429 222**	**1 761 203**	**56 691 473**	**52 579 801**
Accumulated depreciation								
Opening balance	-	-	129 528	1 377 845	4 374 279	-	5 881 652	3 524 412
Charge for the year	-	613 434	45 487	409 490	2 535 047	-	3 603 458	2 999 193
Disposals	-	-	-	(47 823)	(42 482)	-	(90 305)	(105 570)
Revaluation	-	(613 434)	-	-	-	-	(613 434)	(536 383)
Closing balance	**-**	**-**	**175 015**	**1 739 512**	**6 866 844**	**-**	**8 781 371**	**5 881 652**
Net book value	**3 187 290**	**28 828 000**	**331 188**	**1 240 043**	**12 562 378**	**1 761 203**	**47 910 102**	**46 698 149**

13. PROPERTY AND EQUIPMENT (continued)

Properties were revalued on an open market basis by an independent professional valuer, Mabikacheche and Associates as at 31 December 2013 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.
The revaluation of land and buildings entailed the following:

In determining the market values of the subject properties, the following was considered:

- Comparable market evidence which comprised complete transactions as well as transactions where offers had been made but the transactions had not been finalised;
- Professional judgement was exercised to take cognisance of the fact that properties in the transaction were not exactly comparable in terms of size, quality and location to the properties owned by the Bank;
- The reasonableness of the market values of commercial properties so determined, per above point, was assessed by reference to the properties in the transaction; and
- The values per square metre of lettable space for both the subject properties and comparables were analysed.

With regards to the market values for residential properties, the comparison method was used. This method entails carrying out a valuation by directly comparing the subject property, which has been sold or rented out. The procedure was performed as follows:
- Surveys and data collection on similar past transactions;
- Analysis of the collected data; and
- Comparison of the analysis with the subject properties and then carrying out the valuation of the subject properties

Adjustments were made to the following aspects:
- Age of property – state of repair and maintenance
- Aesthetic quality – quality of fixtures and fittings
- Structural condition – location
- Accommodation offered – size of land

The maximum useful lives of property and equipment are as follows:

Buildings	40 years
Motor vehicles	3 – 5 years
Leasehold improvements	10 years
Computer equipment	5 years
Furniture and fittings	10 years

The carrying amount of buildings would have been US$21 086 438 had they been carried at cost.

Property and equipment was tested for impairment through comparison with the open market values determined by independent valuers.

14. INVESTMENT PROPERTIES	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	2 745 000	2 288 000
Additions	-	9 930
Fair valuation adjustment	(26 400)	447 070
Closing balance	**2 718 600**	**2 745 000**

Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2013 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The basis of valuation is consistent with that detailed in note 13 to the financial statements.

The rental income derived from investments properties amounted to US$nil, with direct operating expenses amounting to US$nil.

15. INTANGIBLE ASSETS	31 Dec 2013 US$	31 Dec 2012 US$
At cost	1 893 438	1 718 438
Accumulated amortisation	(1 116 262)	(542 993)
	777 176	**1 175 445**
Movement in intangible assets:		
Opening balance	1 175 445	1 560 091
Additions	125 000	158 347
Transfer from property and equipment	50 000	-
Amortisation	(573 269)	(542 993)
Closing balance	**777 176**	**1 175 445**

Intangible assets are carried at cost less accumulated amortisation .
The intangible assets are amortised over a useful life of 3 years.

16. DEFERRED TAXATION

Deferred tax related to items charged or credited to statement of comprehensive income during the period is as follows:

	31 Dec 2013 US$	31 Dec 2012 US$
Revaluation of property and equipment	(459 506)	(542 986)
Fair value adjustment – available for sale financial assets	-	(6 505)
	(459 506)	**(549 491)**

The deferred tax included in the statement of financial position and changes recorded in the income tax expenses are as follows:

	31 Dec 2013 US$	31 Dec 2012 US$
Deferred tax asset		
Fair value adjustments	(1 320)	(22 850)
Prepayments	(575 460)	(143 409)
Impairment allowance	645 778	1 092 359
Property and equipment	960 655	(120 467)
Tax claimable impairments	8 377 977	-
Other	(610 147)	1 272 536
	8 797 483	2 078 169
Add:		
Opening balance	4 917 190	3 388 512
Closing deferred tax balance	**13 255 167**	**4 917 190**

	31 Dec 2013 US$	31 Dec 2012 US$
17. DEPOSITS		
Call deposits	10 437 881	5 356 014
Savings and other deposits	506 385 630	484 462 910
Money market deposits	484 174 802	332 855 042
Offshore deposits	292 418 180	171 716 509
Accrued interest	10 564 867	9 038 779
	1 303 981 360	**1 003 429 254**
17.1 Deposits by source		
Banks	37 647 610	36 114 207
Money market	461 792 904	308 364 851
Customers	507 916 828	485 661 677
Offshore deposits	296 624 018	173 288 519
	1 303 981 360	**1 003 429 254**
17.2 Deposits by type		
Retail	51 899 397	43 014 045
Corporate	456 017 431	442 647 632
Money market	499 440 514	344 479 058
Offshore deposits	296 624 018	173 288 519
	1 303 981 360	**1 003 429 254**

17.3 Sectoral Analysis

	31 Dec 2013 US$	%	31 Dec 2012 US$	%
Private	50 068 090	4	111 312 920	11
Agriculture	33 596 940	3	33 069 968	3
Mining	10 145 154	1	9 986 027	1
Manufacturing	124 403 603	10	122 452 318	12
Distribution	132 873 610	10	130 789 472	13
Construction	23 766 879	2	23 394 093	2
Transport	16 249 538	1	15 994 662	2
Communication	61 554 955	5	60 589 459	6
Services	306 563 443	23	190 277 630	19
Financial organisations	495 578 799	37	282 952 584	29
Investment organisations	49 180 349	4	22 610 121	2
	1 303 981 360	**100**	**1 003 429 254**	**100**

17.4 Maturity analysis

	31 Dec 2013 US$	31 Dec 2012 US$
Repayable on demand	790 916 957	630 194 168
Between 1 and 3 months	192 580 921	159 130 548
Between 3 months and 6 months	121 254 263	48 834 228
Between 6 months and 1 year	102 362 566	35 162 346
Between 1 year and 5 years	88 603 470	124 723 283
More than 5 years	8 263 183	5 384 681
	1 303 981 360	**1 003 429 254**

Maturity analysis is based on the remaining period from 31 December 2013 to contractual maturity.

18. OTHER LIABILITIES

	31 Dec 2013 US$	31 Dec 2012 US$
Revenue received in advance	1 061 483	826 328
Sundry creditors	7 207 258	10 111 298
Other suspense accounts	918 725	925 401
	9 187 466	**11 863 027**

19. SHARE CAPITAL

	31 Dec 2013 US$	31 Dec 2012 US$
Authorised		
600 000 000 ordinary shares of US$ 0.01 each	6 000 000	6 000 000
Issued and fully paid		
511 817 951 ordinary shares of US$ 0.01 each	**5 118 180**	**5 118 180**
19.1 Share premium		
Opening balance	11 198 956	11 198 956
Movement for the year	-	-
Closing balance	**11 198 956**	**11 198 956**
19.2 Non-distributable reserve		
Opening balance	5 522 755	5 522 755
Movement for the year	-	-
Closing balance	**5 522 755**	**5 522 755**
19.3 Revaluation reserve		
Opening balance	8 191 449	6 267 162
Revaluation adjustments made during the year	1 243 382	1 924 287
Closing balance	**9 434 831**	**8 191 449**
19.4 Available for sale reserve		
Opening balance	-	(636 498)
Movement for the year	-	636 498
Closing balance	**-**	**-**
19.5 Revenue reserve		
Opening balance	65 260 266	50 796 425
Profit for the year	17 527 686	31 044 211
Dividend paid	(1 300 000)	(16 580 370)
Closing balance	**81 487 952**	**65 260 266**

20. Categories of Financial Instruments

	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
December 2013					
Financial assets					
Balances with banks and cash	-	-	148 325 373	-	148 325 373
Money market assets	231 111 785	-	-	-	231 111 785
Advances	-	-	898 988 379	-	898 988 379
Other assets	-	-	18 315 481	-	18 315 481
Investments in other financial assets	-	172 206	7 628 032	-	7 800 238
Total	**231 111 785**	**172 206**	**1 073 257 265**	**-**	**1 304 541 256**
Financial liabilities					
Deposits	-	-	-	1 303 981 360	1 303 981 360
Other liabilities	-	-	-	9 187 466	9 187 466
Current tax payable	-	-	-	1 902 099	1 902 099
Total	**-**	**-**	**-**	**1 315 070 925**	**1 315 070 925**

	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
December 2012					
Financial assets					
Balances with banks and cash	-	-	175 932 794	-	175 932 794
Money market assets	57 004 893	-	-	-	57 004 893
Advances	-	-	774 152 205	-	774 152 205
Other assets	-	-	33 810 128	-	33 810 128
Investments in other financial assets	-	172 206	-	-	172 206
Total	**57 004 893**	**172 206**	**983 895 127**	**-**	**1 041 072 226**
Financial liabilities					
Deposits	-	-	-	1 003 429 254	1 003 429 254
Other liabilities	-	-	-	11 863 027	11 863 027
Current tax payable	-	-	-	4 526 282	4 526 282
Total	**-**	**-**	**-**	**1 019 818 563**	**1 019 818 563**

21. CAPITAL MANAGEMENT

The Bank adopted the Group Internal Capital Adequacy Assessment Policy (ICAAP) which enunciates CBZ Holdings Limited approach, assessment and management of risk and capital from an internal perspective that is over and above the minimum regulatory rules and capital requirements of Basel II. The primary objective of the Group's capital management is to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and maximize shareholder value. ICAAP incorporates a capital management framework designed to satisfy the needs of key stakeholders i.e. depositors, regulators, rating agencies who have specific interest in its capital adequacy and optimal risk taking to ensure its going concern status (solvency). The focus is also targeted at meeting the expectations of those stakeholders i.e. shareholders, analysts, investors, clients and the general public who are interested in looking at the profitability of the Group vis-à-vis assumed levels of risk (risk vs return).

It is important to highlight that CBZ Bank has three levels of capital and other components that are measured and managed simultaneously: -
(i) Regulatory capital;
(ii) Economic capital; and
(iii) Available book capital.

22. CONTINGENCIES AND COMMITMENTS

	31 Dec 2013 US$	31 Dec 2012 US$
Contingent liabilities		
Guarantees	155 582 869	23 024 087
	155 582 869	**23 024 087**
Capital commitments		
Authorised and contracted for	167 537	269 984
Authorised and uncontracted for	26 625	-
	194 162	269 984

The capital commitments will be funded from the Bank`s own resources and borrowings.

23. CAPITAL ADEQUACY

The capital adequacy is calculated in terms of the guidelines issued by the Reserve Bank of Zimbabwe.

	31 Dec 2013 US$	31 Dec 2012 US$
Risk weighted Assets	**836 230 581**	**780 353 072**
Total qualifying capital	**116 138 437**	**100 702 263**
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	11 198 956	11 198 956
Revenue reserves	81 487 952	65 260 266
Exposures to insiders	(7 077 119)	(4 343 756)
Total core capital	**90 727 969**	**77 233 646**
Less transfer to tier 3	(18 240 798)	(16 924 248)
	72 487 171	**60 309 398**
Tier 2		
Revaluation reserve	14 957 586	13 714 204
General provisions	10 452 882	9 754 413
	25 410 468	**23 468 617**
Tier 3		
Capital allocated for market risk	462 983	1 045 058
Capital allocated to operations risk	17 777 815	15 879 190
	18 240 798	**16 924 248**
Capital adequacy	**13.89%**	**12.90%**
-Tier 1	8.67%	7.72%
-Tier 2	3.04%	3.01%
-Tier 3	2.18%	2.17%

Regulatory capital consists of Tier 1 capital which comprises share capital, share premium and revenue reserves including current period profit. The other component of the regulatory capital is Tier 2 capital, which includes general provisions and revaluation reserves.

24. RISK MANAGEMENT

24.1 Risk Overview

CBZ Bank has continued to be guided by a desire to uphold a "High Risk Management and Compliance Culture" as one of its major strategic thrust which is embedded under clearly defined risk appetite in terms of the various key risk exposures. This approach has given direction to the Bank's overall strategic planning and policies. Through the CBZ Group risk management function, the Bank regularly carries out risk analysis through value at risk (VaR) assessment, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and desired risk appetite.

24.2 Bank Risk Management Framework

The Bank's risk management framework is consistant with that applied by the Group. For details of this refer to note 32.2 to 32.5 of the CBZ Holdings Limited's notes to the financial statements.

24.3 Credit Risk

24.3 (a) Credit risk exposure

The table below shows the maximum exposure to credit for the components of the statement of financial position:

	31 Dec 2013 US$	31 Dec 2012 US$
Balances with banks	110 425 918	135 116 876
Money market assets	231 111 785	57 004 893
Advances	898 988 379	774 152 205
Other assets	18 315 481	33 810 128
Total	**1 258 841 563**	**1 000 084 102**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not maximum risk exposure that could arise in the future as a result of changes in value.

The Bank held cash equivalents of US$110 425 918 (excluding notes and coins) as at 31 December 2013, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

24.3 (b) Aging analysis of past due but not impaired loans (Special Mention Loans):

	31 Dec 2013 US$	31 Dec 2012 US$
1 to 3 months	**130 861 868**	**78 657 357**

Past due but not impaired loans relate to loans in the special mention category. See definition of special mention category on note number 32.3.1 of the CBZ Holdings Limited's notes to the financial statements.

24.3 (c) Aging analysis of impaired loans (Non performing loans):

	31 Dec 2013 US$	31 Dec 2012 US$
3 to 6 months	43 236 337	29 447 178
6 to 12 months	2 528 329	11 938 943
Total	**45 764 666**	**41 386 121**

24.3 (d) An industry sector analysis of the Group's financial assets before and after taking into account collateral held is as follows:

	31 Dec 2013 US$ Gross maximum exposure	31 Dec 2013 US$ Net maximum exposure (not covered by mortgage security)	31 Dec 2012 US$ Gross maximum exposure	31 Dec 2012 US$ Net maximum exposure (not covered by mortgage security)
Private	49 964 036	22 859 184	51 268 781	986 644
Agriculture	277 240 784	90 836 324	255 563 449	42 710 338
Mining	16 140 238	3 361 813	13 120 322	1 800 567
Manufacturing	95 131 867	54 327 514	151 717 080	29 114 950
Distribution	210 383 005	102 533 658	205 807 416	48 497 010
Construction	4 409 858	4 255 491	3 119 161	2 209 715
Transport	21 218 603	22 327 686	17 070 839	13 298 841
Communication	8 752 982	7 297 448	6 636 850	-
Services	230 149 664	17 528 754	102 216 773	19 431 599
Financial Organisations	19 072 064	-	1 076 185	266 182
Gross value at 31 December	**932 463 101**	**325 327 872**	**807 596 856**	**158 315 846**

	31 Dec 2013 US$	31 Dec 2012 US$
Collateral (mortgage security)	607 135 229	649 281 010
Cash cover	19 156 999	18 387 000
Other forms of security including Notarial General Covering Bonds (NGCBs),cessions, etc	657 516 198	377 872 583
	1 283 808 426	**1 045 540 593**

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, guarantees, cash cover, and assignment of crop or export proceeds, leasebacks and stop-orders. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are regularly updated with trends in the market. An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown above and analysed as follows:

	31 Dec 2013 US$	31 Dec 2012 US$
Against doubtful* and loss* grades		
Property	350 000	3 583 000
Other	-	12 534 574
Against substandard* grade		
Property	20 300 192	4 438 500
Other	42 113 360	35 315 191
Against special mention* grade		
Property	51 200 459	65 224 386
Other	72 182 307	40 963 046
Against normal* grade		
Property	535 284 578	576 035 123
Other	562 377 530	307 446 773
	1 283 808 426	**1 045 540 593**

*See definition on note 32.3.1 of the CBZ Holdings Limited's notes to the financial statements.

24.3 (e) Credit Quality per Class of Financial Assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for loan-related statement of financial position lines based on the Bank's credit rating system.

	Neither past due nor impaired				
DECEMBER 2013	**Normal grade US$**	**Special mention grade US$**	**Sub- standard grade US$**	**Doubtful and loss grade US$**	**Total US$**
Loans and Advances to Customers					
Agriculture	202 925 240	67 688 639	4 098 576	2 528 329	277 240 784
Manufacturing	76 274 779	6 501 954	12 355 134	-	95 131 867
Commercial	214 232 536	10 319 948	5 597 180	-	230 149 664
Individual and Households	36 560 453	6 486 626	6 916 957		49 964 036
Mining	13 614 177	2 517 508	8 553	-	16 140 238
Distribution	167 593 605	31 922 800	10 866 600	-	210 383 005
Construction	4 258 578	-	151 280	-	4 409 858
Transport	12 552 153	5 424 393	3 242 057	-	21 218 603
Communication	8 752 982	-	-	-	8 752 982
Financial services	19 072 064	-	-	-	19 072 064
	755 836 567	**130 861 868**	**43 236 337**	**2 528 329**	**932 463 101**

The Bank has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Bank, assuming all guarantees are called on, is $155 582 869.

	Neither past due nor impaired				
DECEMBER 2012	**Normal grade US$**	**Special mention grade US$**	**Sub- standard grade US$**	**Doubtful and loss grade US$**	**Total US$**
Due from banks	655 015	-	-	-	655 015
Loans and Advances to Customers					
Agriculture	195 772 985	44 015 318	8 050 112	7 725 034	255 563 449
Manufacturing	135 079 160	5 875 986	6 785 433	3 976 502	151 717 081
Commercial	95 798 283	3 780 853	2 578 387	59 250	102 216 773
Individual and Households	49 611 573	1 199 426	452 255	5 526	51 268 780
Mining	7 928 034	3 267 192	1 925 096	-	13 120 322
Distribution	176 506 706	20 442 282	8 685 797	172 631	205 807 416
Construction	3 004 681	-	114 480	-	3 119 161
Transport	16 138 920	76 300	855 619	-	17 070 839
Communication	6 636 850	-	-	-	6 636 850
Financial services	421 170	-	-	-	421 170
	687 553 377	**78 657 357**	**29 447 179**	**11 938 943**	**807 596 856**

The Bank has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Bank, assuming all guarantees are called on, is $23 024 087.

24.4 Liquidity risk

Liquidity relates to the Bank's ability to fund its growth in assets and to meet obligations as they fall due without incurring unacceptable losses. The Bank recognizes two types of liquidity risks i.e. Market liquidity risk and Funding liquidity risk.

Market liquidity risk is the risk that the Bank cannot cover or settle a position without significantly affecting the market price because of limited market depth.

Funding risk on the other hand is the risk that the Bank will not be able to efficiently meet both its expected as well as the unexpected current and future cash flow needs without affecting the financial condition of the Bank.

The Bank's liquidity risk management framework ensures that limits are set under relating to levels of wholesale funding, retail funding, loans to deposit ratio, counter- party exposures as well as prudential liquidity ratio.

The primary source of funding under the Bank are customer deposits made up of current, savings and term deposits and these are diversified by customer type and maturity. The Bank tries to ensure through the ALCO processes and balance sheet management processes that asset growth and maturity are funded by appropriate growth in deposits and stable funding respectively.

24.4.1 GAP ANALYSIS

LIQUIDITY PROFILE AS AT 31 DECEMBER 2013

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Total US$
Assets						
Loans and Advances	567 547 047	11 840 852	125 083 767	147 779 460	46 737 253	898 988 379
Balances with banks and cash	56 599 529	91 725 844	-	-	-	148 325 373
Money market assets	84 536 796	17 500 000	122 115 000	6 959 989	-	231 111 785
Investments- other financial assets	-	-	-	7 628 032	-	7 628 032
Other assets	-	18 315 481	-	-	-	18 315 481
Financial guarantees	-	-	155 582 869	-	-	155 582 869
Total	**708 683 372**	**139 382 177**	**402 781 636**	**162 367 481**	**46 737 253**	**1 459 951 919**
Liabilities						
Deposits	790 916 957	192 580 921	223 616 829	88 603 470	8 263 183	1 303 981 360
Current tax payable	-	1 902 099	-	-	-	1 902 099
Other liabilities	-	-	9 187 466	-	-	9 187 466
Financial guarantees	-	-	155 582 869	-	-	155 582 869
Total	**790 916 957**	**194 483 020**	**388 387 164**	**88 603 470**	**8 263 183**	**1 470 653 794**
Liquidity gap	**(82 233 585)**	**(55 100 843)**	**14 394 472**	**73 764 011**	**38 474 070**	(10 701 875)
Cumulative liquidity gap	(82 233 585)	(137 334 428)	(122 939 956)	(49 175 945)	(10 701 875)	(10 701 875)

LIQUIDITY PROFILE AS AT 31 DECEMBER 2012

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Total Assets
Loans and advances	475 219 280	21 687 862	62 175 562	142 679 444	72 390 057	774 152 205
Balances with banks and cash	92 585 687	83 347 107	-	-	-	175 932 794
Money market assets	47 007 906	9 996 987	-	-	-	57 004 893
Other assets	-	33 810 128	-	-	-	33 810 128
Total	**614 812 873**	**148 842 084**	**62 175 562**	**142 679 444**	**72 390 057**	**1 040 900 020**
Liabilities						
Deposits	630 194 168	159 130 548	83 996 574	124 723 283	5 384 681	1 003 429 254
Current tax payable	-	4 526 282	-	-	-	4 526 282
Other liabilities	-	-	11863 027	-	-	11 863 027
Financial guarantees	-	-	-	23 024 087	-	23 024 087
Total	**630 194 168**	**163 656 830**	**95 859 601**	**147 747 370**	**5 384 681**	**1 042 842 650**
Liquidity gap	**(15 381 295)**	**(14 814 746)**	**(33 684 039)**	**(5 067 926)**	**67 005 376**	**(1 942 630)**
Cumulative liquidity gap	(15 381 295)	(30 196 041)	(63 880 080)	(68 948 006)	(1 942 630)	(1 942 630)

The table above shows the undiscounted cash flows of the Bank's non-derivative on and off balance sheet financial assets and liabilities on the basis of their earliest possible contractual maturity and the related period gaps. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The Bank carries out static statement of financial position analysis to track statement of financial position growth drivers, the pattern of core banking deposits, statement of financial position structure, levels and direction of the Bank's maturity mismatch and related funding or liquidity gap. The Asset and Liability Management Committee (ALCO) comes up with strategies through its monthly meetings to manage these liquidity gaps.

Details of the liquidity ratio for the Bank as at the reporting date and during the reporting period were as follows:

CBZ Bank Limited	%
At 31 December 2012	33.09
At 31 December 2013	31.73
Average for the year	35.55
Maximum for the year	40.95
Minimum for the year	31.21

24.5 Interest rate risk
This is the possibility of a Bank's interest income being negatively influenced by unforeseen changes in the interest rate levels arising from weaknesses related to a Bank's trading, funding and investment strategies.

This is managed at both Board and Management level through the regular policy and benchmarks which related also to interest rate risk management. The major areas of intervention involves daily monitoring of costs of funds, monthly analysis of interest re - pricing gaps, monthly interest rate simulations to establish the Bank's ability to sustain a stressed interest rate environment. The use of stress testing is an integral part of the interest rate risk management framework and considers both the historical market events as well as anticipated future scenarios. The Bank denominates its credit facilities in the base currency i.e. the USD in order to minimize cross currency interest rate risk. The Bank's interest rate risk profiling is displayed below:

(a) INTEREST RATE REPRICING

31 December 2013	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Non- interest bearing US$	Total US$
Assets							
Balance with banks and cash	56 599 529	91 725 844	-	-	-	-	148 325 373
Money market assets	84 536 796	17 500 000	122 115 000	6 959 989	-	-	231 111 785
Advances	567 547 047	11 840 852	125 083 767	147 779 460	46 737 253	-	898 988 379
Other assets	-	-	-	-	-	76 946 779	76 946 779
Investment in other financial assets	-	-	-	7 628 032	-	172 206	7 800 238
Investment properties	-	-	-	-	-	2 718 600	2 718 600
Property and equipment	-	-	-	-	-	47 910 102	47 910 102
Deferred taxation	-	-	-	-	-	13 255 167	13 255 167
Intangible assets	-	-	-	-	-	777 176	777 176
Total Assets	**708 683 372**	**121 066 696**	**247 198 767**	**162 367 481**	**46 737 253**	**141 780 030**	**1 427 833 599**
Liabilities and Equity							
Deposits	790 916 957	192 580 921	223 616 829	88 603 470	8 263 183	-	1 303 981 360
Other liabilities	-	-	-	-	-	9 187 466	9 187 466
Current tax payable	-	-	-	-	-	1 902 099	1 902 099
Equity and reserves	-	-	-	-	-	112 762 674	112 762 674
Total Equity and Liabilities	**790 916 957**	**192 580 921**	**223 616 829**	**88 603 470**	**8 263 183**	**123 852 239**	**1 427 833 599**
Interest rate repricing gap	(82 233 585)	(71 514 225)	23 581 938	73 764 011	38 474 070	17 927 791	-
Cumulative gap	(82 233 585)	(153 747 810)	(130 165 872)	(56 401 861)	(17 927 791)	-	-

31 December 2012	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Non- interest bearing US$	Total US$
Assets							
Balance with banks and cash	92 585 687	83 347 107	-	-	-	-	175 932 794
Money market assets	47 007 906	9 996 987	-	-	-	-	57 004 893
Advances	475 219 280	21 687 862	62 175 562	142 679 444	72 390 057	-	774 152 205
Other assets	-	31 823 667	-	-	-	20 488 620	52 312 287
Investment in other financial assets	-	-	-	-	-	172 206	172 206
Investment properties	-	-	-	-	-	2 745 000	2 745 000
Property and equipment	-	-	-	-	-	46 698 149	46 698 149
Deferred taxation	-	-	-	-	-	4 917 190	4 917 190
Intangible assets	-	-	-	-	-	1 175 445	1 175 445
Total Assets	**614 812 873**	**146 855 623**	**62 175 562**	**142 679 444**	**72 390 057**	**76 196 610**	**1 115 110 169**
Liabilities and Equity							
Deposits	630 194 168	159 130 548	83 996 574	124 723 283	5 384 681	-	1 003 429 254
Other liabilities	-	-	-	-	-	11 863 027	11 863 027
Current tax payable	-	-	-	-	-	4 526 282	4 526 282
Equity and reserves	-	-	-	-	-	95 291 606	95 291 606
Total Equity and Liabilities	**630 194 168**	**159 130 548**	**83 996 574**	**124 723 283**	**5 384 681**	**111 680 915**	**1 115 110 169**
Interest rate repricing gap	(15 381 295)	(12 274 925)	(21 821 012)	17 956 161	67 005 376	(35484 305)	-
Cumulative gap	(15 381 295)	(27 656 220)	(49 477 232)	(31 521 071)	35 484 305	-	-

24.6 EXCHANGE RATE RISK

This risk arises from the changes in exchange rates and originates from mismatches between the values of assets and liabilities denominated in different currencies and can lead to losses if there is an adverse movement in exchange rate where open positions either spot or forward, are taken for both on and off – statement of financial position transactions.

There is oversight at the CBZ Group Board level through the Group Board Risk Management Committee which covers Assets and liabilities committee (ALCO) processes by way of strategic policy and benchmarking reviews and approval. Management ALCO which is held on a monthly basis reviews performance against set benchmarks embedded under acceptable currencies, currency positions as well as stop loss limits. Derivative contracts with characteristics and values derived from underlying financial instruments, exchange rates which relates to futures, forwards, swaps and options can be used to mitigate exchange risk. The Bank had no exposure to derivative transactions under the reporting period.

At 31 December 2013, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the period would have been US$4 756 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Bank as at 31 December 2013 is as below:

Foreign currency position as at 31 December 2013

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	148 325 373	135 289 537	7 327 650	2 877 926	2 830 260
Money market assets	231 111 785	231 111 785	-	-	-
Advances	898 988 379	898 197 670	327 712	621	462 376
Other assets	76 946 779	76 651 277	150 311	84 853	60 338
Investment in other financial assets	7 800 238	7 656 596	-	-	143 642
Investment properties	2 718 600	2 718 600	-	-	-
Property and equipment	47 910 102	47 827 124	6 869	-	76 109
Deferred taxation	13 255 167	13 255 167	-	-	-
Intangible assets	777 176	777 176	-	-	-
Total Assets	**1 427 833 599**	**1 413 484 932**	**7 812 542**	**2 963 400**	**3 572 725**
Liabilities and Equity					
Deposits	1 303 981 360	1 289 597 934	13 442 499	307 233	633 694
Other liabilities	9 187 466	9 127 109	10 599	48 199	1 559
Current tax payable	1 902 099	1 902 099	-	-	-
Equity and reserves	112 762 674	112 762 674	-	-	-
Total Equity and Liabilities	**1 427 833 599**	**1 413 389 816**	**13 453 098**	**355 432**	**635 253**

24.6 EXCHANGE RATE RISK (continued)

Foreign currency position as at 31 December 2012

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	175 932 794	154 254 393	16 461 052	2 595 731	2 621 618
Money market assets	57 004 893	43 840 226	6 339 123	2 161 870	4 663 674
Advances	774 152 205	773 269 943	1 240 572	257 030	(615 340)
Other assets	52 312 287	51 054 445	1 164 923	44 629	48 290
Investment in other financial assets	172 206	28 564	-	-	143 642
Investment properties	2 745 000	2 745 000	-	-	-
Property and equipment	46 698 149	46 608 910	13 130	-	76 109
Deferred taxation	4 917 190	4 917 190	-	-	-
Intangible assets	1 175 445	1 175 445	-	-	-
Total Assets	**1 115 110 169**	**1 077 894 116**	**25 218 800**	**5 059 260**	**6 937 993**
Liabilities and Equity					
Deposits	1 003 429 254	965 617 204	29 729 177	6 077 134	2 005 739
Other liabilities	11 863 027	11 793 624	-	61 864	7 539
Current tax payable	4 526 282	4 526 282	-	-	-
Equity and reserves	95 291 606	95 291 606	-	-	-
Total Equity and Liabilities	**1 115 110 169**	**1 077 228 716**	**29 729 177**	**6 138 998**	**2 013 278**

Foreign currency position as at 31 December 2013

Underlying currency

	ZAR	GBP	Other foreign currencies
Assets			
Balances with banks and cash	76 434 717	1 746 420	2 830 260
Advances	3 418 364	377	462 376
Money market assets	-	-	-
Other assets	1 567 894	51 492	60 338
Investment in other financial assets	-	-	143 642
Property and equipment	71 651	-	76 109
Total Assets	**81 492 626**	**1 798 289**	**3 572 725**
Liabilities			
Deposits	140 218 707	186 439	633 694
Other liabilities	110 558	29 249	1 559
Total liabilities	**140 329 265**	**215 688**	**635 253**
Net position	**(58 836 639)**	**1 582 601**	**2 937 472**

Foreign Currency Position as at 31 December 2012

Underlying currency

	ZAR	GBP	Other foreign currencies
Assets			
Balances with banks and cash	139 535 403	1 606 468	2 621 618
Advances	10 515 955	159 073	(615 340)
Other assets	9 874 699	27 620	48 290
Money market assets	53 734 847	-	4 663 674
Investments in other financial assets	-	-	143 642
Property and equipment	-	-	76 109
Total Assets	**213 660 904**	**1 793 161**	**6 937 993**
Liabilities			
Deposits	252 005 317	3 761 068	2 005 739
Other liabilities	-	38 287	7 539
Total liabilities	**252 005 317**	**3 799 355**	**2 013 278**
Net position	**(38 344 413)**	**(2 006 194)**	**4 924 715**

24.7 Operational risk
This is the potential for loss arising from human error and fraud, inadequate or failed internal processes, systems, non-adherence to procedure or other external sources that result in the compromising of the Bank's revenue or erosion of the Bank's statement of financial position value.

24.7.1 Operational risk management framework
Bank Risk Management Committee exercises adequate oversight over operational risks across the Bank with the support of the Board as well as business and functional level committees. Bank Risk Management is responsible for setting and approval of Bank Operational Policies and maintaining standards for operational risk.

The Bank Board Audit Committee through Internal Audit function as well as Bank Enterprise Wide Governance and Compliance perform their independent review and assurances under processes and procedures as set under policies and procedure manuals. On the other hand Bank Risk Management and Bank IT Department with assistance from Organization and Methods Department within Bank Human Resources ensures processes, procedures and control systems are in line with variables in the operating environment.

24.8 Strategic risk
This is the risk that arises where the Bank's strategy may be inappropriate to support its long term corporate goals due to underlying inadequate strategic planning process, weak decision making process as well as weak strategic implementation programs.

To mitigate this risk, the Bank's Board and Management teams craft the strategy which is underpinned to the Bank's corporate goals. Approval of the strategy is the responsibility of the appropriate Board whilst implementation is carried out by Management. On the other hand, strategy and goal congruency is reviewed monthly by management and quarterly by the appropriate Board.

24.9 Regulatory risk
Regulatory risk is defined as the failure to comply with applicable laws and regulations or supervisory requirements, or the exclusion of provisions of relevant regulatory requirements out of operational procedures. This risk is managed and mitigated through the Bank Board Risk Management Committee and the Bank Enterprise Wide Governance and Compliance unit which ensures that:

- Comprehensive and consistent compliance policies and procedures exist covering the Bank;
- A proactive and complete summary statement of the Bank's position on ethics and compliance;
- A reporting structure of the Bank Enterprise Wide Compliance Function exists that ensures independence and effectiveness; and that
- Periodic compliance and awareness training targeting employees in compliance sensitive areas is carried out.

24.10 Reputation risk
This is the risk of potential damage to the Bank's image that arise from the market perception of the manner in which the Bank packages and delivers its products and services as well as how staff and management conduct themselves. It also relates to the Bank's general business ethics. This can result in loss of earnings or adverse impact on market capitalization as a result of stakeholders adopting a negative view to the Bank and its actions. The risk can further arise from the Bank's inability to address any of its other key risks. This risk is managed and mitigated through:

- Continuous improvements of the Bank's operating facilities to ensure that they remain within the taste of the Bank's various stakeholders,
- Ensuring that staff subscribe to the Bank's code of conduct, code of ethics and general business ethics and that
- Stakeholders' feedback systems that ensures a proactive attention to the Bank's reputation management.

24.11 Money-laundering risk
This is the risk of financial or reputational loss suffered as a result of transactions in which criminal financiers disguise the origin of funds they deposit in the Bank and then use the funds to support illegal activities. The Bank manages this risk through:
- Adherence to Know Your Customer Procedures;
- Effective use of compliance enabling technology to enhance anti–money laundering program management, communication, monitoring and reporting;
- Development of early warning systems; and
- Integration of compliance into individual performance measurement and reward structures.

24.12 Risk and Credit Ratings

24.12.1 External Credit Rating

CBZ Bank Limited

Rating agent	2013	2012	2011	2009	2008	2007	2006	2005
Global Credit Rating (Short Term)	A1	-	-	-	-	-	A+	A+
Global Credit Rating (Long Term)	A+	A+	A+	A	A	A+	A+	A

24.12.2 Reserve Bank Ratings

CAMELS RATING MATRIX

	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank Limited	1	1	2	1	1	2	2
CBZ Holdings Group	2	2	2	-	2	2	2

KEY:

1. **Strong**
2. **Satisfactory**
3. **Fair**
4. **Substandard**
5. **Weak**

STATEMENT OF COMPLIANCE

Based on the information set out in this corporate governance statement, the Board believes that throughout the accounting period under review, the Bank complied with the requisite regulatory requirements.

As at 31 December 2013 the Bank was not involved in any material litigation, dispute or arbitration proceedings which may have had a significant effect on its financial position.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
Gross premium income		7 666 285	4 138 612
Reinsurance		(202 393)	(231 461)
Net written premium		**7 463 892**	**3 907 151**
Net commission	9.2	(797 512)	(471 545)
Net claims	9.3.1	(1 754 578)	(462 705)
Technical profit		**4 911 802**	**2 972 901**
Operating expenditure	3	(2 159 161)	(1 147 861)
Underwriting profit		**2 752 641**	**1 825 040**
Other income	2	602 023	376 225
Transfer to life fund		(63 567)	(646 528)
Profit before taxation		**3 291 097**	**1 554 737**
Taxation	12.1	(26 272)	(21 958)
Profit for the year after tax		**3 264 825**	**1 532 779**
Other comprehensive income		-	-
Total comprehensive income		**3 264 825**	**1 532 779**

STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
ASSETS			
Balances with banks and cash	4	516 270	257 793
Money market assets	5	6 924 898	4 361 394
Insurance assets	6	344 996	134 758
Other receivables		130 402	25 439
Property and equipment	8	304 606	134 670
Intangible assets	7	152 548	4 371
Taxation		-	724
TOTAL ASSETS		**8 373 720**	**4 919 149**
LIABILITIES			
Insurance liabilities	9.4	1 614 683	1 538 283
Other liabilities	10	789 137	677 682
Current tax payable		1 891	-
TOTAL LIABILITIES		**2 405 711**	**2 215 965**
EQUITY AND RESERVES			
Share capital	11.2	2	2
Share premium		1 388 012	1 388 012
Revenue reserves		4 579 995	1 315 170
TOTAL EQUITY & RESERVES		**5 968 009**	**2 703 184**
TOTAL LIABILITIES, EQUITY AND RESERVES		**8 373 720**	**4 919 149**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Share capital US$	Share premium US$	Accumilated loss/ Revenue reserves US$	Total US$
2012				
Balance at 1 January 2012	2	1 388 012	(217 609)	1 170 405
Total comprehensive income	-	-	1 532 779	1 532 779
Balance at 31 December 2012	**2**	**1 388 012**	**1 315 170**	**2 703 184**
2013				
Balance at 1 January 2013	2	1 388 012	1 315 170	2 703 184
Total comprehensive income	-	-	3 264 825	3 264 825
Balance at 31 December 2013	**2**	**1 388 012**	**4 579 995**	**5 968 009**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	31 Dec 2013 US$	31 Dec 2012 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3 291 097	1 554 737
Non cash items:		
Depreciation	44 828	25 860
Amortisation	2 762	-
Unearned premium	287 081	150 005
Claims incurred but not yet reported	(210 681)	496 523
Loss on sale of property and equipment	956	-
Operating profit before changes in operating assets and liabilities	**3 416 043**	**2 227 125**
Changes in operating assets and liabilities		
Increase in insurance assets	(210 238)	(88 745)
Increase in other receivables	(104 963)	(25 040)
Increase in other liabilities	111 455	154 340
Increase in money market assets	(2 563 504)	(2 041 120)
	(2 767 250)	**(2 000 565)**
Corporate tax paid	(23 657)	(22 456)
Net cash inflow from operating activities	**625 136**	**204 104**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	47	-
Purchase of property and equipment	(215 767)	(63 341)
Purchase of intangible assets	(150 939)	(692)
Net cash outflow from investing activities	**(366 659)**	**(64 033)**
NET INCREASE IN BALANCES WITH BANKS AND CASH	258 477	140 071
Balances with banks and cash at the beginning of the year	257 793	117 722
Balances with banks and cash at end of the year	**516 270**	**257 793**

NOTES TO THE FINANCIAL STATEMENTS

1. INCORPORATION AND ACTIVITES

The company offers life insurance services and is incorporated in Zimbabwe.

	31 Dec 2013 US$	31 Dec 2012 US$
2. OTHER INCOME		
Short term money markets interest	600 738	370 888
Bank interest	804	606
Interest on staff loans	481	453
Sundry Income	-	4 278
	602 023	**376 225**
3. OPERATING EXPENDITURE		
Administration expenses	810 314	428 970
Audit fees	32 718	24 820
Depreciation	44 828	25 860
Amortisation of intangible assets	2 762	-
Staff costs	1 239 131	668 211
Loss on disposal of property and equipment	956	-
Impairment other	28 452	-
	2 159 161	**1 147 861**
Directors' remuneration (included in staff costs)		
Fees for services as Directors	51 408	59 742

	31 Dec 2013 US$	31 Dec 2012 US$
4. BALANCES WITH BANK AND CASH		
Cash at bank	516 270	257 793
5. INVESTMENTS		
5.1 Money market assets		
Money market portfolio analysis:		
Held for trading	6 924 898	4 361 394
5.2 Maturity analysis		
Demand	92 204	95 049
Between 1 months and 3 months	6 034 176	3 406 120
Between 3 months and 1 year	798 518	753 414
Between 1 and 5 years	-	106 811
	6 924 898	**4 361 394**
6. INSURANCE ASSETS		
Reinsurance unearned premium reserve	765	-
Reinsurance receivables	33 582	-
Deferred acquisition costs	196 965	-
Premium receivables	241 654	148 662
Suspended premium	(99 518)	(13 904)
Provision for bad debts	(28 452)	-
	344 996	**134 758**
7. INTANGIBLE ASSETS		
Computer software		
Cost		
Opening balance	4 371	3679
Additions	150 939	692
Closing balance	**155 310**	**4 371**
Amortisation		
Opening balance	-	-
Charge for the year	2 762	-
Closing balance	**2 762**	**-**
Net book value at 31 December 2013	**152 548**	**4 371**

8. PROPERTY AND EQUIPMENT

	Motor vehicles US$	Computers, furniture and other equipment US$	Total US$
Cost			
Balance at 1 January 2012	80 999	21 312	102 311
Additions	-	63 341	63 341
Balance at 31 December 2012	**80 999**	**84 653**	**165 652**
Additions	-	215 767	215 767
Disposal	-	(1 294)	(1 294)
Balance at 31 December 2013	**80 999**	**299 126**	**380 125**
Accumulated depreciation			
Balance at 1 January 2012	**3 894**	**1 229**	**5 123**
Additions	16 200	9 659	25 859
Balance at 31 December 2012	20 094	10 888	30 982
Charge for the year	16 200	28 628	44 828
Disposal	-	(291)	(291)
Balance at 31 December 2013	**36 294**	**39 225**	**75 519**
Net book value at 31 December 2013	**44 705**	**259 901**	**304 606**
Net book value at 31 December 2012	**60 905**	**73 765**	**134 670**

9. INSURANCE CONTRACT PROVISIONS

9.1 Provision for unearned premium

	Gross US$	Reinsurance US$	Net US$
Unearned premium reserve			
Unearned at 1 January 2013	902 798	9 583	893 215
Written premiums	7 666 285	202 393	7 463 892
Earned during the year	(7 768 717)	(211 211)	(7 557 506)
Unearned at 31 December 2013	**800 366**	**765**	**799 601**

	31 Dec 2013 US$	31 Dec 2012 US$
9.2 Commissions		
Commission paid	(1 069 461)	(543 448)
Commission received	75 176	71 903
Deferred acquisition costs	196 773	-
Net commission	**(797 512)**	**(471 545)**
9.3 Claims		
9.3.1 Gross claims incured	1782 595	472 288
Reinsurance	(28 017)	(9 583)
Net claims	**1 754 578**	**462 705**
9.3.2 Provision for IBNR claims		
IBNR claims provision at 1 January	635 485	138 962
Movement for the year	(210 681)	496 523
IBNR provision at 31 December	**424 804**	**635 485**
9.4 Insurance liabilities		
Reinsurance payables at 1 January	-	-
Gross unearned premium reserve	799 601	902 798
Provision for incurred but not reported claims	424 804	635 485
Guaranteed Education Plan Provision	390 278	-
Balance at 31 December	**1 614 683**	**1 538 283**
10. OTHER LIABILITIES		
Inter-company	300 771	589 108
Other payables	488 366	88 574
	789 137	**677 682**
11. SHARE CAPITAL		
11.1 Authorised share capital		
20 000 ordinary shares of US$1	20 000	20 000
11.2 Issued share capital		
2 Ordinary shares of US$1 each	2	2
12. TAXATION		
12.1 Analysis of charge for the year		
Current income tax charge	26 272	21 958
Deferred tax	-	-
Income tax	**26 272**	**21 958**
12.2 TAX RATE RECONCILIATION	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	(24.95)	(24.34)
Effective tax rate	**0.80**	**1.41**

CBZ INSURANCE

Audited Financial Results

for the year ended 31 December 2013

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
Gross premium income		7 551 137	7 616 199
Reinsurance		(4 032 274)	(4 764 635)
Net written premium		**3 518 863**	**2 851 564**
Unearned premiums	8.1.2	(243 824)	(109 782)
Net earned premium		3 275 039	2 741 782
Net commission	8.2.2	96 745	247 514
Net claims	8.3.2	(1 112 369)	(1 238 977)
Technical result		2 259 415	1 750 319
Operating expenditure	3	(1 481 574)	(1 525 518)
Impairment allowance		(89 647)	(14 272)
Premium receivables written off		(195 727)	-
Underwriting profit		**492 467**	**210 529**
Other income	2	94 894	132 178
Profit before taxation		**587 361**	**342 707**
Taxation	11.1	(146 390)	(114 939)
Profit for the year		**440 971**	**227 768**
Other comprehensive income		-	-
Total comprehensive income		**440 971**	**227 768**

STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
ASSETS			
Non-current assets			
Investment property	4	150 000	140 000
Property and equipment	5	185 348	100 113
Intangible assets	6	122 053	216 752
Listed investments	7.1	288 076	256 770
Deferred tax	10.1	143 571	132 138
Total non-current assets		**889 048**	**845 773**
Technical assets			
Reinsurance unearned premium reserve	8.1.1	1 076 232	1 060 418
Deferred acquisition costs	8.2.1	246 176	236 684
Reinsurance claims outstanding	8.3.1	122 900	1 240 933
Reinsurance receiva bles	8.5	994 917	946 503
Insurance receivables	12	1 166 450	1 087 229
Total technical assets		**3 606 675**	**4 571 767**
Current assets			
Inventory		3 935	11 069
Other receivables		39 849	184 243
Money market assets	7.2	782 905	860 064
Cash and cash equivalents	13	250 886	314 776
Total current assets		1 077 575	1 370 152
TOTAL ASSETS		**5 573 298**	**6 787 692**
EQUITY AND RESERVES			
Share capital	9.2	50 500	50 500
Share premium		589 807	589 807
Retained earnings		972 344	531 373
Total equity and reserves		**1 612 651**	**1 171 680**
LIABILITIES			
Non-current liabilities			
Deferred tax	10.2	57 789	77 900
Total non-current liabilities		**57 789**	**77 900**
Technical liabilities			
Gross unearned premium reserve	8.1.1	2 202 048	1 942 410
Unearned commission reserve	8.2.1	231 953	243 478
Gross outstanding claims	8.3.1	459 835	1 722 748
Incurred but not reported claims	8.3.3	175 943	141 473
Reinsurance payables	8.4	549 367	1 058 715
Total technical liabilities		**3 619 146**	**5 108 824**
Current liabilities			
Other payables	14	220 348	238 838
Loans	15	-	13 135
Taxation		63 364	177 315
Total current liabilities		**283 712**	**429 288**
TOTAL LIABILITIES		**3 960 647**	**5 616 012**
TOTAL EQUITY AND RESERVES AND LIABILITIES		**5 573 298**	**6 787 692**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	2013 US$	2012 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	587 361	342 707
Non cash items:		
Depreciation	49 009	41 789
Amortisation	94 699	89 085
Interest income	(43 566)	(96 071)
Interest paid	-	7 239
Fair value adjustment	(41 306)	(14 573)
Profit on sale of investments	-	(1 155)
Unearned premium	243 824	109 782
Net commission movement	(21 017)	19 108
Claims incurred but not yet reported	34 470	20 845
Loss on scrapping of property and equipment	973	-
Impairment allowance	89 647	14 272
Premium receivables written off	195 727	-
Operating profit before changes in operating assets and liabilities	**1 189 821**	**533 028**
Changes in operating assets and liabilities		
Decrease/(increase) in inventory	7 134	(3 059)
Increase/(decrease) in receivables	849 418	(1 573 673)
Increase/(decrease) in money market investments	77 159	(271 960)
(Decrease)/increase in payables	(1 790 751)	1 652 737
	(857 040)	**(195 955)**
Interest received	43 566	96071
Interest paid	-	(7 239)
Corporate tax paid	(291 885)	(89 640)
Net cash inflow from operating activities	**84 462**	**336 265**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(135 217)	(22 352)
Purchase of intangible assets	-	(56 290)
Net change in investments	-	(3 868)
Net cash outflow from investing activities	**(135 217)**	**(82 510)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayment	(13 135)	(78 809)
Net cash outflow from financing activities	**(13 135)**	**(78 809)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(63 890)	174 946
Cash and cash equivalents at beginning of year	314 776	139 830
Cash and cash equivalents as at end of year	**250 886**	**314 776**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Share capital US$	Share premium US$	Retained earnings US$	Total US$
2012				
Balance at 1 January 2012	50 500	589 807	303 605	943 912
Total comprehensive income	-	-	227 768	227 768
Balance at 31 December 2012	**50 500**	**589 807**	**531 373**	**1 171 680**
2013				
Balance at 31 January 2013	**50 500**	**589 807**	**531 373**	**1 171 680**
Total comprehensive income	-	-	440 971	440 971
Balance at 31 December 2013	**50 500**	**589 807**	**972 344**	**1 612 651**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. INCORPORATION AND ACTIVITES

The company offers short term insurance services and is incorporated in Zimbabwe.

	31 Dec 2013 US$	31 Dec 2012 US$
2. OTHER INCOME		
Profit on sale of investments	-	1 155
Interest income	43 566	96 071
Dividend received	-	9 489
Investment property fair value adjustment	10 000	25 000
Equity portfolio fair value adjustment	31 306	(10 427)
Rent received	10 800	10 800
Profit on disposal of non-current assets	(973)	-
Sundry income	195	90
	94 894	**132 178**
3. OPERATING EXPENDITURE		
Administration expenses	555 539	486 853
Audit fees	40 416	65 557
Depreciation	48 009	41 789
Amortisation	94 699	89 085
Staff costs	741 911	842 234
	1 481 574	**1 525 518**
Directors remuneration (included in staff costs)		
Fees for services as directors	39 467	15 780
	39 467	**15 780**
4. INVESTMENT PROPERTY		
Cost/valuation		
Opening balance at 1 January 2013	140 000	115 000
Fair valuation adjustment	10 000	25 000
Balance at 31 December 2013	**150 000**	**140 000**

5. PROPERTY AND EQUIPMENT

	Motor vehicles US$	Computers US$	Furniture & equipment US$	Total US$
Cost/valuation				
Opening balance at 1 January 2012	82 266	58 293	70 014	210 573
Additions	-	6 290	16 062	22 352
Balance at 31 December 2012	**82 266**	**64 583**	**86 076**	**232 925**
Additions	-	43 085	92 132	135 217
Disposals	-	-	(2 570)	(2 570)
Balance at 31 December 2013	**82 266**	**107 668**	**175 638**	**365 572**
Accumulated depreciation				
Balance at 1 January 2012	(31 509)	(33 740)	(25 774)	(91 023)
Charge for the year	(16 498)	(13 554)	(11 737)	(41 789)
Balance at 31 December 2012	**(48 007)**	**(47 294)**	**(37 511)**	**(132 812)**
Charge for the year	(16 453)	(15 778)	(16 778)	(49 009)
Disposals	-	-	1 597	1 597
Balance at 31 December 2013	**64460**	**63072**	**52 692**	**180 224**
Net book value at 31 December 2012	34 259	17 289	48 565	100 113
Net book value at 31 December 2013	**17 806**	**44 596**	**122 946**	**185 348**

	31 Dec 2013 US$	31 Dec 2012 US$
6. INTANGIBLE ASSETS		
Computer software		
Cost		
Opening balance	472 203	472 203
Accumulated amortisation	(350 150)	(255 451)
Closing balance	**122 053**	**216 752**
Movement in intangible assets		
Opening balance	216 752	249 547
Additions	-	56 290
Amortisation charge	(94 699)	(89 085)
Closing balance	**122 053**	**216 752**
7. INVESTMENTS		
7.1 Listed investments		
At fair value	**288 076**	**256 770**
Portfolio analysis		
Held for trading	**288 076**	**256 770**
7.2 Money market assets		
Money market portfolio analysis:		
Held for trading	782 905	860 064
Maturity analysis		
Demand	-	-
Between 1 months and 3 months	682 905	810 064
Between 3 months and 1 year	100 000	50 000
	782 905	**860 064**
8. INSURANCE CONTRACT PROVISIONS		
8.1 Provision for unearned premium		
8.1.1 Unearned premium reserve	**Gross**	**Reinsurance**
Unearned at 1 January	1 942 410	1 060 418
Written premiums	7 551 137	4 032 274
Earned during the period	(7 291 499)	(4 016 460)
Unearned at 31 December	**2 202 048**	**1 076 232**
8.1.2 Net unearned premium		
Net unearned premiums at 1 January	109 782	53 134
Written Premiums	3 518 863	2 851 564
Premiums earned during the year	(3 384 821)	(2 794 916)
Unearned Premiums as at 31 December	**243 824**	**109 782**
8.2 Commissions		
8.2.1 Commissions	**Commission paid**	**Commission received**
Unearned at 1 January	236 684	243 478
Written premiums	802 982	878 710
Commission earned	(793 490)	(890 235)
Unearned at 31 December	**246 176**	**231 953**
8.2.2 Net commission		
Commission paid	(802 982)	(851 017)
Commission received	878 710	1 117 639
Deferred acquisition cost	21 017	(19 108)
Net commission	**96 745**	**247 514**
8.3 Claims	**Gross**	**Reinsurance**
8.3.1 Claims incurred		
Outstanding at 1 January	1 722 748	1 240 933
Incurred during the year	802 983	878 710
Paid during the year	(2 065 896)	(1 996 743)
Gross outstanding at 31 December	**459 835**	**122 900**

	31 Dec 2013 US$	31 Dec 2012 US$
8.3.2 Net claims		
Gross claims incurred	2 595 307	2 374 803
Reinsurance claims recovered	(1 854 343)	(1 638 486)
IBNR	34 470	20 845
Outstanding claims	459 835	1 722 748
Reinsurance share of outstanding claims	(122 900)	(1 240 933)
Net claims	**1 112 369**	**1 238 977**
8.3.3 Provision for IBNR claims		
IBNR claims provision at 1 January	141 473	120 628
Movement for the year	34 470	20 845
IBNR provision at 31 December	**175 943**	**141 473**
8.4 Reinsurance payables		
Reinsurance payables at 1 January	1 058 715	840 582
Written premiums	4 032 274	4 764 635
Reinsurance paid during the year	(4 541 622)	(4 546 502)
Amount due to reinsurers at 31 December	**549 367**	**1 058 715**
8.5 Reinsurance receivables		
Reinsurance claims receivable at 1 January	946 503	77 169
Reinsurance claims incurred	1 977 242	2 879 419
Reinsurance share of outstanding claims	(122 900)	(1 240 933)
Reinsurance claims received	(1 805 928)	(769 152)
Amount due from reinsurers at 31 December	**994 917**	**946 503**
9. SHARE CAPITAL		
9.1 Authorised share capital		
5 000 000 ordinary shares of US$0.05 each	250 000	250 000
9.2 Issued share capital		
1 010 000 Ordinary shares of US$0.05 each	50 500	50 500

10. DEFERRED TAX	31 Dec2013 US$	31 Dec 2012 US$
10.1 Deferred tax asset		
Opening balance	132 138	33 381
Arising from impairment and provisions	11 433	98 757
Arising from other	-	-
Closing balance	**143 571**	**132 138**
10.2 Deferred tax liability		
Opening balance	77 900	79 528
Arising from fair value adjustments	3 850	(218)
Non-current assets	(23 961)	(1 410)
Other	-	-
Closing balance	**57 789**	**77 900**
11. TAXATION		
11.1Analysis of charge for the year		
Income tax	177 934	215 324
Deferred tax	(31 544)	(100 385)
	146 390	**114 939**
11.2 TAX RATE RECONCILIATION	%	%
Notional tax	25	25
Aids levy	0.75	0.75
Permanent differences	(0.83)	7.79
	24.92	**33.54**
12. INSURANCE RECEIVABLES		
Due from policyholders	1 345 654	1 176 786
Provision for bad debts	(179 204)	(89 557)
	1 166 450	**1 087 229**
13. CASH AND CASH EQUIVALENTS		
Cash at bank	249 150	314 611
Cash on hand	1 736	165
	250 886	**314 776**
14. OTHER PAYABLES		
Trade payables	200 586	139 395
Inter-company payables	19 762	99 443
	220348	**238 838**
15. LOANS		
Bank loans at beginning of year	13 135	91 944
Loans obtained during the year	-	-
Repayments made during the year	(13 135)	(78 809)
	-	**13 135**

16. MATURITY PROFILE

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining contractual obligations including interest receivable. For insurance contract liabilities and reinsurance assets maturity profile is based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and reinsurer's share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

	Demand US$	Up to 3 month US$	3 months to 1 year US$	1 year to 5 years US$
Held to maturity financial assets	-	682 905	100 000	-
Cash and cash equivalents	250 886	-	-	-
Financial assets at fair value through profit and Loss	-	-	288 076	-
Reinsurance assets	994 917	122 900	-	-
Insurance receivables	-	1 166 450	-	-
Other receivables	-	39 849	-	-
Total assets	**1 245 803**	**2 012 104**	**388 076**	**-**
Insurance payables	-	549 367	-	-
Trade and other payables	-	220 348	-	-
Tax payable	-	-	63 364	-
Outstanding claims	34 109	425 726	-	-
Total Liabilities	**34 109**	**1 195 441**	**63 364**	**-**
Liquidity gap	1 211 694	816 663	324 712	-

17. RISK MANAGEMENT

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of its financial performance objectives. A board committee (Audit & Risk Management) is set and its mandate is to regularly review and approve regulatory and other organisational requirements.

Insurance risk
The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

17. RISK MANAGEMENT (continued)

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company also purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

At 31 December 2013, if provision for claims at that date had been increased by 20% with all other variables held constant, profit after tax for the year would have been US$35 189 higher or lower respectively than the reported position.

Credit risk
This risk is defined as the inability or failure of counter-party to meet commitments with respect to lending, trading, hedging, settlement and other related financial obligations as and when they fall due.

An investment committee is set out for the Company and its primary objective is to assess, determine and monitor compliance with set out exposure limits with set out counterparts. This is regularly reviewed for any pertinent changes in the risk environment.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

The Company carries out risk surveys before assuming risk on certain policies depending on the risk profile of the insured.
The credit risk in respect of customer balances (policy holders, agents and brokers) incurred on non payment of premium will only persist during the grace period specified in the policy document until expired. Commision paid to intermidiaries is netted off against amounts recievable from them to reduce the risk of doubtful debts.

Amounts due from policyholders and intermediaries

The movement in the allowance for impairment in respect of agent and other debtors during the year was as follows:

Balance at 1 January 2013	89 557
Impairment allowance	285 374
Amounts written off during the period	(195 727)
Balance at 31 December 2013	**179 204**

Sensitivity analysis
At 31 December 2013 the Company's' equities were recorded at their fair value of US$288 076. It is estimated that a 20% increase in each stock's price would increase profit before taxation by US$57 615. A hypothetical decrease by 20% would have decreased profit before tax by US$57 615.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.
The following policies and procedures are in place to mitigate the company's exposure to liquidity risk:
a) Set guidelines on asset allocation,
b) Portfolio limit structures and maturity profiles of assets in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

Liability adequacy test
At each statement of financial position date the liability adequacy test is performed to ensure the adequacy of the contract liabilities net of deferred acquisition costs (DAC). In performing these tests, current best estimates of future contractual cash flows and claims handling and administration costs are used. Any deficiency is immediately charged to the statement of comprehensive income initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests. Any DAC written off as a result of this are not reinstated.

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
The company's policy is to manage the maturities of interest bearing financial liabilities.
Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity. The Company has no significant concentration of interest rate risk.

Foreign exchange risk
Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of foreign exchange rates. The company's financial assets are primarily denominated in the same currency as its insurance and investment contract liabilities, which mitigates the foreign currency exchange risk.

Operational risk
Operational risk is the risk of loss arising from system failure, human error, fraud or external events. It is adequately monitored by audit and risk management functions of the company with appropriate oversight and intervention from the board.

Strategic risk
This is the risk that arises where the Company's strategy may be inappropriate to support its long term corporate goals due to underlying inadequate strategic planning process, weak decision making process as well as weak strategic implementation programs. To mitigate this risk, the Company's management team craft the strategy with guidance from the board. Approval of the strategy is the responsibility of the board whilst implementation is carried out by management.

Capital risk
Capital risk refers to the risk of the Company's capital resources being adversely affected by the unfavorable external developments.
The Company's capital resources should therefore be adequate to absorb losses such as operating losses, and capital losses on investments. So long as net losses can be fully offset against capital invested by the Company's owners, the legal claims of depositors or other creditors are not compromised, and the Company can continue to function without interrupting its operations. The Company's policy is to maintain a strong base so as to maintain investor, creditor and market confidence and sustain future development of the business.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
Revenue	2	2 119 670	1 477 697
Operating expenditure	3	(1 590 250)	(1 650 889)
Operating income		**529 420**	**(173 192)**
Finance costs		(34 669)	(42 749)
Profit before taxation		494 751	**(215 941)**
Taxation	4	(132 904)	61 963
Profit for the year after tax		**361 847**	**(153 978)**

STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
ASSETS			
Balances with banks and cash	5	308 225	217 927
Money market assets	6	1 064 531	221 594
Loans and advances	7	17 012	318 095
Other assets	8	637 967	235 515
Investment securities	9	20	626 485
Investment property	10	97 000	85 000
Property and equipment	11	219 487	75 041
Intangible assets	12	214 500	343 196
Current taxation		15 800	15 800
Deferred taxation		-	64 895
TOTAL ASSETS		**2 574 542**	**2 203 548**
LIABILITIES			
Other liabilities		246 208	624 848
Borrowings		-	330 000
Provisions		196 981	111 722
Deferred taxation		68 009	-
TOTAL LIABILITIES		**511 198**	**1 066 570**
EQUITY AND RESERVES			
Share capital	13	63 005	62 005
Share premium		1 924 944	1 361 425
Accumulated profit/(loss)		75 395	(286 452)
TOTAL EQUITY & RESERVES		**2 063 344**	**1 136 978**
TOTAL LIABILITIES, EQUITY AND RESERVES		**2 574 542**	**2 203 548**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Share capital US$	Share premium US$	Accumulated profit/(loss) US$	Total US$
2012				
Balance at 1 January 2012	61 005	977 425	(132 474)	905 956
Rights issue	1 000	384 000	-	385 000
Total comprehensive loss	-	-	(153 978)	(153 978)
Balance at 31 December 2012	**62 005**	**1 361 425**	**(286 452)**	**1 136 978**
2013				
Balance at 1 January 2013	62 005	1 361 425	(286 452)	1 136 978
Rights Issue	1 000	563 519	-	564 519
Total comprehensive income	-	-	361 847	361 847
Balance at 31 December 2013	**63 005**	**1 924 944**	**75 395**	**2 063 344**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	31 Dec 2013 US$	31 Dec 2012 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**494 751**	(215 941)
Non cash items:		
Depreciation and amortisation	160 513	68 255
Impairments of property and equipment	2 611	-
Fair value adjustment	6 105	47 503
Profit on sale of property and equipment	(1 641)	1 369
Operating profit before changes in operating assets and liabilities	**662 339**	**(98 814)**
Changes in operating assets and liabilities		
Advances	301 083	4 686
Money market assets	(842 937)	(221 594)
Other assets	(402 452)	(102 583)
Net change in investment	608 360	166 700
Other liabilities	185 879	471 733
Provisions	85 259	1 937
	(64 808)	**320 879**
Corporate tax paid	-	-
Net cash inflow from operating activities	**597 531**	**222 065**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	2 161	3 750
Purchase of property and equipment	(177 612)	(10 412)
Purchase of intangible assets	(1 782)	(78 008)
Net cash outflow from investing activities	**(177 233)**	**(84 670)**
CASHFLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(330 000)	(90 000)
Net cash flow to financing activities	**(330 000)**	**(90 000)**
NET INCREASE/DECREASE IN BALANCES WITH BANKS AND CASH	90 298	47 395
Balances with banks and cash at the beginning of the year	217 927	170 532
Balances with banks and cash at end of the year	**308 225**	**217 927**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. INCORPORATION AND ACTIVITIES

CBZ Asset Management (Private) Limited, incorporated in Zimbabwe, is a registered asset management company which is governed by the Companies Act [Chapter 24:03], Collective Investments Schemes Act (1997) and Asset Management Act [Chapter 24:26] (2004). The main activity is fund management and the provision of unit trusts. The Company is a wholly owned subsidiary of CBZ Holdings Limited, incorporated in Zimbabwe.

	31 Dec 2013 US$	31 Dec 2012 US$
2. REVENUE		
Interest ncome	79 088	38 796
Net income from trading securities	237 337	45 092
Fair value adjustments	(6 105)	(47 503)
Commission and fee income	1 791 797	1 367 766
Profit on sale of assets	1 641	1 937
Other operating income	15 912	71 609
	2 119 670	**1 477 697**
3. OPERATING EXPENDITURE		
Staff costs	870 056	939 375
Administration expenses	503 396	598 259
Audit fees	53 674	45 000
Depreciation	30 035	13 889
Amortisation of intangible assets	130 478	54 366
Impairment	2 611	-
	1 590 250	**1 650 889**
Remuneration of directors and key management personnel (included in staff costs)		
Salaries and other benefits	194 626	256 233
	194 626	**256 233**

4. TAXATION

Current income and deferred tax on temporary differences have been fully provided for. Deferred income tax is calculated using the statement of financial position liability method.

	31 Dec 2013 US$	31 Dec 2012 US$
4.1 Analysis of tax charge in respect of the profit for the year		
Current income tax charge	-	-
Deferred income tax	132 904	(61 963)
Income tax expense	**132 904**	**(61 963)**
4.2 Tax rate reconciliation		
	%	%
Notional Tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	1.11	2.94
Effective tax rate	**26.86**	**28.69**

	31 Dec 2013 US$	31 Dec 2012 US$
5. BALANCES WITH BANKS AND CASH	**308 225**	**217 927**
Cash	653	175
Current accounts	307 572	217 752
6. MONEY MARKET ASSETS		
Fixed deposits	1 064 531	221 594
7. LOANS AND ADVANCES		
Loans	17 012	318 095

During the financial year ended 31 December 2013 the Company successfully negotiated loan financing for staff with CBZ Bank which resulted in a transfer of staff loans to CBZ Bank.

	31 Dec 2013 US$	31 Dec 2012 US$
7.1 Maturity analysis		
Demand	12 595	10 538
Between 3 months and 1 year	4 417	18 136
Between 1 and 5 years	-	289 421
	17 012	**318 095**

Maturity analysis is based on the remaining period from 31 December 2013 to contractual maturity.

	31 Dec 2013 US$	31 Dec 2012 US$
7.2 Loans to directors, key management and employees		
Loans to directors and key management		
Included in advances are loans to executive directors and key management:-		
Opening balance	127 243	125 799
Advances made during the year	32 109	40 309
Repayment during the year	(147 920)	(38 865)
Balance at end of year	**11 432**	**127 243**
Loans to employees		
Included in advances are loans to employees: -		
Opening balance	190 852	196 982
Advances made during the year	6 348	100 400
Repayments during the year	(191 620)	(106 530)
Balance at end of year	**5 580**	**190 852**
8. OTHER ASSETS		
Prepayments	176 512	96 007
Management fees receivables	194 755	138 308
Sundry debtors	266 700	1 200
	637 967	**235 515**
9. INVESTMENT SECURITIES		
Listed investments	**20**	**626 485**
At cost	-	-
At fair value	20	626 485
	20	**626 485**
Portfolio analysis		
Trading	**20**	**626 485**
10. INVESTMENT PROPERTY		
Opening balance	85 000	61 750
Fair value adjustments	12 000	23 250
Closing balance	**97 000**	**85 000**

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. A valuation was carried out at the beginning of 31 December 2013. The rental income derived from the investment property amounted to US$9 000 without direct operating expenses.

11. PROPERTY AND EQUIPMENT

	Motor vehicles US$	Computer and equipment US$	31 Dec 2013 US$	31 Dec 2012 US$
Cost				
Opening balance	30 000	144 225	174 225	169 158
Additions	24 310	153 302	177 612	10 412
Disposals	(5 200)	-	(5 200)	(5 345)
Impairment	-	(10 020)	(10 020)	-
Closing balance	**49 110**	**287 507**	**336 617**	**174 225**
Accumulated depreciation				
Opening balance	9 167	90 017	99 184	85 521
Charge for the year	9 611	20 424	30 035	13 889
Disposals	(4 680)	-	(4 680)	(226)
Impairment	-	(7 409)	(7 409)	-
Closing balance	14 098	103 032	117 130	99 184
Net Book Value	**35 012**	**184 475**	**219 487**	**75 041**

	31 Dec 2013 US$	31 Dec 2012 US$
12. INTANGIBLE ASSETS		
Computer software		
At cost	399 344	397 562
Accumulated amortisation	(184 844)	(54 366)
	214 500	**343 196**
Movement in intangible assets:		
Opening balance	343 196	319 554
Additions	1 782	78 008
Amortisation charge	(130 478)	(54 366)
Closing balance	**214 500**	**343 196**
13. SHARE CAPITAL		
Authorised		
1 000 000 000 ordinary shares of US$ 0.0001each	100 000	100 000
Issued and fully paid		
630 050 000 (2012: 620 050 000) ordinary shares of US$ 0.0001each	63 005	62 005
14. NOMINEE STATEMENT OF FINANCIAL POSITION		
Assets		
Balance with banks/ call deposits	2 135 873	1 052 902
Money market	66 383 343	56 610 181
Equity investments	69 716 800	50 970 904
Investment property	2 252 000	2 467 000
Total assets	**140 488 016**	**111 100 987**
Liabilities		
Unit trust funds	1 002 987	1 588 785
Portfolio management funds	139 485 029	109 512 202
Total liabilities	**140 488 016**	**111 100 987**