Profit Before Taxation 45.4%

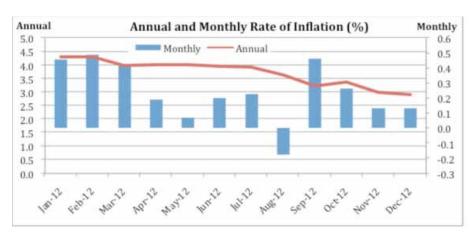
Chairman's Statement

I take great pleasure in presenting our audited financial results for the year ended 31 December 2012, during which period we continued to make inroads in the banking, insurance and asset management frontiers. Once again our performance has delivered consistent value to our shareholders as we continue to grow our income and profits.

Operating Environment

The positive growth rates registered by the economy since the introduction of the multiple currency regime and other market friendly policies in 2009 decelerated during the period under review. The economy has been affected by liquidity constraints, lack of long term funding for industry recapitalisation and a deteriorating infrastructure. As such, the economy, initially projected to grow by 9.4%, grew

It was encouraging, however, to observe the declining trend in monthly inflation from 0.46% at the beginning of the year to 0.13% at year end. Annual inflation also declined from 4.31% to close the year at 2.91%. The downward trend in inflation was attributed to the fall in crude oil prices which had exerted a lot of inflationary pressures on many oil importing countries.



Capital Market

Trade on the Stock Market remained subdued for the most part due to liquidity constraints that were still being experienced and the implementation of the country's indigenisation policy. This saw a decline in the benchmark industrial index, which closed 2012 at 131.96 points and the mining index which closed the same period at 75.7 points.

The CBZH stock opened the year at 14 cents and reached a low of 5 cents on 23 March 2012, before rising to close the year at 10 cents. With 648 million shares in issue, approximately 90.7 million of the Company's shares changed hands during the year, 70 million of which were acquired by the Company as treasury shares. The Company reached a market capitalisation of US\$64.8 million at the close



Overview of the Group's performance

The Group continued to show improved results when compared to the same period last year. Below are the key highlights of the Group's performance for the stated period:

	Audited Year Ended 31-Dec-12 US\$m	Audited Year Ended 31-Dec-11 US\$m
Financial Performance		
Profit before taxation Profit after taxation Total comprehensive income Total assets Total equity and reserves Total deposits Total advances	55.6 45.0 50.1 1 223.1 160.7 1 032.4 854.7	38.2 30.3 33.1 1,055.7 119.2 829.9 790.3
Other statistics		
Basic earnings per share(cents) Non- interest Income to total Income % Cost to income ratio % Annualised return on assets % Annualised return on equity % Growth in deposits % Growth in advances % Growth in PBT % Growth in PAT %	8.08 33.9 57.8 4.5 28.1 24.4 8.1 45.4	4.83 39.0 56.5 3.6 25.4 43.5 77.8 49.6 61.6

I am encouraged by the Group's progress in meeting one of its key objectives of consolidating activities within the Group. The synergies created amongst the subsidiaries resulted in improved overall Group performance and we shall continue to exploit these synergies to maintain our position as the largest diversified financial services Group in Zimbabwe.

Directorship

During the period under review Mr. Nyasha Makuvise retired from the Board of Directors with effect from 1 April 2012 and Mr. Robert Reid resigned from the Board with effect from 31 August 2012. On behalf of the Board I would like to thank them for their contribution.

The Group welcomes Mr. Richard Victor Wilde, Mrs. Rebecca Pasi and Mr. Elliot Mugamu, who accepted appointment to the Board as Independent Non-executive Directors with effect from 1 April 2012.

The Group is cognisant of its fundamental role in our economy and therefore strong governance is integral to our 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.

In line with the Group's dividend growth policy, and the need to uphold shareholders' investment value, the Board declared an interim dividend of 0.132 cents per share. A final dividend of 0.172 cents per share has been proposed and this translates to a total annual dividend of US\$ 2 081 397, up 21.7% from the 2011 figure.

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

The Group shall make it a priority to contribute to the overall improvement of the country's investment climate in order to attract positive net investment into all sectors of the economy and restore the country's capacity to produce goods and services competitively.

My appreciation goes to the Board of the Group and its subsidiaries, 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 treasured stakeholders who remain the backbone of our existence. We hope to sustain our relationships in our pursuit of growth through diversification.

Auditor's Statement

These financial results should be read in conjuction with the complete set of financial statements for the year ended 31 December 2012, 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 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2012

Tor the year ended 31 December 2012			
	Notes	31 Dec 2012	31 Dec 2011
		US\$	US\$
Interest income	2	156 861 775	109 563 384
Interest expense	2	(61 523 515)	(34 509 502)
Net interest income		95 338 260	75 053 882
Non-interest income	3	44 072 651	44 863 445
Underwriting income (net)	4	4 723 220	3 173 779
Total income		144 134 131	123 091 106
Operating expenditure	5	(83 299 535)	(69 556 084)
Operating income		60 834 596	53 535 022
Charge for impairment	11.5	(4 632 446)	(14 437 074)
Transfer to Life Fund		(646 528)	(891 755)
Profit before taxation		55 555 622	38 206 193
Taxation	6.1	(10 530 635)	(7 862 892)
Profit for the year after tax		45 024 987	30 343 301
Other comprehensive income			
Gains on property revaluation		5 016 300	3 426 793
Fair value adjustment on available-for-sale			
(AFS) financial instruments	6.3	643 003	(234 166)
Income tax relating to components of			
other comprehensive income	6.3	(596 405)	(422 030)
Other comprehensive income for the year net of tax		5 062 898	2 770 597
Total comprehensive income for the year		50 087 885	33 113 898
Profit for the year attributable to:			
Equity holders of parent		44 930 463	30 220 998
Non-controlling interests		94 524	122 303
Profit for the year		45 024 987	30 343 301
,			
Total comprehensive income attributable to:			
Equity holders of parent		49 993 361	32 991 595
Non-controlling interests		94 524	122 303
Total comprehensive income for the year		50 087 885	33 113 898
rotal comprehensive income for the year		30 007 003	33 1 13 030
Earnings per share (cents):			
Basic	8	8.08	4.83
Fully diluted	8	7.89	4.83
Headline	8	7.43	4.29
reddire	O	7.73	7,29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	31 Dec 2012 US\$	31 Dec 2011 US\$
ASSETS			
Balances with banks and cash	7	180 186 510	142 453 856
Money market assets	10	24 896 421	7 958 378
Advances	11	854 689 983	790 340 120
Insurance assets	12	4 706 525	1 521 203
Other assets	13	52 217 859	18 351 278
Investment in equities	14	2 181 257	2 452 858
Investment properties	16	20 335 977	17 821 110
Property and equipment	15	74 248 554	66 501 576
Intangible assets	17	2 090 819	2 537 393
Deferred taxation	18	7 539 322	5 759 724
TOTAL ASSETS		1 223 093 227	1 055 697 496
LIABILITIES			
Deposits	19	1 032 352 075	829 896 724
Insurance liabilities	20	6 647 107	3 874 334
Other liabilities	21	16 019 797	94 336 878
Current tax payable		5 013 168	5 241 028
Deferred taxation	18	2 383 845	3 099 190
TOTAL LIABILITIES		1 062 415 992	936 448 154
EQUITY AND RESERVES			
Share capital	22.1	6 841 445	6 841 445
Share premium	22.2	26 708 659	26 708 659
Treasury shares	22.3	(8 195 417)	(587 510)
Non-distributable reserve	22.4	13 000 000	13 000 000
Revaluation reserve	22.5	20 392 736	15 966 335
Share option reserve	22.6	499 637	-
Available-for-sale reserve	22.7	-	(636 497)
Revenue reserve	22.8	100 943 928	57 565 187
Equity and reserves attributable to			
equity holders of the parent		160 190 988	118 857 619
Non-controlling interests	23	486 247	391 723
TOTAL EQUITY AND RESERVES		160 677 235	119 249 342
TOTAL LIABILITIES, EQUITY AND RESERVES		1 223 093 227	1 055 697 496

21 Day 2012



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Share

capital

6 841 445

6 841 445

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Unrealised gain on foreign currency position

Changes in operating assets and liabilities

Net cash inflow from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES Proceeds on disposal of investment property

Proceeds on disposal of property and equipment

Net cash outflow from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES Rights Issue (Non-controlling interest's portion)

Net cash outflow from financing activities

Net increase in balances with banks and cash

Balances with banks and cash at end of the year

Balances with banks and cash at the beginning of the year

Claims provision Incurred But Not Reported (IBNR)

Operating profit before changes in operating assets and liabilities

Profit on disposal of investment properties

Loss on sale of property and equipment

Employee share option provision

US\$

Share

US\$

premium

26 708 659

26 708 659

For the year ended 31 December 2012

Balance at the beginning of the year

Balance at 31 December 2011

Balance at the beginning of the year

Total comprehensive income

Treasury shares acquisition Treasury shares disposal

Employee share option reserve

Balance at 31 December 2012

Profit before taxation

Fair value adjustments

Unearned premium

Money market assets

Net change in investments

Purchase of intangible assets

Treasury shares acquisition Treasury shares disposal

Dividends paid

Purchase of investment properties

Purchase of property and equipment

Insurance assets

Other assets

Other liabilities

Insurance liabilities

Deposits

Advances

Impairment on advances

Depreciation and amortisation

Non cash items:

Total comprehensive income

Rights issue

Dividends

2012

GROUP ACCOUNTING POLICIES

ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies applied consistently by the Group.

BASIS OF PREPARATION 1.1

For the year ended 31 December 2012

The Group's financial results 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 stated at fair value.

The financial results are presented in United States dollars (US\$).

Basis of consolidation

The Group financial results incorporate the financial results of the Company, its subsidiaries and associate company. Subsidiary undertakings are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights and is able to exercise control of the operations. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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 results of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group bal ances, transactions, income and expenses; profits and losses resulting from intra-group transactions that 6.3 are recognised in assets and liabilities 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 and Building Society Acts and Statutory Instruments (SI 33/99 and SI

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 all 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.

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. For a detailed analysis of the significant accounting estimates and judgements, kindly refer to the Group's annual report, which is ready for inspection at the company's registered

GROUP ACCOUNTING POLICIES 1.3

A full set of the Group's accounting policies is available in the Group's annual report, which is ready for inspection at the company's registered office.



HOLDINGS LIMITED

Anniversary STANDING THE TEST OF TIME

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

INCORPORATION AND ACTIVITIES 1.

For the year ended 31 December 2012

Available-

for-sale

reserve

(403 713)

(232 784)

(636 497)

636 497

31 Dec 2012

55 555 622

5 524 838

(2490124)

4 632 446

259 787

517 368

160 793

499 637

61 332 278

205 783 442

(68 982 309)

(16 938 043)

(33 866 581)

(78317081)

(13849844)

53 972 158

905 974

(16113)

411 297

(8 087 695)

(7079875)

(7 613 361)

(9 159 629)

37 732 654

142 453 856

96 706 (1 642 974)

 $(293\ 338)$

6 489 724

(3 185 322)

1 995 618

(3328089)

US\$

US\$

Share option

reserve

499 637

499 637

US\$

Non-

US\$

reserve

13 000 000

13 000 000

Revaluation

reserve

12 962 954

3 003 381

15 966 335

15 966 335

4 426 401

20 392 736

US\$

Treasury distributable

(587 510) 13 000 000

shares

(587 510)

(587 510)

(7 613 361)

6 841 445 26 708 659 (8 195 417) 13 000 000

5 454

US\$

Non-

US\$

210 296

122 303

59 124

391 723

391 723

94 524

interests

Total

86 832 452

33 113 898 59 124

(756 132)

2.

119 249 342

119 249 342

50 087 885

(7 613 361)

(1642974)

486 247 160 677 235

31 Dec 2011 US\$

38 206 193

4 005 981

(968 887)

14 437 074

(3 144 505)

(379406)

805 928

160 961

53 136 313

254 673 677

14 189 759

(1220714)

(8 569 337)

82 417 897

(17 061 494)

(11 967 086)

24 107 733

456 073

(123508)

 $(229\ 200)$

674 170

59 124

(756132)

(697008)

11 401 465

131 052 391

(10 903 471)

(12 009 260)

(1883324)

1619017

(360 171 793)

12 974

4.

5.

96 706

499 637

US\$

Revenue controlling

reserve

28 100 321

30 220 998

(756 132)

57 565 187

57 565 187

44 930 463

(1 642 974)

91 252

US\$

The consolidated financial results of the Group for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 26 February 2013. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

NTEREST	31 Dec 2012 US\$	31 Dec 201 US
nterest Income		
ankers acceptances	410 392	364 60
verdrafts	76 854 234	71 559 79
oans	49 141 455	29 585 79
lortgage interest taff loans	5 310 280 2 778 451	3 213 66
tan ioans	134 494 812	2 612 13 107 335 99
hort-term money market assets	1 180 915	954 28
Other investment's	21 186 048 156 861 775	1 273 10 109 563 38
nterest expense		
all deposits	68 409	172 53
avings deposits	6 342 095	7 052 54
Money market deposits Other offshore deposits	37 862 439 17 250 572	17 103 31
other offshore deposits	61 523 515	10 181 10 34 509 5 0
ION-INTEREST INCOME		
Net income from trading securities	46 247	235 88
air value adjustments on financial instruments	(8 630)	(322 45
air value adjustments on investment properties	2 498 754	1 291 3
Net income from foreign currencies dealings	4 455 556	6 306 96
Commission and fee income	30 057 188	20 615 76
Loss)/profit on sale of assets Other operating income	(160 793) 7 184 329	366 43 16 369 5
other operating income	44 072 651	44 863 4 4
UNDERWRITING INCOME (NET)		
Gross premium insurance	11 754 811	7 554 73
Reinsurance	(4 996 096)	(3 508 59
let written premium	6 758 715	4 046 13
Inearned premium	(109 782)	(53 13
Net earned premium	6 648 933	3 992 99
let commission	(224 031)	(81 14
let claims	(1 701 682) 4 723 220	(738 07 3 173 7 7
DPERATING EXPENDITURE		
itaff costs	44 809 023	37 986 95
Administration expenses	32 370 818	27 168 88
Audit fees	594 856	394 26
Depreciation	4 784 927	3 834 2
Amortisation of intangible assets	739 911 83 299 535	171 7 69 556 0 8
temuneration of directors and key management		
personnel (included in staff costs)	555.000	500.6
ees for services as directors	555 800	592 64
Pension for past and present directors Salaries and other benefits	172 843	96 55 4 017 25
parames and other benefits	4 384 954 5 113 597	4 017 25 4 706 45
Operating Leases he following is an analysis of expenses related to operating leases: lon cancellable lease rentals are payable as follows:	3113337	770043
ess than 1 year	223 551	145 25
Between 1 and 5 years	1 306 579	1 077 36
	1 530 130	1 222 62

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 2012, an amount of US\$1 193 268 was recognised as rent expense in the statement of comprehensive income.

TAXATION 6.

6.1

Current income tax and deferred tax on temporary differences have been fully provided for. Deferred income tax is calculated

	31 Dec 2012 US\$	31 Dec 2011 US\$
Analysis of tax charge in respect of the profit for the year		
Current income tax charge	13 621 984	13 632 552
Deferred income tax	(3 091 349)	(5 769 660)
Income tax expense	10 530 635	7 862 892
Tax rate reconciliation		
	%	9/
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	(6.79)	(5.17
Effective tax rate	18.96	20.58
Tax effects relating to other comprehensive income		
Gross revaluation adjustment	5 016 300	3 426 793
Tax expense	(589 899)	(423 412
Net revaluation adjustment	4 426 401	3 003 38
Gross fair value adjustment on AFS financial assets	643 003	(234 166
Tax (expense)/credit	(6 506)	1 382
Net fair value adjustment on AFS financial adjustments	636 497	(232 784
Total taxation	596 405	422 030
BALANCES WITH BANKS AND CASH		
Balance with the Reserve Bank of Zimbabwe	102 502 494	84 085 995
Statutory reserve	-	9 442 548
Current accounts	102 502 494	74 643 447
Balances with other banks and cash	77 684 016	58 367 86
	38 778 884	33 486 369
Cash foreign		19 146 027
Nostro accounts	33 137 879	
3	5 767 253	5 735 465

During the year, statutory reserve with the Reserve Bank of Zimbabwe were converted to discountable and tradable bills These balance shave been disclosed under money market assets.







EARNINGS PER SHARE

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 period.

Diluted earnings per share amounts are calculated by dividing the 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 adjusted for the effects of all potentially dilutive ordinary shares.

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

	31 Dec 2012	31 Dec 2011
Earnings per share (cents):		
Basic	8.08	4.83
Fully diluted	7.89	4.83
Headline	7.43	4.29

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

31 Dec 2012

31 Dec 2011

		31 Dec 2012 US\$	31 Dec 2011 US\$
8.1	Earnings		
	Basic earnings (earnings attributable to equity holders of parent)	44 930 463	30 220 998
	Fully diluted	44 930 463	30 220 998
	Headline	41 314 365	26 849 803
	Number of shares used in calculations (weighted) of:		
	Basic earnings per share (weighted)	555 766 221	625 571 851
	Fully diluted earnings per share (weighted)	569 593 492	625 571 851
	Headline earnings per share (weighted)	555 766 221	625 571 851
8.2	Reconciliation of denominators used for calculating basic and diluted earnings per share:		
	Weighted average number of shares before		
	adjustment for treasury shares	684 144 546	684 144 546
	Less: Treasury Shares held	(128 378 325)	(58 572 695)
	Weighted average number of shares used for basic EPS	555 766 221	625 571 851
	Potentially dilutive shares (Employee Share Options) Weighted average number of shares used for diluted EPS	13 827 271 569 593 492	625 571 851
	weighted average humber of shares used for unuted EF3	309 393 492	023 37 1 031
8.3	Headline Earnings		
	Profit attributable to ordinary shareholders	44 930 463	30 220 998
	Adjusted for excluded re-measurements: Impairment on property and equipment and intangibles		
	Disposal loss/(gain) on property and equipment and intangibles	160 793	(366 432)
	Gains on investment property valuations	(5 016 300)	(3 426 793)
	Loss on AFS financial instruments reclassified from equity	643 003	-
	Tax relating to re-measurements	596 405	422 030
		41 314 364	26 849 803
9.	DIVIDENDS		
	Interim dividend paid	903 071	820 973
	Final dividend proposed	1 178 326	889 388
		2 081 397	1 710 361
10.	MONEY MARKET ASSETS		
	Agro bills	50 000	40 000
	Call placements	13 239 994	7 774 842
	Accrued interest	441 992	143 536
	Treasury bills	11 164 435	7.059.379
		24 896 421	7 958 378
10.1	Money market portfolio analysis		
	Held to maturity	1 081 658	2 908 378
	Held for trading portfolio	23 814 763	5 050 000
	Maturity analysis	24 896 421	7 958 378
	Between 1 and 3 months	13 989 209	7 390 012
	Between 3 months and 1 year	10 800 401	548 031
	Between 1 and 5 years	106 811	20 335
		24 896 421	7 958 378
10.2	Financial assets held for trading		
	Trading bills and placements	24 896 421	7 958 378
	Maturity value	25 014 327	7 960 410
	Book value	24 896 421	7 958 378
10.3	Financial assets classification		
	Financial assets held for trading	24 896 421	5 050 000
	Financial assets designed at fair value through profit or loss	-	2 908 378
		24 896 421	7 958 378

The Group holds Treasury bills from the Reserve Bank of Zimbabwe with a value of \$1 million. The Treasury bills are classified as fair value through profit and loss.

	3 1			
		31 Dec 2012 US\$		31 Dec 2011 US\$
11.	ADVANCES			
	0	400 000 527		427 704 200
	Overdrafts	488 988 537		437 704 208
	Loans	303 554 515		302 849 722
	Mortgage advances	89 980 277		64 761 038
		882 523 329		805 314 968
	Interest accrued	7 621 860		6 692 322
	Total gross advances	890 145 189		812 007 290
	Impairment	(35 455 206)		(21 667 170)
	Net advances	854 689 983		790 340 120
44.4	Contain lawakista			
11.1	Sectoral analysis		0/	2/
		04 202 704	%	%
	Private	94 382 701	11	93 207 221 11
	Agriculture	266 467 187	30	233 144 973 29
	Mining	13 562 452	2	7 209 438 1
	Manufacturing	153 521 287	17	114 845 350 14
	Distribution	216 351 971	24	184 867 072 23
	Construction	4 607 354	1	20 669 243 3
	Transport	21 584 514	2	44 413 867 5
	Communication	6 636 850	1	5 014 143 1
	Services	111 954 128	12	107 625 300 13
	Financial Organisations	1 076 745	_	1 010 683 -
		890 145 189	100	812 007 290 100

		31 Dec 2012 US\$	31 Dec 2011 US\$
11.2	Maturity analysis		
	Demand	524 181 656	439 314 162
	Between 1 and 3 months	22 299 913	28 428 127
	Between 3 and 6 months	14 543 293	11 446 062
	Between 6 months and 1 year	59 863 136	66 610 638
	Between 1 and 5 years	169 986 402	226 932 346
	More than 5 years	99 270 789	39 275 955
		890 145 189	812 007 290

	890 145 189	812 007 290
Maturity analysis is based on the remaining period from 31 Dece	mber 2012 to contractual m	naturity.
	31 Dec 2012 US\$	31 Dec 2011 US\$
1.3 Loans to directors, key management and employees		
Loans to directors and key management		
Included in advances are loans to executive		
directors and key management:-		
Opening balance Advances made during the year	3 534 685 3 532 272	1 916 176 3 810 362
Repayment during the year	(1 073 668)	(2 191 853)
Balance at end of year	5 993 289	3 534 685
Loans to employees Included in advances are loans to employees: -		
Opening balance	35 492 076	25 274 085
Advances made during the year	9 281 704	18 917 641
Repayments during the year Balance at end of year	(6 700 260) 38 073 520	(8 699 650) 35 492 076
1.4 Non performing advances	50075520	55 152 67 6
Total advances on which interest is suspended	41 861 695	48 022 911
	41 001 033	40 022 711
1.5 Impairments Opening balance	21 667 169	5 127 401
Charge for impairment on advances	4 618 173	14 437 074
Interest in suspense	9 169 864	2 102 694 21 667 169
Provision for doubtful insurance debt	35 455 206 14 273	21 667 169
Balance at end of year	35 469 479	21 667 169
Comprising:		
Specific impairments	19 213 448	9 334 561
Portfolio impairments	16 241 758	12 332 608
	35 455 206	21 667 169
1.6 Collaterals		
Notarial general covering bonds Mortgage bonds	424 078 703 726 740 897	317 736 043 549 288 548
Mortgage borids	1 150 819 600	867 024 591
2. INSURANCE ASSETS		
2. INSURANCE ASSETS		
Reinsurance receivables	4 483 745	1 322 377
Deferred acquisition cost	222 780 4 706 525	198 826 1 521 203
3. OTHER ASSETS		
Work in progress	14 214 124	4 440 617
Land and stands inventory	14 894 700	4 410 374
Prepaid bond costs Prepayments and deposits	1 536 930	3 538 669 401 401
Receivables	21 572 105	5 560 217
	52 217 859	18 351 278
4. INVESTMENT IN EQUITIES		
Listed investment	1 772 190	2 290 360
Unlisted investments	409 067	162 498
	2 181 257	2 452 858
At cost	409 067	162 498
At fair value	1 772 190 2 181 257	2 290 360 2 452 858
Portfolio analysis		2 132 030
Trading Available for sale	2 181 257	- 2 452 858
Available 101 sale	2 181 257	2 452 858
4.1 Investment in subsidiaries		
		%
CBZ Bank Limited CBZ Asset Management (Private) Limited		00 21 839 891 00 1 038 430
CBZ Asset Management (Private) Limited CBZ Building Society		00 1 038 430
CBZ Insurance (Private) Limited	374 579 58	374 579 5
CBZ Properties Limited CBZ Life Assurance (Private) Limited		00 4 779 144 00 1 388 014
(R/Lite Accurance (Britista) Limited		1 388 1114

PROPERTY AND EQUIPMENT

15.

			Leasehold	Motor	Computer and	Work in		
	Land	Buildings	improvements	vehicles	equipment	progress	31 Dec 2012	31 Dec 2011
Cost	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	3 856 402	40 867 284	431 284	3 066 421	16 797 086	7 215 373	72 233 850	59 951 426
Additions	-	196 189	142 522	188 294	3 154 281	4 406 409	8 087 695	10 903 471
Revaluation	640 323	3 335 544	-	-	-	-	3 975 867	2 253 782
Disposals	-	-	-	(42 800)	(515 582)	(312 263)	(870 645)	(874 829)
Transfers	-	190 482	9 884	27 728	1 390 166	(1 618 260)	-	
Closing balance	4 496 725	44 589 499	583 690	3 239 643	20 825 951	9 691 259	83 426 767	72 233 850
Accumulated deprecia	ation							
Opening balance	-	-	92 740	967 660	4 671 874	-	5 732 274	3 020 047
Charge for the year	-	1 040 433	42 723	699 463	3 002 308	-	4 784 927	3 834 270
Disposals	-	-	-	(24 965)	(273 590)	-	(298 555)	(187 684
Revaluation	-	(1 040 433)	-	-	-	-	(1 040 433)	(934 359
Closing balance	-		135 463	1 642 158	7 400 592	-	9 178 213	5 732 274
Net book value	4 496 725	44 589 499	448 227	1 597 485	13 425 359	9 691 259	74 248 554	66 501 57

Properties were revalued on an open market basis by an independent professional valuer, Mabikacheche and Associates as at 31 December 2012 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.



18

AUDITED FINANCIAL RESULTS For The Year Ended 31 December 2012

20.1





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 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 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.
- 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 c) Accommodation offered – size of land

The maximum useful lives are as follows:

Buildings 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\$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 19.4 independent valuers. No impairment was identified from the test.

	31 Dec 2012 US\$	31 Dec 2011 US\$
INVESTMENT PROPERTIES		
Opening balance	17 821 110	16 138 587
Additions	16 113	229 200
Disposals	-	(76 667)
Transfer from property and equipment	-	238 651
Fair valuation	2 498 754	1 291 339
Closing balance	20 335 977	17 821 110

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. 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 2012.

The rental income derived from investment properties amounted to US\$1 323 864, with direct operating expenses 20.1 amounting to US\$104 083.

INTANGIBLE ASSETS	31 Dec 2012 US\$	31 Dec 2011 US\$
Computer software		
At cost	3 090 662	2 818 128
Accumulated amortisation	(999 843)	(280 735)
	2 090 819	2 537 393
Movement in intangible assets:		
Opening balance	2 537 393	825 780
Additions	293 337	1 883 324
Amortisation charge	(739 911)	(171 711)
Closing balance	2 090 819	2 537 393

Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets are amortised over a useful

DEFERRED TAXATION	31 Dec 2012 US\$	31 Dec 2011 US\$
Deferred tax related to items charged or credited to statement of other comprehensive income during the period is comprised as follows:	r	
Revaluation of property and equipment	589 899	423 412
Fair value adjustment – Available for sale financial assets	6 506	(1 382)
	596 405	422 030
The deferred tax included in the statement of financial		
position and changes recorded in the income		
tax expense are as follows:		
tax expense are as follows.		
Deferred tax liability		
Fair value adjustments	208 547	(12 134)
Prepayments	144 646	(613 893)
Property and equipment	82 385	(234 271)
Impairment allowance	(1 092 359)	-
Other	(654 969)	(299 256)
	(1 311 750)	(1 159 554)
Add:	2,000,100	2.026.714
Opening balance Closing balance	3 099 190 2 383 845	3 836 714 3 099 190
Closing balance	2 303 043	3 099 190
Deferred tax asset		
Opening balance	5 759 724	1 149 573
Assessed loss	152 162	1 220 010
Impairments and provisions	1 191 116	3 533 357
Other	436 320	(143 216)
Closing balance	7 539 322	5 759 724

		31 Dec 2012 US\$	31 Dec 2011 US\$	
19.	DEPOSITS			
	Call deposits Savings and other deposits Money market deposits Offshore deposits Accrued interest	5 358 031 499 758 972 339 034 158 178 842 308 9 358 606	26 808 533 077 617 170 023 086 121 750 620 5 018 593	
		1 032 352 075	829 896 724	
19.1	Deposits by source Banks Money market Customers Offshore deposits	36 114 207 314 843 174 500 978 085 180 416 609 1 032 352 075	85 403 943 200 611 469 420 353 838 123 527 474 829 896 724	
19.2	Deposits by type Retail Corporate Money market Offshore deposits	56 386 272 444 591 814 350 957 380 180 416 609 1 032 352 075	71 823 976 472 057 336 162 487 938 123 527 474 829 896 724	
19.3.	Sectoral Analysis Private Agriculture Mining Manufacturing Distribution Construction Transport Communication Services Financial organisations Financial and investments	125 243 743 33 747 322 11 436 926 123 793 013 131 278 594 23 659 081 15 994 662 61 966 512 197 653 496 281 568 065 26 010 661 1 032 352 075	% % 12 108 813 415 3 27 295 950 1 9 415 351 12 99 693 604 13 105 713 733 2 19 113 509 2 12 885 970 6 49 814 741 19 160 768 349 27 206 804 509 3 29 577 593 100 829 896 724	14 3 1 13 14 2 2 6 21 20 4
19.4	Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months Between 6 months and 1 year Between 1 and 5 years More than 5 years Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity.	643 962 477 159 132 448 48 834 228 37 016 860 125 737 783 17 668 279 1 032 352 075	550 445 283 99 207 182 74 200 453 - 106 043 806 829 896 724	
	,			
20.	INSURANCE LIABILITIES			
	Reinsurance payables Gross outstanding claims Gross unearned premium reserve Deferred reinsurance acquisition revenue	1 058 715 1 864 220 2 845 208 878 964 6 647 107	840 582 315 978 2 383 723 334 051 3 874 334	

INSURANCE CONTRACT PROVISIONS 20.1

Insurance contract provision

(a) Provision for unearned premiums

	Gross US\$	Reinsurance US\$	Net US\$
Unearned premiums beginning of year	1 630 930	858 720	772 209
Written premiums	7 616 199	4 764 635	2 851 564
Premiums earned during the year	(7 304 719)	(4 562 937)	(2 741 782)
Unearned premiums at end of year	1 942 410	1 060 418	881 991
Outstanding claims provision Outstanding claims at beginning of year Claims incurred Incurred but not yet reported claims provision Claims paid Outstanding claims at end of year	195 350 4 097 551 20 845 (2 590 999) 1 722 747	77 169 2 879 419 - (1 715 655) 1 240 933	118 181 1 218 132 20 845 (875 344) 481 814
Total	3 665 157	2 301 351	1 363 805

(b) Reinsurance payables	Gross US\$	Reinsurance US\$
Reinsurance navables at beginning of year	840 582	303 859

	US\$	US\$
Reinsurance payables at beginning of year	840 582	303 859
Premiums ceded during the year	4 764 635	3 491 532
Reinsurance paid	(4 546 502)	(2 954 809)
Reinsurance payables at end of year	1 058 715	840 582

	Unearned Commission US\$	Deferred Acquisition US\$	Net US\$
(c) Commissions			(10.010)
Unearned at beginning of year	195 090	207 403	(12 313)
Written premiums	1 117 638	851 017	266 621
Lapsed during the year	-	-	-
Earned during the year	(1 069 250)	(821 736)	(247 514)
Unearned at end of year	243 478	236 684	6 794
		31 Dec 2012 US\$	31 Dec 2011 US\$
(d) Net claims		4.106.622	1 606 027

	US\$	US\$
(d) Net claims		
Gross claims incurred	4 196 622	1 606 827
Reinsurance claims	(2 889 002)	(1 164 474)
Incurred but not yet reported claims	517 368	21 999
Gross outstanding claims	1 575 770	315 978
Reinsurance share of outstanding claims	(1 163 764)	(77 169)
	2 236 994	703 161
(e) Net commissions		
Commission received	1 189 541	837 889
Commission	(1 394 464)	(724 589)
Deferred acquisition costs	(19 108)	(22 601)
Net commission	(224 031)	(90 699)







		31 Dec 2012 US\$	31 Dec 2011 US\$
21.	OTHER LIABILITIES		
	Revenue received in advance Sundry creditors Salaries outward suspense RTGS suspense	859 007 13 087 114 - -	17 286 586 7 859 358 33 997 421 28 919 232
	Other	2 073 676	6 274 281
		16 019 797	94 336 878
22.	EQUITY AND RESERVES		
22.1	SHARE CAPITAL		
	Authorised 1 000 000 000 ordinary shares of US\$ 0.01each	10 000 000	10 000 000
	1 000 000 000 ordinary strates of 055 0.0 reacti	10 000 000	10 000 000
	Issued and fully paid		
	684 144 546 ordinary shares of US\$ 0.01each	6 841 445	6 841 445
22.2	Share premium		
	Opening balance Movement	26 708 659	26 708 659
	Closing Balance	26 708 659	26 708 659
22.3	Tuesaum ahausa		
22.3	Treasury shares Opening balance	587 510	587 510
	Share buyback	7 613 361	-
	Disposal of shares	(5 454)	-
	Closing balance	8 195 417	587 510

During the year, the Group purchased 68 414 454 shares at an average price of \$0.11 per share. The share buy back was in fulfilment of the resolution made at the AGM to purchase the company's issued share capital.

	, , , , , , , , , , , , , , , , , , , ,		
		31 Dec 2012 US\$	31 Dec 2011 US\$
22.4	Non-distributable reserve Opening balance Movement for the year	13 000 000	13 000 000
	Closing balance	13 000 000	13 000 000
22.5	Revaluation reserve Opening balance Total comprehensive income Closing balance	15 966 335 4 426 401 20 392 736	12 962 954 3 003 381 15 966 335
22.6	Employee share option reserve Opening balance Total comprehensive income Closing balance	- 499 637 499 637	-
22.7	Available for sale reserve Opening balance Total comprehensive income Closing balance	(636 497) 636 497 -	(403 713) (232 784) (636 497)
22.8	Revenue reserve Revenue reserves comprise: Holding company Subsidiary companies Effects of consolidation journals	15 895 428 88 490 270 (3 441 770) 100 943 928	(2 425 676) 63 261 447 (3 270 584) 57 565 187
23	NON CONTROLLING INTERESTS Non controlling interests comprise: Opening balance Total comprehensive income Rights issue Closing balance	391 723 94 524 - 486 247	210 296 122 303 59 124 391 723

24. 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 2012					
Financial assets					
Balances with banks and cash	-	-	180 186 510	-	180 186 510
Money market assets	24 896 421	-	-	-	24 896 421
Advances	-	-	854 689 983	-	854 689 983
Insurance assets	- 2 404 257	-	4 706 525	-	4 706 525
Investments	2 181 257	-		-	2 181 257
Other assets	- 27.077.670	-	52 217 859	-	52 217 859
Total	27 077 678	-	1 091 800 877		1 118 878 554
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
December 2011					
Financial assets					
Balances with banks and cash	_	_	142 453 856	_	142 453 856
Money market assets	7 958 378	_	-	_	7 958 378
Advances	-	-	790 340 120	_	790 340 120
Other assets	-	-	18 351 278	_	18 351 278
Investments	-	2 452 858	-	-	2 452 858
Total	7 958 378	2 452 858	951 145 254	-	961 556 490
Financial liabilities				020 006 72 4	020 006 724
Deposits Other link little	-	-	-	829 896 724	829 896 724
Other liabilities	-	-	-	94 336 878	94 336 878
Current tax payable Total	-	-	-	5 241 028 929 474 630	5 241 028 929 474 630
Iviai			•	7274/4030	727 4/4 030
			31 Dec 2012	2 31	Dec 2011

OPERATING SEGMENTS 26.

Money market

Pensions

Private Unit trust

25.

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 investment portfolios through the

US\$

90 399 455

11 208 428

1 574 283

7 918 821 111 100 987 US\$

71 091 528

11 842 171

1 162 372

4 092 431

88 188 502

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 CBZ Properties (Private) Limited CBZ Life (Private) Limited

FUNDS UNDER MANAGEMENT

Property investment arm of the business. Provides long term life insurance.

Provides short term insurance.

The following tables present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2012:-

Segment operational results

31 DECEMBER 2012						ther operations &	
	Commercial Banking US\$	Mortgage finance m US\$	Asset anagement US\$	Insurance US\$	Property Investment US\$	consolidation adjustment US\$	Consolidated US\$
Income Income from customers Elimination of Inter segment revenue Total Income	117 928 150	18 724 227	1 434 948	5 231 622	1 730 357	21 091 510 (22 006 683)	166 140 814 (22 006 683) 144 134 131
Depreciation and amortisation	3 542 186	1 459 770	68 255	156 736	-	297 891	5 524 838
Results Profit / (loss) before taxation Elimination of inter segment profit	42 316 993	11 311 694	(215 941)	1 897 445	1 687 800	20 564 314 (22 006 683)	77 562 305 (22 006 683)
Profit before taxation Other material non cash items							55 555 622
Impairment of assets (incl loan loss provision) Reportable segment liabilities	4 242 173 1 019 818 563	376 000 86 427 121	- 1 169 122	14 273 7 831 252	1 480 416	(54 310 482)	4 632 446 1 062 415 992
31 DECEMBER 2011					0	ther operations &	
	Commercial Banking US\$	Mortgage finance m US\$	Asset anagement US\$	Insurance US\$	O Property Investment US\$	ther operations & consolidation adjustment US\$	Consolidated US\$
Income Income Income from customers Elimination of Inter segment revenue Total Income	Banking	finance m	anagement		Property Investment	consolidation adjustment	
Income Income from customers Elimination of Inter segment revenue	Banking US\$	finance m US\$	anagement US\$	US\$	Property Investment US\$	consolidation adjustment US\$	US\$ 128 681 909 (5 590 803)
Income Income Income from customers Elimination of Inter segment revenue Total Income Depreciation and amortisation Results Profit / (loss) before taxation Elimination of inter segment profit Profit before taxation	Banking US\$ 105 784 065	finance m US\$	1 134 962	3 347 125 -	Property Investment US\$	consolidation adjustment US\$ 2 597 858 (5 590 803)	US\$ 128 681 909 (5 590 803) 123 091 106
Income Income Income from customers Elimination of Inter segment revenue Total Income Depreciation and amortisation Results Profit / (loss) before taxation Elimination of inter segment profit	105 784 065 - 2 333 328	finance m US\$ 14 422 983 - 1 177 465	1 134 962 - 64 327	US\$ 3 347 125 - 131 297	Property Investment US\$ 1394 916	consolidation adjustment US\$ 2 597 858 (5 590 803) 299 564	US\$ 128 681 909 (5 590 803) 123 091 106 4 005 981 43 796 996 (5 590 803)

6.2	lotal segment assets	31 Dec 2012 US\$	31 Dec 2011 US\$	
	Commercial Banking	1 115 110 169	981 767 058	
	Mortgage financing	133 744 951	108 746 772	
	Asset Management	2 306 100	2 097 576	
	Insurance	11 706 116	7 066 503	
	Property Investment	9 957 383	12 840 313	
	Total Segment Assets	1 272 824 719	1 112 518 222	
	Other operations (inc consolidation journals)	(49 731 492)	(56 820 726)	
	Total Sogmont Assots	1 222 002 227	1 055 607 406	

CAPITAL MANAGEMENT 27.

The primary objectives of the Group's capital management are to ensure that the Group complies with external imposed capital requirements and the Group maintains strong credit ratings and healthy capital ratios in order to support its business

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, retain capital or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

CONTINGENCIES AND COMMITMENTS

	31 Dec 2012 US\$	31 Dec 2011 US\$
Contingent liabilities		
Guarantees	23 220 366	8 518 322
	23 220 366	8 518 322
Capital commitments		
Authorised and contracted for Authorised but not contracted for	282 102	2 910 570
Authorised but not confidence for	282 102	2 910 570

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

29. EMPLOYEE BENEFITS

Employee benefits are the consideration given by the Group in exchange for services rendered by employees. In summary such benefits are:-

These are earned by employees under normal employment terms, including salaries and wages, bonuses and leave pay. These are expensed as earned and accordingly provisions are made for unpaid bonuses and leave pay.

Post employment benefits

- i) The Group and employees contribute towards the National Social Security Authority, a defined contribution fund. Costs applicable to this scheme are determined by the systematic recognition of legislated contributions.
- ii) The Group operates a defined contribution scheme, the assets of which are held in a separate trustee administered fund. The costs are charged to the statement of comprehensive income as incurred.

	31 Dec 2012 US\$	31 Dec 2011 US\$
NSSA contributions Defined contribution scheme	353 960 1 428 872	342 500 1 267 918
	1 782 832	1 610 418
30. CLOSING EXCHANGE RATES		
ZAR GBP EUR	8.48 1.62 1.32	8.17 1.54 1.29

HOLDINGS LIMITED

CAPITAL ADEQUACY

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

	31 Dec 2012 Bank US\$	31 Dec 2012 Building Society US\$	31 Dec 2011 Bank US\$	31 Dec 2011 Building Society US\$
Risk weighted assets	780 353 072	125 027 823	753 796 864	101 719 801
Total qualifying capital	100 702 263	46 237 294	83 984 157	33 992 384
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	65 260 266	19 281 078	50 796 424	8 020 660
Less tier 1 deductions	(21 268 004)	(4 723 173)	(16 273 205)	(2 367 818)
	60 309 398	31 086 527	50 840 355	22 181 464
Tier 2				
Revaluation reserve	13 714 204	11 508 131	11 153 419	9 443 480
General provisions	9 754 413	1 339 440	9 422 461	963 439
	23 468 617	12 847 571	20 575 880	10 406 919
Ti2				
Tier 3 Capital allocated for market risk	1 045 058	30 315	880 997	3 223
Capital allocated for market risk Capital allocated to operational risk	15 879 190	2 272 882	11 686 925	1 400 778
Capital allocated to operational risk	16 924 248	2 303 197	12 567 922	1 404 001
	10721210	2000 177	.200, ,22	
Capital adequacy	12.90%	36.98%	11.14%	33.42%
-Tier 1	7.73%	24.86%	6.74%	21.81%
-Tier 2	3.00%	10.28%	2.73%	10.23%
-Tier 3	2.17%	1.84%	1.67%	1.38%
	2.1770	1.0 170	1.07 /0	1.5670

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

RISK MANAGEMENT 32.

RISK OVERVIEW

The CBZ Holdings Board has adopted "High Risk Management and Compliance Culture" as one of its major strategic thrust which is 32.3 (c) Aging analysis of impaired loans (Non performing loans): 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. The Group regularly carries out 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. Business Unit's, Management and staff are responsible for the management of the risks that fall within their organisational responsibilities. Group Risk Management whose function cuts across the Group is responsible for ensuring that the Business Units risk taking remain within the set risk benchmarks. The Group Internal Audit function provides independent assurance on the adequacy and effectiveness of risk management processes. Group Enterprise Wide Governance and Compliance Unit evaluate quality of compliance with policy, processes and governance structures.

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

Risk Management & Compliance Committee - This committee has the responsibility for oversight and review of prudential risks comprising of 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 (Group EXCO) and Group Risk Management Sub -Committee. The committee governance structures ensure that approval authority and risk management responsibilities are cascaded down from the Board through to the appropriate business units and functional committees. Its recommendations are submitted to the Group Board.

IT and Business Development Committee - This 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 – This 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 and Remunerations Committee – This 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 code of ethics.

32.3 CREDIT RISK

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 are monitored and reviewed through the responsible risk committees set up by the

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.

The term 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 or 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

AUDITED FINANCIAL RESULTS For The Year Ended 31 December 2012

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

	31 Dec 2012 US\$	31 Dec 2011 US\$
Cash and balances with Reserve Bank of Zimbabwe Due from banks Nostro balances Financial assets held for trading Loans and advances to customers Other assets	102 502 494 655 015 32 614 382 57 004 893 854 034 968 52 217 858	84 085 994 610 683 19 146 027 7 390 012 790 340 120 18 351 279
Total	1 099 029 610	919 924 115
Contingent liabilities Commitments Total	23 220 366 282 102 23 502 468	8 518 322 2 910 570 11 428 892

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\$140 615 263 (excluding notes and coins) as at 31 December 2012 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 2012 US\$	31 Dec 2011 US\$
1 to 3 months	83 169 024	54 621 885

Past due but not impaired loans relate to loans in the special mention category. See definition of special mention category in note number 32.3.1

	31 Dec 2012 US\$	31 Dec 2011 US\$
3 to 6 months	29 922 752	31 247 457
6 to 12 months	11 938 942	16 775 453
Total	41 861 694	48 022 910

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 2012 US\$ Gross maximum exposure	31 Dec 2012 US\$ Net maximum exposure (not covered by mortgage security)	31 Dec 2011 US\$ Gross maximum exposure	31 Dec 2011 US\$ Net maximum exposure (not covered by mortgage security)	
Private Agriculture Mining Manufacturing Distribution Construction Transport Communication Services Financial Organisations Gross value at 31 December	94 382 701 266 467 187 13 562 452 153 521 287 216 351 971 4 607 354 21 584 514 6 636 850 111 954 128 1 076 745	12 250 926 48 681 925 1 801 697 29 115 753 49 299 014 2 280 646 13 303 576 - 20 357 059 266 745	93 207 221 233 144 973 7 209 438 114 845 350 184 867 072 20 669 243 44 413 867 5 014 143 107 625 300 1 010 683 812 007 290	72 620 263 64 347 431 2 842 420 45 437 943 72 773 458 3 375 828 20 302 173 - 30 391 533 5 600 608	
			31 Dec 2012 US\$	31 Dec 2011 US\$	
Collateral (mortgage security) Cash cover Other forms of security includir Notarial General Covering Bond Total		, etc	726 740 897 26 543 980 397 534 723 1 150 819 600	549 288 548 31 500 760 286 235 283 867 024 591	
			1 150 015 000	007 02 1071	

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 2012 US\$	31 Dec 2011 US\$
Against doubtful* and loss* grades		
Property	3 583 000	7 864 158
Other	12 534 574	256 020
Against substandard* grade		
Property	4 982 480	18 885 074
Other	35 315 191	21 248 691
Against special mention* grade		
Property	70 576 852	60 939 419
Other	40 963 046	26 348 348
Against normal* grade		
Property	652 098 565	461 599 896
Other	330 765 892	269 882 985
Total	1 150 819 600	867 024 591

*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.

STANDING THE TEST OF TIME

AUDITED FINANCIAL RESULTS For The Year Ended 31 December 2012



RISK MANAGEMENT (continued)

DECEMBER 2012

	Neither past due nor impaired				
	*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 Custor	mers				
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
Individual 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
Total	765 114 471	83 169 023	29 922 752	11 938 943	890 145 189

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 \$23 220 366.

DECEMBER 2011

	Neither past due nor impaired						
	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful and loss grade US\$	Total US\$		
Due from banks	610 683	-	-	-	610 683		
Loans and Advances to Custom	ers						
Agriculture	184 616 457	39 270 789	2 336 660	7 243 848	233 467 754		
Manufacturing	102 684 603	6 621	4 845 897	7 308 229	114 845 350		
Commercial	103 115 734	433 531	4 010 005	66 030	107 625 300		
Individual and Households	91 760 933	564 975	223 620	334 913	92 884 441		
Mining	5 614 526	-	1 594 912	-	7 209 438		
Distribution	171 724 418	1 114 490	10 205 731	1 822 433	184 867 072		
Construction	12 576 826	61 784	8 030 633	-	20 669 243		
Transport	31 244 172	13 169 695	-	-	44 413 867		
Communication	5 014 143	-	-	-	5 014 143		
Financial services	399 999	-	-	-	399 999		
Total	709 362 494	54 621 885	31 247 458	16 775 453	812 007 290		

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 \$8.3 million.

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.

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 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;
- (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 SBUs if not properly managed. The Group's exposure to market risk arises mainly

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 risk strategies for their respective SBU and Executive Management implements policy and tracks 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 Assets and Liabilities Committee (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 2012

	Demand US\$	months US\$	to 1 year US\$	years US\$	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	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	11 042 699	330 000	-	16 019 797
Financial guarantees	-	-	-	23 220 366	-	23 220 366
Total	643 961 753	168 809 268	96 893 787	149 288 149	17 652 479	1 076 605 406
Liquidity gap	(46 663 642)	(37 022 847)	(17 942 636)	21 001 344	81 819 079	1 191 328
Cumulative liquidity gap	(46 663 642)	(83 686 489)	(101 629 125)	(80 627 781)	1 191 328	1 191 328

LIQUIDITY PROFILE AS AT 31 DECEMBER 2011

,	Accepta	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	417 646 993	28 428 127	78 056 700	226 932 346	39 275 954	790 340 120
	Balances with banks and cash	58 789 018	83 664 838	78 030 700	220 932 340	39 27 3 934	142 453 856
	Investment in equities	30 709 010	03 004 030	_	_	2 452 858	2 452 858
	Money market assets	_	7 430 012	508 031	20 335	2 432 030	7 958 378
	Financial guarantees		7 430 012	300 03 1	8 518 322		8 518 322
	Total	476 436 011	119 522 977	78 564 731	235 471 003	41 728 812	951 723 534
	Liabilities						
	Deposits	550 445 283	99 207 182	74 200 453	106 043 806	-	829 896 724
	Current tax payable	-	5 241 028	-	-	-	5 241 028
	Other liabilities	-	-	94 336 878	-	-	94 336 878
	Financial guarantees	-	-	-	8 518 322	-	8 518 322
	Total	550 445 283	104 448 210	168 537 331	114 562 128	-	937 992 952
	Liquidity gap	(74 009 272)	15 074 767	(89 972 600)	120 908 875	41 728 812	13 730 582
2	Cumulative liquidity gap	(74 009 272)	(58 934 505)	(148 907 105)	(27 998 230)	13 730 582	13 730 582

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 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 ratio 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 2011	25.99	10.15
At 31 December 2012	33.09	14.23
Average for the period	29.79	12.07
Maximum for the period	33.63	14.26
Minimum for the period	22.48	9.65

32.5.2 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 minimize cross currency interest rate risk. The Group's interest rate risk profiling is displayed below:

STANDING THE TEST OF TIME

AUDITED FINANCIAL RESULTS For The Year Ended 31 December 2012



RISK MANAGEMENT (continued)

32.5.2 Market Related Risk (continued)

INTEREST RATE REPRICING

21	Decemb	~ 2012
31	Decemb	erzuiz

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		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
Liabilities and Equity							
Deposits	643 962 477	159 132 448	85 851 088	125 737 783	17 668 279	-	1 032 352 075
Insurance liabilities	-	-	-	-	-	6 647 107	6 647 107
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	17 668 279	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	_	_

31 December 2011							
	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	50 700 010	02.664.020					1 42 452 056
Balance with banks and cash	58 789 018	83 664 838	-	20.225	-	-	142 453 856
Money market assets	417 646 003	7 430 012	508 031	20 335	20 275 055	-	7 958 378
Advances	417 646 993	28 428 126	78 056 700	226 932 346	39 275 955	1 521 202	790 340 120
Insurance assets	-	-	-	-	-	1 521 203	1 521 203
Other assets	-	-	-	-	-	18 351 278	18 351 278
Investment in equities	-	-	-	-	-	2 452 858	2 452 858
Investment properties	-	-	-	-	-	17 821 110	17 821 110
Property and equipment	-	-	-	-	-	66 501 576	66 501 576
Deferred taxation	-	-	-	-	-	5 759 724	5 759 724
Intangible assets Total Assets	476 436 011	119 522 976	70 F64 721	226 952 681	39 275 955	2 537 393 114 945 142	2 537 393 1 055 697 496
lotal Assets	4/0 430 011	1193229/6	/8 304 /31	220 952 081	39 2/3 933	114 945 142	1 055 697 496
Liabilities and Equity							
Deposits	550 445 283	99 207 182	74 200 453	106 043 806		_	829 896 724
Insurance liabilities	330 443 203	99 207 102	74 200 455	100 043 800	_	3 874 334	3 874 334
Other liabilities	-	-	_	-	_	94 336 878	94 336 878
Deferred taxation						3 099 190	3 099 190
Current tax payable						5 241 028	5 241 028
Equity and reserves					_	119 249 342	119 249 342
Total Equity and Liabilities	550 //5 292	99 207 182	7/ 200 /53	106 043 806			1 055 697 496
Total Equity and Elabilities	330 11 3 203	99 207 102	7 7 200 433	100 043 800	_	223 000 772	1 033 037 430
Interest rate repricing gap	(74 009 272)	20 315 794	4 364 278	120 908 875	39 275 955	(110 855 630)	-

32.6 EXCHANGE RATE RISK

Cumulative gap

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.

(74 009 272) (53 693 478) (49 329 200) 71 579 675 110 855 630

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 2012, 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\$677 431 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 2012 is as below:

Foreign currency position as at 31 December 2012

Position expressed in USS

Position expressed in US\$					
	Total	USD	ZAR	GBP	Other foreign currencies
Assets	Total		2700	951	carrenees
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
Liabilities and Equity					
Deposits	1 032 352 075	994 388 628	29 870 209	6 082 124	2 011 114
Insurance liabilities	6 647 107	6 647 107	-	-	-
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

32.6 EXCHANGE RATE RISK (continued)

Foreign currency position as at 31 December 2011

Position expressed in USS

rosition expressed in 053					Other foreign
	Total	USD	ZAR	GBP	currencies
Assets					
Balances with banks and cash	142 453 856	118 764 861	17 690 720	2 133 955	3 864 320
Money market assets	7 958 378	7 958 378	-	-	-
Advances	790 340 120	788 211 901	319 898	1 614 925	193 396
Insurance assets	1 521 203	1 521 203	-	-	-
Other assets	18 351 278	18 062 344	256 374	33 150	(590)
Investment in equities	2 452 858	2 348 137	-	-	104 721
Investment properties	17 821 110	17 821 110	-	-	-
Property and equipment	66 501 576	66 418 597	6 869	-	76 110
Deferred taxation	5 759 724	5 759 724	-	-	-
Intangible assets	2 537 393	2 537 393	-	-	-
Total assets	1 055 697 496	1 029 403 648	18 273 861	3 782 030	4 237 957
Liabilities and Equity					
Deposits	829 896 724	785 825 106	21 220 767	3 937 266	18 913 585
Insurance liabilities	3 874 334	3 874 334	-	-	-
Other liabilities	94 336 878	84 000 809	4 019 595	1 773 223	4 543 251
Current tax payable	5 241 028	5 241 028	-	-	-
Deferred taxation	3 099 190	3 099 190	-	-	-
Equity and reserves	119 249 342	119 249 342	-	-	-
Total equity and liabilities	1 055 697 496	1 001 289 809	25 240 362	5 710 489	23 456 836

Foreign currency position as at 31 December 2012

Underlying currency in USS

, , , ,			041	
	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 assets	51 812 191	-	4 663 674	
Other assets	10 946 709	33 386	47 300	
nvestments	-	-	143 643	
Total assets	216 188 519	1 799 777	6 866 672	
Liabilities 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	

Foreign Currency Position as at 31 December 2011

Underlying currency in US\$

			Other foreign
	ZAR	GBP	currencies
Assets			
Cash and short term assets	144 593 328	1 384 067	3 864 320
Advances	2 614 652	1 047 428	193 396
Other assets	2 095 446	21 501	(588)
Investments	-	-	104 721
Total assets	149 303 426	2 452 996	4 161 849
Liabilities			
Deposits	173 445 814	2 553 682	18 913 585
Other liabilities	32 853 755	1 150 099	4 543 251
Total liabilities	206 299 569	3 703 781	23 456 836
	(======)	(4.000	(
Net position	(56 996 143)	(1 250 785)	(19 294 987)

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

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

The Group Board Audit Committee through Internal Audit function as well as Group Enterprise Wide Governance and Compliance perform 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 Organization 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 process, weak decision making process 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 to 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

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 Group Board Risk Management 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 exits 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 arise from the market perception of the manner in which the Group and its SBUs packages and delivers its 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
- ensuring that staff subscribe to the Group's code of conduct, code of ethics and general business ethics and that
- stakeholders' feedback systems that ensures a proactive attention to the Group'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.

management reports on the operations and financial condition of the Group, the performance of risk management and other

Useful inputs into internal control reviews include:

of duties are in place to enhance the effectiveness of these controls.

control systems during the period under review and any significant non-compliance with controls, the Group's code of conduct, laws and regulations: internal and external audit opinions on the adequacy of controls for the Group as a whole and for individual business entities,

The Group is committed to the highest ethical standards of business conduct and to fully complying with all applicable laws and

The Directors and employees of the Group are all expected to comply with the principles of the code of conduct. There was close

monitoring of both Directors and employees in this regard and cases of non-compliance received appropriate disciplinary action

The Directors are responsible for ensuring that the Group maintains adequate records, and for reporting on the financial position of

the Group and the results of the activities with accuracy and reliability. Financial reporting procedures are consistently applied within

the Group and all financial and related 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 the interim

The Board has the overall responsibility for ensuring that the Group maintains a system of internal control, provides the company with reasonable assurance regarding the reliability of the financial information used within the business and for publication, and to ensure

The Risk Division conducts the overall risk assessment within the Business Units and provides the resulting data in the form of risk

Compliance assesses the significant regulatory risks highlighted by risk matrices, reviews and documents factors which aggravate

the risk, considers the control environment, sets with Business Units the policy on managing that risk and, finally, monitors the

 $In ternal \ oversight \ functions \ of fer \ independent \ objective \ assurance \ designed \ to \ add \ value \ to \ and \ improve \ the \ Group's \ operations. They$

help the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of

The Group does not engage in or condone any illegal acts in the conduct of its business. The Directors' policy is to actively pursue and

The Board actively embraces its responsibilities and brings its collective skills and experiences in providing independent, objective

The Board approves the strategic direction of the Group. Such approval sets the organization in motion. Consequently, Directors are knowledgeable about the central business issues and non-financial factors that drive the business so that they can be able

to identify winning strategies from risky or problematic ones. The Group has put in place systems and procedures to ensure that,

The Board ensures that resources are used effectively to achieve the strategy hence it oversees the financial actions of the Group.

It sets fiscal policy and approves large capital expenditures. The Group has systems and structures in place to ensure that, once

a strategic expenditure is approved, Directors obtain sufficient feedback on whether the expenditure generated the desired

The Board approves the hiring of senior executives, assesses their performance and rewards them appropriately. The Directors

The Board is a watchdog for uncompensated risk and a guardian for compliance. Directors receive sufficient information to

effectively address key compliance issues and business risks that can prevent the Group from achieving its strategic targets.

The Board identifies and monitors key risk areas, key performance areas and non financial aspects relevant to the Group. To ensure

has a general understanding of the types of risks to which the Group may be exposed and of the techniques used to measure

reviews and approves the overall risk philosophy and risk tolerance of the Group. Systems and procedures are in place to ensure

that the Board is aware of material changes to the Group's business strategies or risk tolerance levels and the limits within which

reviews and approves significant policies or changes in policies for accepting, monitoring, managing and reporting on the

requires from management timely and accurate reporting on significant risks faced by the institution, the procedures and

assures itself that the risk management functions of the Group, have sufficient independence, status and visibility and are subject

capital, taking into account risks assumed, and ensuring that capital management strategies are in place;

controls in place to manage these risks, and the overall effectiveness of risk management processes.

The Group has an active and engaged Board, which shapes and executes successful strategies. The Board contributes to

matrices to Internal Audit and to the Compliance function to use as a starting point for their analysis.

Internal audit concentrates on the financial risks highlighted on the risk matrices and on testing processes.

- and recommendations for improvements; liabilities, on the current and prospective position of the Group, and on matters that might have a material adverse impact on its financial condition;
- the audit report on the audited financial statements, including the auditor's management letter;
- views, solicited by the Board, from the Group's external and internal auditors and legal counsel; and
- The views and observations of the regulators on the Group.

33.9 The role of the Board in regard to independent oversight functions

33.8 The role of the Board with regard to internal control mechanisms

To assure itself that the independent oversight functions are in a position to support it, the Board:

- actively exercises its responsibility for recommending to shareholders a suitable nominee for appointment as external auditor; takes an active interest in the selection of heads of internal oversight functions:
- reviews the mandates, structures and scope of the proposed activities of the internal control functions, and approves any major
- of influences that may affect their ability to perform their responsibilities objectively; requires that the internal oversight providers and the external auditor have unrestricted access to the Board;

requires that those who are responsible for fulfilling these functions are independent from the operations under review and free

satisfies itself that those who are responsible for fulfilling these functions have the resources and authority required to perform

- their duties appropriately and receive support from senior management; satisfies itself that the remuneration provided to key individuals in these functions adequately reflects the importance of the function and that the incentives contained in these remuneration packages for the function are not inconsistent with its role and
- discusses key findings of the reports produced by these functions, understands how material disagreements are dealt with, and follow-up on any concerns raised by these functions; and
- regularly reviews the nature of the function being carried out as well as the effectiveness and independence of those fulfilling

AUDITED FINANCIAL RESULTS For The Year Ended 31 December 2012

33.2 Code of conduct

33.3 Financial reporting

financial statements.

which was enforced with consistency.

33.4 Internal oversight functions

Internal Oversight Functions in the Group are integrated as follows:

The Legal function focuses on the legal risks highlighted by the risk matrices.

that assets are safeguarded.

risk that in fact ensues.

33.5 Fraud and illegal acts

benefits:

33.6 The role of the Board of Directors

risk management, control and compliance processes.

and thoughtful oversight and guidance to the Group.

prosecute the perpetrators of fraudulent or other illegal activities.

The strategic leadership of the company is the responsibility of the Board.

Directors are aware of the key issues and drivers of the business;

are also actively involved in succession planning; and

33.7 The role of the Board in Risk Management

that this role is executed efficiently, the Board:

individuals are authorized to act;

significant risks to which the Group is exposed;

and manage those risks;

to periodic reviews; and

management and controls.

organisational performance through fulfilling the following four major responsibilities;

regulations.

32.12 INSURANCE RISK

The principal risk 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		

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	Accentable	Moderate	Stable

CBZ Bank Limited

Risk Matrix Summary

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	Modorato	Aggantabla	Moderate	Stoblo

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

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

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 ard 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 potentia financial loss from the activity would have only a moderate negative impact on the financial condition of the organistation.

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

e considered strona irection of Overall Composite

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

ecreasing- based on current information, composite risk is pected to decrease in the next twelve months

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

32.13 RISK AND CREDIT RATINGS

32.13.1 External Credit Rating

CBZ Bank Limited

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

32.13.2 Reserve Bank Ratings

CANALI C DATING MATDIV

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

- 1. Strong
- Substandard 4.

Satisfactory

Weak

33. CORPORATE GOVERNANCE STATEMENT

The quality of corporate governance practices is becoming an increasingly important factor in maintaining market confidence. The CBZ Group is committed to and supports the principles contained in the Reserve Bank of Zimbabwe (RBZ) Corporate Governance Guideline No. 01-2004/BSD, as well as King III code which is an internationally regarded benchmark in Corporate Governance.

33.1 Disclosure policy

The Board is aware of the importance of balanced and understandable communication of the Group's activities to stakeholders and strives to clearly present any matters material to a proper appreciation of the Group's position. The interests and concerns of stakeholders are addressed by communicating information in a timely manner.

The Directors foster a mutual understanding of objectives shared between the Group and its shareholders by meeting with and making presentations to them on a regular basis. The Board welcomes and encourages the attendance of private shareholders at general meetings and gives them the opportunity to have questions addressed.



HOLDINGS LIMITED

33.10 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.

Board structure

The Board has a balanced mix of Executive, Non-Executive and Independent Non-Executive Directors. The roles of Chairperson of the Board and Chief Executive Officer are separated and held by different persons.

The Board has established and appointed committees with defined terms of reference, composition and reporting requirements. The committees have been established and appointed in light of:

- The need to increase the effectiveness of the Board by utilising the specialised skills of Board members;
- need to provide support and guidance to management; and
- need to ensure effective and independent professional consideration of issues.

The Board has established and delegated specific roles and responsibilities to four standing committees, to assist in discharging its duties and responsibilities.

Subsidiary boards

The Board has 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.

The Board of Directors of the various units as at 31 December 2012 was constituted as tabulated below:-

CBZ Holdings Limited	CBZ Bank Limited	CBZ Life Limited	CBZ Asset Management (Private) Limited	CBZ Insurance (Private) Limited
Mr L. Zembe Mr R V Wilde*** Dr J. P Mangudya Mr. T Bere Mr F. M Dernawi Mr M. H Nanabawa Mr A Lowe Mr M B Ghali Mr D Mutambara Mrs R Nhamo Mr G. Taputaira Mr R Reid* Mr E Mugamu*** Mrs R Pasi*** *Mr N Nyemudzo	Mr R V Wilde Mr S G R Harnden Dr. J P Mangudya Mr P Zimunya Mr N Nyemudzo Dr R M Chimedza Mrs R Pasi Mr E Mugamu Mr F B Chirimuuta Mrs P S Madzonga Mr P S Whata Mr L Zembe*** Mr C Chimutsa	Mr R Dawes Mr F B Zizhou Dr V Masunda Mr D Mutambara*** Dr J P Mangudya Mr N Mureriwa Mr Gambinga*	C Jones T Muzadzi Mr I H Harris Dr J P Mangudya Mr B Naik Mr R Zirobwa Mr T Bere*** Mr J Smith Mr A Kassim*	Dr J P Mangudya Mr P Mundangepfupfu Mr W Muchenje Mrs R Nhamo* Mr A Jakara Mr Mureriwa Mr N Nyemudzo Mr J Whacha** Mrs V Mudimu*
Mr N Makuvise retired from the Board with effect from 1 April 2012 Mr R Reid resigned from the Board with effect from 31 August 2012 ***Mr R V Wilde, Mr E Mugamu and Mrs R Pasi were appointed to the Board with effect from 1 April 2012	Mr N Makuvise retired from the Board with effect from 1 April 2012 *** Mr L Zembe was appointed to the Board with effect from 1 April 2012	Mr N Makuvise retired from the Board with effect from 1 April 2012 *** Mr Mutambara was appointed to the Board with effect from 7 April 2012 Mr C Gambinga resigned from the Board with effect from 31 Marchl 2012	** Mr T Bere was appointed to the Board with effect from 15 May 2012 *Mr A I Kassim resigned from the Board with effect from 1 July 2012 Mr N Makuvise retired from the Board with effect from 1 April 2012	*Mrs Nhamo was appointed to the Board wth effect from 1 June 2012 Mr N Makuvise retired from the Board with effect from 1 April 2012 **Mr Whacha passed away on 4 August 2012 *Mrs V Mudimu resigned from the Board with effect from 31 May 2012

Appointment, Induction, Development, Evaluation and Succession 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 the Director's Fit and Proper test requirements of the Companies Act [Chapter 24:0.3] and best practice.

Training and orientation workshops are held for new and existing directors. The workshops cover topics such as the Group's business, corporate governance, fiduciary duties and responsibilities, terms of reference of all board committees, key Company policies, new laws and regulations and risk management.

The Group also has in place continuous development programmes that are tailored to the needs of the Directors. Development programmes are arranged for the Board that focus on their duties, responsibilities, powers and potential liabilities as well as governance and the financial services industry.

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and each director. The Board, led by the Chairman, uses a detailed questionnaire, completed by each Director, as the basis of these evaluations.

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.

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 meetings are facilitated, but not overly influenced by the Chairperson.

Board meetings provide Directors with opportunities to share their knowledge, discuss strategic trade-offs and lend decision making support.

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER

	Audit & Finance	Risk Management & Compliance	Human Resources & Remuneration	It & Business Development	Main Board
Mr T. Bere, T	1	3	2	**	4
Mr M.I.O. Ben Ghali	1	3	**	3	5
Mr F.M. Dernawi	**	3	**	2	5
Mr A. Lowe	3	3	**	**	4
Mr E. Mugamu, E	3	**	**	**	3
Mr D. Mutambara	2	**	2	2	4
Mr M.H. Nanabawa	4	**	**	**	5
Mrs R. Nhamo	1	4	4	**	5
Mrs R. Pasi	3	3	**	**	3
Mr R.J. Reid	1	1	**	1	2
Mr G. Taputaira	1	**	**	3	5
Mr R.V Wilde	**	**	3	**	3
Mr L. Zembe	**	**	4	3	6
* (Dr) J.P. Mangudya	3	4	4	3	6
* Mr N. Nyemudzo	4	3	**	3	6

KEY

- * Executive Directors
- ** Not a Member

Committee	Number of Meetings Held
Audit & Finance	4
Risk Management & Compliance	5
Human Resources & Remuneration	4
IT & Business Development	3
Main Board	6

CBZ BANK BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2012)

	ALCO	Lending	Loans Review	Main Board
R V Wilde	1	2	**	4
S G R Harnden	**	**	3	4
*J P Mangudya (Dr)	3	4	4	4
*P Zimunya	3	4	4	4
*N Nyemudzo	3	**	**	4
*C Chimutsa	**	4	4	4
L Zembe	3	**	3	1
R Mabeza-Chimedza (Dr)	3	2	**	4
R Pasi	2	4	**	4
E Mugamu	**	**	3	4
F B Chirimuuta	**	2	1	4
P S Whata	3	**	**	4
P S Madzonga	**	**	3	4

^{*} Executive Directors

^{**} Not a committee member

Committee	Number of Meetings Held
Alco	3
Lending	4
Loans Review	4
Main Board	4

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER (January to December 2012)

	Audit & Investments	Corporate Governance & Human Resources	Main Board
R Dawes	**	1	4
F B Zizhou	1	1	5
V Masunda (Dr)	1	1	4
C Gambinga	1	**	2
D Mutambara	**	**	2
J P Mangudya (Dr)	1	1	4
*N Mureriwa	1	1	5

^{*} Executive Directors

^{**} Not a committee member

Committee	Number of Meetings Held
Audit & Investments	1
Corporate Governance & Human Resources	1
Main Board	5

CBZ ASSET MANAGEMENT COMMITTEE & BOARD ATTENDANCE REGISTER (January to December 2012)

	Audit & Compliance	Remuneration & Gover- nance Committee	Investment & Risk Committee	Main Board
A. Kassim	1	**	**	1
B. S. Naik	**	1	4	4
C.T. Jones	2	**	4	4
I. H. Harris	2	**	4	4
J. P. Mangudya (Dr)	**	1	4	4
R. Zirobwa	**	1	**	4
T. Bere	**	**	**	3
*J. F. Smith	2	1	4	4
*T. Muzadzi	**	**	4	4

^{*} Executive Directors

^{**} Not a committee member

Committee	Number of Meetings Held
Audit and Compliance	2
Remuneration and Governance	1
Investment and Risk	4
Main Board	4

CBZ INSURANCE LIMITED BOARD ATTENDANCE REGISTER (January to December 2012)

	Main Board
Mundangepfupfu P.	3
Muchenje W.	4
Whacha J. *	2
Mudimu V.	2
Nyemudzo N.*	4
Mangudya J.P. (Dr)*	2
Nhamo R.	2
Mureriwa N *	1

^{*} Executive Directors

Committee	Number of Meetings Held
Main Board	4

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.

As at 31 December 2012 the Group was not involved in any material litigation, dispute or arbitration proceedings which may have had a significant impact on its financial position.

By order of the Board



R.A. JAKANANI **GROUP LEGAL CORPORATE SECRETARY**

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2012

	Notes	31 Dec 2012 US\$	31 Dec 2011 US\$
Interest income	2	146 802 718	104 748 645
Interest expense	2	(60 638 604)	(34 117 985)
Net interest income		86 164 114	70 630 660
Non-interest income	3	31 764 037	35 153 405
Total income		117 928 151	105 784 065
Operating expenditure	4	(71 368 984)	(58 693 167)
Operating income		46 559 167	47 090 898
Charge for impairment	10.5	(4 242 173)	(13 721 785)
Profit before taxation		42 316 994	33 369 113
Taxation	5	(11 272 783)	(8 670 748)
Profit for the year after taxation		31 044 211	24 698 365
Other comprehensive income			
Gains on property revaluations		2 467 273	1 550 320
Fair value adjustment on available-for-sale			
(AFS) financial instruments		643 003	(234 166)
Income tax relating to components of			
other comprehensive income	5.1	(549 491)	(384 338)
Other comprehensive income for the year net of taxation		2 560 785	931 816
Total comprehensive income for the year		33 604 996	25 630 181
Profit for the year attributable to:			
Equity holders of parent		31 044 211	24 698 365
A second by a seco		31 044 211	24 698 365
Total comprehensive income attributable to:			
Equity holders of parent		33 604 996	25 630 181
equity horacis of parent		33 604 996	25 630 181
Equalities now shows (south):			
Earnings per share (cents): Basic	6	6.07	4.83
	6		
Fully diluted Headline	6	6.07	4.83
neadiine	6	6.11	4.82

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	31 Dec 2012 US\$	31 Dec 2011 US\$
ASSETS			
Balances with banks and cash	8	175 932 794	140 060 364
Money market assets	9	57 004 893	5 050 000
Advances	10	774 152 205	729 508 116
Other assets	11	52 312 287	58 971 404
Investment in equities	12	172 206	263 376
Property and equipment	13	46 698 149	40 677 195
Investment properties	14	2 745 000	2 288 000
Intangible assets	15	1 175 445	1 560 091
Deferred taxation	16	4 917 190	3 388 512
TOTAL ASSETS		1 115 110 169	981 767 058
LIABILITIES			
Deposits	17	1 003 429 254	809 124 335
Other liabilities	18	11 863 027	89 549 418
Current tax payable		4 526 282	4 826 325
TOTAL LIABILITIES		1 019 818 563	903 500 078
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	8 191 449	6 267 162
Available-for-sale reserve	19.4	-	(636 498)
Revenue reserves	19.5	65 260 266	50 796 425
TOTAL EQUITY & RESERVES		95 291 606	78 266 980
TOTAL LIABILITIES, EQUITY AND RESERVES		1 115 110 169	981 767 058

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2012

	Share capital US\$	Share premium US\$	Non- Distritable reserve US\$	Revaluation reserve US\$	Available for sale reserve US\$	Revenue reserve US\$	Total US\$
2011							
Balance at the beginning of the year Total comprehensive income Dividends	5 118 180 - -	11 198 956 - -	5 522 755 - -	5 102 562 1 164 600	(403 714) (232 784)	30 098 060 24 698 365 (4 000 000)	56 636 799 25 630 181 (4 000 000)
Balance at 31 December 2011	5 118 180	11 198 956	5 522 755	6 267 162	(636 498)	50 796 425	78 266 980
2012							
Balance at 1 January 2012 Total comprehensive income Dividends	5 118 180 - -	11 198 956 - -	5 522 755 - -	6 267 162 1 924 287	(636 498) 636 498	50 796 425 31 044 211 (16 580 370)	78 266 980 33 604 996 (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

STATEMENT OF CASH FLOWS For the year ended 31 December 2012

AUDITED FINANCIAL RESULTS For The Year Ended 31 December 2012

	31 Dec 2012 US\$	31 Dec 2011 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation Non cash items:	42 316 994	33 369 113
Depreciation and amortisation Fair value adjustments Impairment on advances	3 542 186 (447 070) 4 242 173	2 333 328 (60 500) 13 721 785
Unrealised gain on foreign currency position Loss on sale of property and equipment Operating profit before changes in operating assets and liabilities	(2 991 897) 28 233 46 690 619	(2 869 769) 24 762 46 518 719
operating profit before enanges in operating assets and habitates	40 000 010	40310713
Changes in operating assets and liabilities Deposits Advances Money market assets Other assets Other liabilities	197 296 816 (48 886 262) (51 954 893) 6 659 117 (77 686 391) 25 428 387	233 987 018 (318 067 489) 17 077 634 (21 762 715) 78 734 161 (10 031 391)
Corporate tax paid	(13 650 996)	(11 861 905)
Net cash inflow from operating activities	58 468 010	24 625 423
CASH FLOWS FROM INVESTING ACTIVITIES Purchase of investment property Net change in investments Proceeds on disposal of property and equipment Purchase of property and equipment Purchase of intangible assets Net cash outflow from investing activities	(9 930) 734 174 365 488 (6 946 595) (158 347) (6 015 210)	406 682 (9 057 471) (1 560 091) (10 210 880)
CASH FLOWS FROM FINANCING ACTIVITIES Dividends paid	(16 580 370)	(4 000 000)
Net cash outflow from financing activities	(16 580 370)	(4 000 000)
Net increase in balances with banks and cash Balances with banks and cash at the beginning of the year	35 872 430 140 060 364	10 414 543 129 645 821
Balances with banks and cash at end of the year	175 932 794	140 060 364

NOTES TO THE FINANCIAL RESULTS For the year ended 31 December 2012

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, commercial banking, investment banking, small to medium enterprises financing, treasury management, wealth management, agribusiness and custodial services.

2.	NET INTEREST INCOME	31 Dec 2012 US\$	31 Dec 2011 US\$
	Interest income Overdrafts Loans Staff loans	76 158 477 46 132 793 2 599 255	72 108 272 28 086 289 2 480 342
	Short-term money market assets Other Investments	124 890 525 728 026 21 184 167 146 802 718	102 674 903 801 705 1 272 037 104 748 645
	Interest expense Savings deposits Call deposits Money market deposits Other offshore deposits	4 644 212 68 409 39 158 953 16 767 030 60 638 604	6 674 895 172 536 17 089 446 10 181 108 34 117 985
3.	NON-INTEREST INCOME		
	Fair value adjustments on investment property Net income from foreign currency dealings Commission and fee income Loss on sale of property and equipment Other operating income	447 070 4 119 356 20 925 162 (28 233) 6 300 682 31 764 037	60 500 6 032 224 20 271 893 (24 762) 8 813 550 35 153 405
4.	OPERATING EXPENDITURE Staff costs Administration expenses Audit fees Depreciation Amortisation of intangible assets	40 936 172 26 579 830 310 796 2 999 193 542 993 71 368 984	33 576 507 22 641 943 141 389 2 333 328 - 58 693 167
	Remuneration of directors and key management personnel Fees for services as directors Pension for past and present directors Salaries and other benefits	464 628 153 360 3 936 323	313 308 72 245 2 175 604
	Operating Leases The following is an analysis of expenses related to operating leases Non cancellable leases are paid as follows:	4 554 311	2 561 157
	Less than 1 year Between 1 and 5 years	156 816 1 265 251 1 422 067	55 327 977 559 1 032 886

The Bank 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 2012, an amount of US\$922 469 was recognised as rental expense in the statement of comprehensive income.

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 2012 US\$	31 Dec 2011 US\$
Analysis of tax charge in respect of the profit for the year		
Current income tax charge	13 350 953	13 470 560
Deferred income tax	(2 078 170)	(4 799 812)
Income tax expense	11 272 783	8 670 748
Tax rate reconciliation	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	0.89	0.23
Effective tax rate	26.64	25.98





263 376

172 206

31 Dec 2012

		31 Dec 2012 US\$	31 Dec 2011 US\$
5.1	Tax effects relating to other comprehensive income		
(i)	Gross revaluation adjustment	2 467 273	1 550 320
	Taxation expense	(542 986)	(385 720)
	Net revaluation adjustment	1 924 287	1 164 600
(ii)	Gross fair value adjustment on AFS financial assets	643 003	(234 166)
	Taxation (expense)/credit	(6 505)	1 382
	Net fair value adjustment on AFS financial adjustments	636 498	(232 784)
	Total taxation	549 491	384 338

EARNINGS PER SHARE

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 period.

Diluted earnings per share amounts are calculated by dividing the 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 adjusted for the effects of all potentially dilutive ordinary shares.

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

	31 Dec 2012	31 Dec 2011
Basic (cents)	6.07	4.83
Fully diluted (cents)	6.07	4.83
Headline (cents)	6.11	4.82

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

31 Dec 2012

31 Dec 2011

	US\$	US\$
EARNINGS		
Basic earnings	31 044 211	24 698 365
Fully diluted	31 044 211	24 698 365
Headline	31 290 627	24 665 652
Reconciliation of numerators used for calculating		
basic and diluted earnings per share:		
Basic earnings	31 044 211	24 698 365
Effective potentially dilutive transactions	_	-
Diluted earnings	31 044 211	24 698 365
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
Potentially dilutive shares	-	-
Weighted average number of shares used for diluted EPS	511 817 951	511 817 951
Reconciliation of earnings used for calculating basic		
and headline earnings per share:		
Profit attributable to shareholders	31 044 211	24 698 365
Adjusted for excluded re- measurements:		
Disposal losses on property and equipment	28 233	24 762
Gains on investment properties valuations	(447 070)	(60 500)
Gains on available-for-sale reclassified from equity	643 003	-
Tax relating to re- measurements	22 250	3 025
3	31 290 627	24 665 652
DIVIDENDS		
Interim dividend paid	9 030 000	
Final dividend paid	7 550 370	4 000 000
i inai dividend paid	16 580 370	4 000 000
	10300370	
BALANCES WITH BANKS AND CASH		
Balance with the Reserve Bank of Zimbabwe	102 502 494	83 882 443
Statutory reserve	-	9 238 996
Current accounts	102 502 494	74 643 447
Balances with other banks and cash	73 430 300	56 177 921
Cash	40 815 918	37 445 087
Nostro accounts	32 605 515	18 720 501
Interbank clearing accounts	8 867	12 333
	175 932 794	140 060 364

During the year, statutory reserves with the Reserve Bank of Zimbabwe were converted to discountable and tradable bills These balance shave been disclosed under money market assets.

9.	MONEY MARKET ASSETS	31 Dec 2012 US\$		31 Dec 2011 US\$	
	Call placements Treasury bills and placements	45 992 285 10 942 842		5 000 000	
	Accrued interest	69 766		50 000	_
		57 004 893		5 050 000	
	Money market portfolio analysis				
	Held for trading portfolio	57 004 893		5 050 000	
		57 004 893		5 050 000	
	Maturity analysis Between 1 and 3 months Between 3 months and 1 year	47 007 906 9 996 987		5 050 000	
	5611611611611611611611611611611611611611	57 004 893		5 050 000	
	Maturity value	57 122 799		5 052 033	
	Book value	57 004 893		5 050 000	
10	ADVANCES				
	Overdrafts	474 849 515		426 496 608	
	Loans	288 582 634		285 159 285	
	Mortgage advances	37 158 222		32 309 558	
		800 590 371		743 965 451	
	Interest accrued	7 006 485		6 183 574	
	Total gross advances	807 596 856		750 149 025	
	Impairment	(33 444 651)		(20 640 909)	
	Net advances	774 152 205		729 508 116	
10.1	Sectoral analysis		%	%	
10.1	Private	51 268 781	6	51 865 835	7
	Agriculture	255 563 449	32	225 799 243	30
	Mining	13 120 322	2	7 209 438	1
	Manufacturing	151 717 080	19	114 845 350	15
	Distribution	205 807 416	25	179 001 953	24
	Construction	3 119 161	-	18 373 527	2
	Transport	17 070 839	2	44 411 295	6
	Communication	6 636 850	1	5 014 143	1
	Services	102 216 773	13	102 197 558	14
	Financial Organisations	1 076 185	-	1 430 683	
		807 596 856	100	750 149 025	100

10.0			US\$	US\$
10.2	Maturity analysis Demand Between 1 and 3 months Between 3 and 6 months	21 6	663 930 687 862 434 738	428 043 045 28 319 415 9 572 963
	Between 6 months and 1 year Between 1 and 5 years More than 5 years	49 7 142 6	740 824 679 444 390 058	54 018 623 197 437 243 32 757 736
		807 5	596 856	750 149 025

	Maturity analysis is based on the remaining period from 31 December 2012 to	o contractual mat	turity.
10.3	Loans to directors, key management and employees		
	Loans to directors and key management Included in advances are loans to directors and key management: Opening balance Advances made during the year	3 541 884 3 228 160	1 889 747 3 447 156
	Repayment during the year	(1 018 972)	(1 795 019)
	Loans to employees Included in advances are loans to employees: - Opening balance	5 751 072 32 933 309	3 541 884 24 812 647
	Advances made during the year	7 774 075	16 107 825
	Repayments during the year	(5 793 256)	(7 987 163)
	Balance at end of year	34 914 128	32 933 309
10.4	Non-resident to the second sec		
10.4	Non performing advances	41 206 122	47 222 522
	Total advances on which interest is suspended	41 386 122	47 223 532
10.5	Impairment of advances Opening balance	20 640 909	4 874 499
	Charge for impairment	4 242 173	13 721 785
	Interest in suspense	8 561 569	2 044 625
	Balance at end of year	33 444 651	20 640 909
	balance at end of year	33 444 031	20 040 909
	Comprising:		
	Specific impairments	18 432 176	8 938 131
	Portfolio impairments	15 012 475	11 702 778
	Tortiono impunimento	33 444 651	20 640 909
		33 111031	20010707
10.6	Collaterals		
	Notarial general covering bonds	396 259 583	289 378 234
	Mortgage bonds	649 281 010	493 612 956
		1 045 540 593	782 991 190
11.	OTHER ASSETS		
	Intercompany balances	7 405 492	47 111 628
	Land development	15 941 157	4 410 374
	Prepaid bond issue costs	-	3 538 669
	Prepayments and deposits	1 437 173	401 401
	Receivables	27 528 465	3 509 332
		52 312 287	58 971 404
12.	INVESTMENTS IN EQUITIES		
	Listed investments	_	130 092
	Unlisted investments	172 206	133 284
	Offinated investments	172 206	263 376
		1/2/200	203 370
	At cost	172 206	133 284
	At fair value		130 092
	ACTOR VOICE	172 206	263 376
		., = = = =	2000.0
	Portfolio analysis		
	Available for sele	172 206	262.276

PROPERTY AND EQUIPMENT

Available for sale

Cost	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computer and equipment US\$	Work in progress US\$	31 Dec 2012 US\$	31 Dec 2011 US\$
Opening balance	2 205 000	21 559 500	398 281	2 327 856	10 498 520	7 212 450	44 201 607	34 557 432
Additions	-	115 628	34 074	165 071	2 561 388	4 070 434	6 946 595	9 057 471
Revaluation	445 000	1 485 890	-	-	-	-	1 930 890	1 058 894
Disposals	-	-	-	(16 600)	(170 428)	(312 263)	(499 291)	(472 190)
Transfers	-	190 482	9 884	27 728	1 390 166	(1618260)	-	-
Closing balance	2 650 000	23 351 500	442 239	2 504 055	14 279 646	9 352 361	52 579 801	44 201 607
Accumulated depreciation								
Opening balance	-	-	90 118	853 992	2 580 302	-	3 524 412	1 723 256
Charge for the year	-	536 383	39 410	537 353	1 886 047	-	2 999 193	2 333 328
Disposals	-		-	(13 500)	(92 070)	-	(105 570)	(40 746)
Revaluation	-	(536 383)	-	-	-	-	(536 383)	(491 426)
Closing balance	-	-	129 528	1 377 845	4 374 279	-	5 881 652	3 524 412
Net Book Value	2 650 000	23 351 500	312 711	1 126 210	9 905 367	9 352 361	46 698 149	40 677 195

Properties were revalued on an open market basis by an independent professional valuer, Mabikacheche and Associates as at 31 December 2012 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:

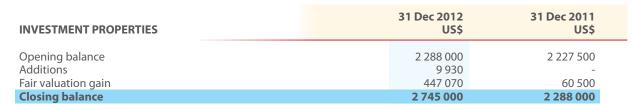
- Comparable market evidence which comprised complete transactions as well as transactions where offers had been made but the transactions had not been finalised.
- Professional judgement was exercised to take cognisance of the fact that properties in the transactions were not exactly comparable in terms of size, quality and location to the properties owned by the Bank.
 The reasonableness of size arrives 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 has been sold or rented out. The procedure was performed as
- i. 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:

40 years
3 – 5 years
10 years
5 years
10 years

The carrying amount of buildings would have been US\$16 063 983 had they been carried at cost.

Property and equipment was tested for impairment through comparison with the open market values determined by independent valuers. No impairment was identified from the test.

6.3



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. 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 Bank's investment properties. The properties were valued as at 31 December 2012.

The rental income derived from investments properties amounted to US\$4 500, with direct operating expenses amounting to US\$nil.

INTANGIBLE ASSETS	31 Dec 2012 US\$	31 Dec 2011 US\$
Computer software		
At cost	1 718 438	1 560 091
Accumulated amortisation	(542 993)	-
	1 175 445	1 560 091
Movement in intangible assets:		
Opening balance	1 560 091	-
Additions	158 347	1 560 091
Amortisation charge	(542 993)	-
Closing balance	1 175 445	1 560 091

Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets are amortised over

	a useful life of 3 years.				
		31 Dec 2012 US\$	31 Dec 2	2011 US\$	
16	DEFERRED TAXATION				
	Deferred tax related to items charged or credited to statement of other comprehensive income during the period is as follows:				
	Revaluation of property and equipment	(542 986)	•	720)	
	Fair value adjustment – Available for sale financial assets	(6 505) (549 491)	(384	382 338)	
	The deferred tax included in the statement of financial position and changes recorded in the income tax expenses are as follows:				
	Deferred tax liability	(22.950)	-	0.025	
	Fair value adjustments Prepayments	(22 850) (143 409)	619	8 025	
	Impairment allowance Property and equipment	1 092 359 (120 467)		172	
	Other	1 272 536 2 078 169	153 4 799	8 420 812	
	Add: Opening balance	3 388 512	(1 026	962)	
	Closing balance	4 917 190	3 388	512	
7.	DEPOSITS				
	Call deposits Savings and other deposits	5 356 014 484 462 910	2 ⁴ 519 863	326	
	Money market deposits	332 855 042	162 500	956	
	Offshore deposits Accrued interest	171 716 509 9 038 779	121 750 4 985	264	
		1 003 429 254	809 124	335	
7.1	Deposits by source Banks	36 114 207	8 843	3 127	
	Money market Customers	308 364 851 485 661 677	155 668 521 085		
	Offshore deposits	173 288 519 1 003 429 254	123 527 809 124	474	
17.2	Deposits by type		007.12		
/ • 2	Retail	43 014 045	39 208		
	Corporate Money market	442 647 632 344 479 058	481 877 164 511	493	
	Offshore deposits	173 288 519 1 003 429 254	123 527 809 124		
7.3.	Sectoral Analysis		%		%
	Private Agriculture	111 312 920 33 069 968	11 94 399 3 26 642		12 4
	Mining Manufacturing	9 986 027 122 452 318	1 8 045 12 98 652		1 12
	Distribution	130 789 472	13 105 369		13
	Construction Transport	23 394 093 15 994 662	2 18 847 2 12 885	261 970	2
	Construction	23 394 093	2 18 847	261 970 406	2
	Construction Transport Communication Services Financial organisations	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604	261 5970 8406 6628 1909	2 2 6
	Construction Transport Communication Services	23 394 093 15 994 662 60 589 459 190 277 630	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604	7 261 5 970 8 406 6 628 1 909 8 081	2 6 19 25 4
7.4	Construction Transport Communication Services Financial organisations Financial and investments	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568	7 261 5 970 8 406 6 628 1 909 8 081	2 6 19 25 4
7.4	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2	7 261 5 970 8 406 6 628 9 909 8 081 • 335 • 2011 US\$	2 6 19 25 4
7.4	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124	7 261 6 970 8 406 6 628 9 909 8 081 • 335 • US\$ • 4329 6 473	2 6 19 25 4
7.4	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months Between 6 months and 1 year Between 1 year and 5 years	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2	7 261 6 970 8 406 6 628 8 909 8 081 335 2011 US\$	2 6 19 25 4
7.4	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months Between 6 months and 1 year	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200	7 261 6 970 8 406 6 628 8 909 8 081 335 2011 US\$	2 6 19 25 4
7.4	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months Between 6 months and 1 year Between 1 year and 5 years	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283 5 384 681	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200	7 261 6 970 8 406 6 628 8 909 8 081 335 2011 US\$	2 6 19 25 4
17.4	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months Between 6 months and 1 year Between 1 year and 5 years More than 5 years Maturity analysis is based on the remaining period	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283 5 384 681	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200 100 383	7 261 6 970 8 406 6 628 8 909 8 081 335 2011 US\$	2 6 19 25 4
	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months Between 6 months and 1 year Between 1 year and 5 years More than 5 years Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity. OTHER LIABILITIES Revenue received in advance	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283 5 384 681 1 003 429 254	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200 100 383 809 124	7 261 6 970 8 406 6 628 9 909 8 081 335 2011 US\$ 1 329 6 473 0 453 1 453 1 453 1 5 586	2 6 19 25 4
	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 6 months and 1 year Between 1 year and 5 years More than 5 years Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity. OTHER LIABILITIES Revenue received in advance Sundry creditors Salaries outward suspense	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283 5 384 681 1 003 429 254	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200 100 383 809 124	7 261 6 970 8 406 6 628 8 909 8 081 335 2011 US\$ 8 080 	2 6 19 25 4
	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 6 months and 1 year Between 1 year and 5 years More than 5 years Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity. OTHER LIABILITIES Revenue received in advance Sundry creditors	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283 5 384 681 1 003 429 254 826 328 10 111 298	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200 100 383 809 124	7 261 6 970 6 406 6 628 1 909 8 081 335 2011 US\$ 1 329 6 473 9 453 1 453 1 5 86 9 358 7 421 9 232 6 821	2 6 19 25 4
8.	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months Between 6 months and 1 year Between 1 year and 5 years More than 5 years Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity. OTHER LIABILITIES Revenue received in advance Sundry creditors Salaries outward suspense RTGS suspense	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283 5 384 681 1 003 429 254 826 328 10 111 298	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200 100 383 809 124	7 261 6 970 6 406 6 628 1 909 8 081 335 2011 US\$ 1 329 6 473 9 453 1 453 1 5 86 9 358 7 421 9 232 6 821	2 6 19 25 4
	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 3 months and 6 months Between 6 months and 1 year Between 1 year and 5 years More than 5 years Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity. OTHER LIABILITIES Revenue received in advance Sundry creditors Salaries outward suspense RTGS suspense Other SHARE CAPITAL Authorised	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283 5 384 681 1 003 429 254 826 328 10 111 298	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200 100 383 809 124	7 261 6 970 8 406 6 628 9 909 8 081 335 1 329 6 473 9 453 1 553 1	2 6 19 25 4
18.	Construction Transport Communication Services Financial organisations Financial and investments Maturity analysis Repayable on demand Between 1 and 3 months Between 6 months and 6 months Between 1 year and 5 years More than 5 years Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity. OTHER LIABILITIES Revenue received in advance Sundry creditors Salaries outward suspense RTGS suspense Other SHARE CAPITAL	23 394 093 15 994 662 60 589 459 190 277 630 282 952 584 22 610 121 1 003 429 254 31 Dec 2012 US\$ 630 194 168 159 130 548 48 834 228 35 162 346 124 723 283 5 384 681 1 003 429 254 826 328 10 111 298 925 401 11 863 027	2 18 847 2 12 885 6 48 813 19 153 295 29 213 604 2 28 568 100 809 124 31 Dec 2 535 444 99 096 74 200 100 383 809 124 17 286 7 859 33 997 28 919 1 486 89 549	7 261 6 970 8 406 6 628 9 909 8 081 335 1 329 6 473 9 453 1 553 1	2 6 19 25 4

		31 Dec 20	
19.1	Chave premium	Ü	S\$ US\$
19.1	Share premium Opening balance	11 198 95	6 11 198 956
	Movement for the year		-
	Closing balance	11 198 95	6 11 198 956
10.2	Non-distributable reserve		
19.2	Opening balance	5 522 75	5 522 755
	Movement for the year	3 322 73	
	Closing balance	5 522 75	5 522 755
19.3	Revaluation reserve		
17.3	Opening balance	6 267 16	5 102 562
	Revaluation adjustments made during the period	1 924 28	
	Closing balance	8 191 44	
19.4	Available for sale reserve	(525.40)	(402.744)
	Opening balance	(636 498	
	Total comprehensive income Closing balance	636 49	(===:-/
	Closing balance		- (636 498)
19.5	Revenue reserve		
	Opening balance	50 796 42	5 30 098 060
	Profit for the year	31 044 21	
	Dividend paid	(16 580 370	
	Closing balance	65 260 26	

20. CATEGORIES OF FINANCIAL INSTRUMENTS

AUDITED FINANCIAL RESULTS For The Year Ended 31 December 2012

	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			475.022.704		475.000.704
Balances with banks and cash	-	-	175 932 794	-	175 932 794
Money market assets	57 004 893	-	774 152 205	-	57 004 893
Advances	-	172.206	774 152 205	-	774 152 205
nvestments in equities	-	172 206	-	-	172 206
Other assets Fotal	57 004 893	172 206	33 810 128 983 895 127	-	33 810 128
lotai	57 004 893	1/2 200	983 893 127	•	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
	Held for trading US\$	Available for sale US\$	Loans and receivables US\$	Financial liabilities at amortised cost US\$	Total carrying amount US\$
December 2011					
Jecember 2011 Financial assets					
	-	_	140 060 364	-	140 060 364
Financial assets Balances with banks and cash	- 5 050 000	- -	140 060 364	-	
Financial assets	5 050 000 -	- - -	140 060 364 - 729 508 116	-	5 050 000
Financial assets Balances with banks and cash Money market assets	5 050 000 - -	- - - -	-	- - - -	5 050 000 729 508 116
Financial assets Balances with banks and cash Money market assets Advances	5 050 000 - - -	- - - - 263 376	729 508 116	- - - -	5 050 000 729 508 116 43 937 871
Financial assets Balances with banks and cash Money market assets Advances Other assets	5 050 000 - - - 5 050 000	- - - - 263 376 263 376	729 508 116 43 937 871	- - - - -	140 060 364 5 050 000 729 508 116 43 937 871 263 376 918 819 727
Financial assets Balances with banks and cash Money market assets Advances Other assets nvestments Total	- - -		729 508 116 43 937 871 -		5 050 000 729 508 116 43 937 871 263 376
Financial assets Balances with banks and cash Money market assets Advances Other assets Investments Financial liabilities	- - -		729 508 116 43 937 871 -	-	5 050 000 729 508 116 43 937 871 263 376 918 819 727
Financial assets Balances with banks and cash Money market assets Advances Other assets Investments Financial liabilities Deposits	- - -		729 508 116 43 937 871 -	809 124 335	5 050 000 729 508 116 43 937 871 263 376 918 819 727 809 124 335
Financial assets Balances with banks and cash Money market assets Advances Other assets nvestments	- - -		729 508 116 43 937 871 -	-	5 050 000 729 508 116 43 937 871 263 376 918 819 727

CAPITAL MANAGEMENT 21.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with external imposed capital requirements and the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and maximise shareholder value.

The Bank manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, retain capital or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

	31 Dec 2012 US\$	31 Dec 2011 US\$
CONTINGENCIES AND COMMITMENTS Contingent liabilities Guarantees	23 024 087	8 258 351
Capital commitments Authorised and contracted for Authorised but notcontracted for	269 984 -	2 838 570 -
	269 984	2 838 570

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

23. **CAPITAL ADEQUACY**

22.

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

	31 Dec 2012 US\$	31 Dec 2011 US\$
Risk weighted assets	780 353 072	753 796 864
Total qualifying capital	100 702 263	83 984 155
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	11 198 956	11 198 956
Revenue reserves	65 260 266	50 796 424
Less tier 1 deductions	(21 268 004)	(16 273 205)
	60 309 398	50 840 355
Tier 2		
Revaluation reserve	13 714 204	11 153 419
General provisions	9 754 413	9 422 461
	23 468 617	20 575 880
Tier 3		
Capital allocated for market risk	1 045 058	880 997
Capital allocated to operations risk	15 879 190	11 686 925
	16 924 248	12 567 922
Capital adequacy	12.90%	11.14%
-Tier 1	7.72%	6.74%
-Tier 2	3.01%	2.73%
-Tier 3	2.17%	1.67%

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

24.1 **Risk Overview**

CBZ Bank Board has adopted "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. The Bank regularly carries out stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and desired risk appetite.

Bank Risk Management Framework

The Bank's risk management framework is consistant with that applied by the Group. For details of this refere to note 32.1 to 32.3, 32.3.1 to 32.4.1, 32.7 to 32.13.2 of the CBZ Holdings' notes to the financial statements.

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 2012 US\$	31 Dec 2011 US\$
Cash and balances with Reserve Bank of Zimbabwe	102 502 494	83 882 443
Nostro balances	32 605 515	18 720 501
Clearing accounts	8 867	12 333
Due from banks	655 015	610 683
Financial assets held for trading	57 004 893	5 050 000
Loans and advances to customers	773 497 190	728 897 433
Other assets	33 810 128	49 497 584
Total	1 000 084 102	886 670 977
Contingent liabilities	23 024 087	8 258 351
Commitments	269 984	2 838 570
Total	23 294 071	11 096 921

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\$135 116 876 (excluding notes and coins) as at 31 December 2012 which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign

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

	31 Dec 2012 US\$	31 Dec 2011 US\$
1 to 3 months	78 657 357	53 708 788
Total	78 657 357	53 708 788

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' notes to the financial statements.

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

	31 Dec 2012 US\$	31 Dec 2011 US\$
3 to 6 months	29 447 178	31 091 457
6 to 12 months	11 938 943	16 132 075
Total	41 386 121	47 223 532

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

	31 Dec 2012 US\$ Gross maximum exposure	31 Dec 2012 US\$ Net maximum exposure (not covered by mortgage security)	31 Dec 2011 US\$ Gross maximum exposure	31 Dec 2011 US\$ Net maximum exposure (not covered by mortgage security)
Private	51 268 781	986 644	51 865 835	44 394 321
Agriculture	255 563 449	42 710 338	225 799 243	64 347 431
Mining	13 120 322	1 800 567	7 209 438	2 842 420
Manufacturing	151 717 080	29 114 950	114 845 350	45 437 943
Distribution	205 807 416	48 497 010	179 001 953	72 685 977
Construction	3 119 161	2 209 715	18 373 527	3 375 828
Transport	17 070 839	13 298 841	44 411 295	20 302 173
Communication	6 636 850	13 2 30 0 11	5 014 143	20 302 173
Services	102 216 773	19 431 599	102 197 558	30 391 533
Financial Organisations	1 076 185	266 182	1 430 683	5 600 608
Gross value at 31 December	807 596 856	158 315 846	750 149 025	289 378 234

	31 Dec 2012	31 Dec 2011
	US\$	US\$
Collateral (mortgage security) Cash cover Other forms of security including	649 281 010 18 387 000	493 612 956 25 770 362
Notarial General Covering Bonds (NGCBs), cessions, etc	377 872 583	263 607 872
	1 045 540 593	782 991 190

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:

Against doubtful* and loss* grades	31 Dec 2012 US\$	31 Dec 2011 US\$
Property	3 583 000	7 331 650
Other	12 534 574	239 550
Against substandard* grade	12331371	237 330
Property	4 438 500	18 874 379
Other	35 315 191	21 113 691
Against special mention* grade		
Property	65 224 386	60 939 420
Other	40 963 046	25 868 198
Against normal* grade		
Property	576 035 123	406 467 507
Other	307 446 773	242 156 795
	1 045 540 593	782 991 190

^{*}See definition on note 32.3.1 of the CBZ Holdings' 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.

DECEMBER 2012					
	Neither p	Doubtful and			
	Normal grade US\$	Special mention grade US\$	Sub- standard grade US\$	loss grade US\$	Total US\$
Due from banks	655 015	-	-	-	655 015
Loans and Advances to Custo	omers				
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 million.

DECEMBER 2011

DECEMBER 2011	Neither past due nor impaired Doubtful an					
	Normal grade US\$	Special mention grade US\$	Sub- standard grade US\$	loss grade US\$	Total US\$	
Due from banks	610 683	-	-	-	610 683	
Loans and Advances to Custo	mers					
Agriculture	177 287 960	39 270 789	2 333 738	6 906 756	225 799 243	
Manufacturing	102 684 603	6 621	4 845 897	7 308 229	114 845 350	
Commercial	97 688 197	433 532	4 010 005	65 825	102 197 559	
Individual and Households	51 612 316	79 458	70 541	103 521	51 865 836	
Mining	5 614 526	-	1 594 912	-	7 209 438	
Distribution	166 298 355	750 122	10 205 731	1 747 744	179 001 952	
Construction	10 342 894	-	8 030 633	-	18 373 527	
Transport	31 243 029	13 168 266	-	-	44 411 295	
Communication	5 014 143	-	-	-	5 014 143	
Financial services	819 999	-	-	-	819 999	
	649 216 705	53 708 788	31 091 457	16 132 075	750 149 025	

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 \$8.3 million.

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 respective Bank 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 Bank and its SBUs 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 that asset growth and maturity are funded by appropriate growth in deposits and stable funding respectively.

24.4.1 Liquidity gap analysis

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	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	-	-	11 863 027	-	-	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)			
I IOI IIDITY PROFII E AS AT 31	LIQUIDITY PROFILE AS AT 31 DECEMBER 2011								

LIQUIDITY PROFILE AS AT 31 DECEMBER 2011								
	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	407 402 136	28 319 415	63 591 586	197 437 243	32 757 736	729 508 116		
Balances with banks and cash	56 599 078	83 461 286	-	-	-	140 060 364		
Money market assets	-	5 050 000 49 237 871	-	-	-	5 050 000		
Other assets Total	464 001 214	166 068 572	63 591 586	197 437 243	32 757 736	49 237 871 923 856 351		
iotai	707 001 217	100 000 372	03 391 300	197 737 273	32 / 37 / 30	923 030 331		
Liabilities								
Deposits	535 444 329	99 096 473	74 200 453	100 383 080 -		809 124 335		
Current tax payable	-	4 826 325	-	-	-	4 826 325		
Other liabilities	-	72 262 834	-	-	-	72 262 834		
Financial guarantees	-	-	8 258 351	-	-	8 258 351		
Total	535 444 329	176 185 632	82 458 804	100 383 080	-	894 471 845		
Liquidity gap	(71 443 115)	(10 117 060)	(18 867 218)	97 054 163	32 757 736	29 384 506		
Cumulative liquidity gap	(71 443 115)	(81 560 175)	(100 427 393)	(3 373 230)	29 384 506	29 384 506		

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.

Partners For Success

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 2011	25.99
At 31 December 2012	33.09
Average for the period	29.79
Maximum for the period Minimum for the period	33.63 22.48

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 banking 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:

3 months

to 1 year

years

Above Non-interest

5 years

bearing

Total

1 to 3

months

Demand

24.5.1 Interest rate repricing

31 December 2012

	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Assets	02 505 607	02 247 107					175 022 704
Balance with banks and cash Money market assets	92 585 687 47 007 906	83 347 107 9 996 987	-	_	_	_	175 932 794 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 equities	-	-	-	-	-	172 206	172 206
Investment properties	-	-	-	-	-	2 745 000	2 745 000
Property and equipment	-	-	-	-	-	46 698 149	46 698 149
Deferred taxation Intangible assets	-	-	-	-	-	4 917 190 1 175 445	4 917 190 1 175 445
Total Assets	614 812 873	146 855 623	62 175 562	142 679 444	72 390 057		1 115 110 169
Liebiliai e e e d Ferriae							
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	030 194 100	139 130 340	03 990 374	124 /23 203	3 304 001	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	I 115 110 169
Interest rate repricing gap	(15 381 295)	(12 274 925)	(21 821 012)	17 956 161	67 005 376	(35 484 305)	-
Cumulative gap	(15 381 295)	(27 656 220)	(49 477 232)	(31 521 071)	35 484 305	_	_
	,	,	,	,			
December 2011		1 to 3	3 months	1 to 5	Above	Non- interest	
		1 (0)					
	Demand	months	to 1 year	years	5 years	bearing USS	Total US\$
	Demand US\$	months US\$	to 1 year US\$	years US\$	5 years US\$	bearing US\$	Total US\$
Assets Ralance with banks and cash	US\$	US\$					US\$
Balance with banks and cash	US\$						
Balance with banks and cash Money market assets	US\$	83 461 286 5 050 000 28 319 415				US\$ - - -	140 060 364 5 050 000 729 508 116
Balance with banks and cash Money market assets Advances Other assets	US\$ 56 599 078	83 461 286 5 050 000	- -	- -	- -	US\$ - - - 12 215 208	140 060 364 5 050 000 729 508 116 58 971 404
Balance with banks and cash Money market assets Advances Other assets Investment in equities	US\$ 56 599 078	83 461 286 5 050 000 28 319 415	- -	- -	32 757 736	US\$ 12 215 208 263 376	140 060 364 5 050 000 729 508 116 58 971 404 263 376
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties	US\$ 56 599 078	83 461 286 5 050 000 28 319 415	- -	- -	- -	US\$	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment	US\$ 56 599 078	83 461 286 5 050 000 28 319 415	- -	- -	32 757 736	12 215 208 263 376 2 288 000 40 677 195	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment Deferred taxation	US\$ 56 599 078	83 461 286 5 050 000 28 319 415	- -	- -	32 757 736 - - - - -	US\$	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment Deferred taxation Intangible assets	56 599 078 - 407 402 136 - - - - -	83 461 286 5 050 000 28 319 415	63 591 586 - - - - - - -	- -	32 757 736 - - - - -	12 215 208 263 376 2 288 000 40 677 195 3 388 512 1 560 091	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195 3 388 512
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment Deferred taxation Intangible assets Total Assets	56 599 078 - 407 402 136 - - - - -	83 461 286 5 050 000 28 319 415 46 756 196 - -	63 591 586 - - - - - - -	US\$	32 757 736 - - - - - - - -	12 215 208 263 376 2 288 000 40 677 195 3 388 512 1 560 091	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195 3 388 512 1 560 091
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment Deferred taxation Intangible assets Total Assets Liabilities and Equity	56 599 078 - 407 402 136 - - - - -	83 461 286 5 050 000 28 319 415 46 756 196 - -	63 591 586 - - - - - - -	US\$	32 757 736 - - - - - - - -	12 215 208 263 376 2 288 000 40 677 195 3 388 512 1 560 091	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195 3 388 512 1 560 091
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment Deferred taxation Intangible assets Total Assets Liabilities and Equity Deposits Other liabilities	56 599 078 - 407 402 136 - - - - - - 464 001 214	83 461 286 5 050 000 28 319 415 46 756 196 - - - 163 586 897	63 591 586 63 591 586	197 437 243 	32 757 736 - - - - - - - -	12 215 208 263 376 2 288 000 40 677 195 3 388 512 1 560 091	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195 3 388 512 1 560 091 981 767 058
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment Deferred taxation Intangible assets Total Assets Liabilities and Equity Deposits Other liabilities Current tax payable	56 599 078 - 407 402 136 - - - - - - 464 001 214	83 461 286 5 050 000 28 319 415 46 756 196 - - - 163 586 897	63 591 586 63 591 586	197 437 243 	32 757 736 - - - - - - - -	12 215 208 263 376 2 288 000 40 677 195 3 388 512 1 560 091 60 392 382	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195 3 388 512 1 560 091 981 767 058 809 124 335 89 549 418 4 826 325
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment Deferred taxation Intangible assets Total Assets Liabilities and Equity Deposits Other liabilities Current tax payable Equity and reserves	56 599 078 - 407 402 136 	99 096 473	63 591 586	US\$	32 757 736 	12 215 208 263 376 2 288 000 40 677 195 3 388 512 1 560 091 60 392 382	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195 3 388 512 1 560 091 981 767 058 809 124 335 89 549 418 4 826 325 78 266 980
Balance with banks and cash Money market assets Advances Other assets Investment in equities Investment properties Property and equipment Deferred taxation Intangible assets Total Assets Liabilities and Equity	56 599 078 - 407 402 136 	83 461 286 5 050 000 28 319 415 46 756 196 - - - 163 586 897	63 591 586	197 437 243 	32 757 736 - - - - - - - -	12 215 208 263 376 2 288 000 40 677 195 3 388 512 1 560 091 60 392 382	140 060 364 5 050 000 729 508 116 58 971 404 263 376 2 288 000 40 677 195 3 388 512 1 560 091 981 767 058 809 124 335 89 549 418 4 826 325

24.6. Exchange rate risk

Cumulative gap

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.

(71 443 115) (6 952 691) (17 561 558) 79 492 605 112 250 341

There is oversight at Board level through the 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 2012, 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\$33 270 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 2012 is as below:

Foreign currency position as at 31 December 2012

Position expressed in US\$					
					Other foreign
	Total	USD	ZAR	GBP	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 equities	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	23/231//	61 864	7 539
	4 526 282	4 526 282	-	01004	7 339
Current tax payable Equity and reserves	95 291 606	95 291 606	-	-	-
			20 720 177	6 120 000	2 012 270
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 2011

Position	expressed	in	USS

Position expressed in US\$					
	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	140 060 364	116 643 112	17 432 886	2 132 413	3 851 953
Money market assets	5 050 000	5 050 000	-	-	-
Advances	729 508 116	727 383 977	315 818	1 614 925	193 396
Other assets	58 971 404	58 696 372	250 117	25 503	(588)
Investment in equities	263 376	158 655	-	-	104 721
Investment properties	2 288 000	2 288 000	-	-	-
Property and equipment	40 677 195	40 594 218	6 869	-	76 108
Deferred taxation	3 388 512	3 388 512	-	-	-
Intangible assets	1 560 091	1 560 091	-	-	-
Total Assets	981 767 058	955 762 937	18 005 690	3 772 841	4 225 590
Liabilities and Equity					
Deposits	809 124 335	765 302 663	20 988 927	3 937 266	18 895 479
Other liabilities	89 549 418	89 534 052	36 983	58 760	(80 377)
Current tax payable	4 826 325	4 826 325	-	-	-
Equity and reserves	78 266 980	78 266 980	-	-	-
Total Equity and Liabilities	981 767 058	937 930 020	21 025 910	3 996 026	18 815 102

Foreign currency position as at 31 December 2012

Underlying currency in US\$

			041
Assets	ZAR	GBP	Other foreign currencies
Balances with banks and cash	139 535 403	1 606 468	2 621 618
		1 000 408	
Money market assets	53 734 847	-	4 663 674
Advances	10 515 955	159 073	(615 340)
Other assets	9 874 699	27 620	48 290
Investments in equities	-	-	143 642
Property and equipment	-	-	76 109
Total Assets	213 660 904	1 793 161	6 937 994
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)	4 924 716

Foreign Currency Position as at 31 December 2011

Underlying currency in US\$

Assets	ZAR	GBP	Other foreign currencies
Balances with banks and cash	142 485 953	1 383 067	3 851 953
Advances	2 581 308	1 047 428	193 396
Other assets	2 044 309	16 541	(588)
Investments	-	-	104 721
Total Assets	147 111 570	2 447 036	4 149 482
Liabilities Deposits Other liabilities	171 550 896 302 279	2 553 682 38 111	18 895 479
Total liabilities	171 853 175	2 591 793	(80 377) 18 815 102
Net position	(24 741 605)	(144 757)	(14 665 620)

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 2012 the Bank was not involved in any material litigation, dispute or arbitration proceedings which may have had a significant impact on its financial position.





STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2012

	Notes	31 Dec 2012 US\$	31 Dec 2011 US\$
Revenue	2	1 477 697	1 148 710
Operating expenditure	3	(1 650 889)	(1 373 499)
Operating income		(173 192)	(224 789)
Finance costs		(42 749)	(13 748)
Loss before taxation		(215 941)	(238 537)
Taxation	4	61 963	63 275
Loss for the year after taxation		(153 978)	(175 262)
Other comprehensive income		-	_
Total comprehensive loss for the year		(153 978)	(175 265)

STATEMENT OF FINANCIAL POSITION As at 31 December 2012

AS at 51 December 2012			
	Notes	31 Dec 2012 US\$	31 Dec 2011 US\$
ASSETS			
Balances with banks and cash	5	217 927	170 532
Money market assets	6	221 594	-
Loans and advances	7	318 095	322 781
Other assets	8	235 515	132 932
Investment securities	9	626 485	863 938
Investment property	10	85 000	61 750
Property and equipment	11	75 041	83 637
Intangible assets	12	343 196	319 554
Current taxation		15 800	15 800
Deferred taxation		64 895	2 932
TOTAL ASSETS		2 203 548	1 973 856
LIADUITIES			
LIABILITIES Other line like in a		624.040	520.115
Other liabilities		624 848	538 115
Borrowings Provisions		330 000	420 000
TOTAL LIABILITIES		111 722 1 066 570	109 785 1 067 900
TOTAL LIABILITIES		1 000 370	1 007 900
EQUITY AND RESERVES			
Share capital	13	62 005	61 005
Share premium	13	1 361 425	977 425
Revenue reserve		(286 452)	(132 474)
TOTAL EQUITY AND RESERVES		1 136 978	905 956
		50 57 6	203230
TOTAL LIABILITIES, EQUITY AND RESERVES		2 203 548	1 973 856

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2012

	Share capital US\$	Share premium US\$	Revenue reserve US\$	Total US\$
2011				
Balance at the beginning of the year Total comprehensive loss Balance at 31 December 2011	61 005 - 61 005	977 425 - 977 425	42 788 (175 262) (132 474)	1 081 218 (175 262) 905 956
2012				
Balance at 1 January 2012 Total comprehensive loss Rights Issue	61 005 - 1 000	977 425 - 384 000	(132 474) (153 978)	905 956 (153 978) 385 000
Balance at 31 December 2012	62 005	1 361 425	(286 452)	1 136 978

STATEMENT OF CASH FLOWS For the year ended 31 December 2012

CASH FLOWS FROM OPERATING ACTIVITIES	31 Dec 2012 US\$	31 Dec 2011 US\$
Loss before taxation Non cash items:	(215 941)	(238 537)
Depreciation and amortisation	68 255	64 327
Fair value adjustment	47 503	270 829
Loss/(profit) on sale of property and equipment	1 369	(39 464)
Impairment of intensible accets		10.022

Impairment of intangible assets	-	19 022
Operating (loss)/profit before changes in operating assets and liabilities	(98 814)	87 882
Changes in operating assets and liabilities Advances Money market assets Other assets Investment securities Other liabilities Provisions	4 686 (221 594) (102 583) 166 700 86 733 1 937	(276 871) - (112 352) 179 875 354 477 (134 713)
	(64 121)	10 410
Corporate tax paid Net cash flow from operating activities	(162 935)	(15 800) 82 492
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment properties Proceeds on disposal of property and equipment Purchase of property and equipment Purchase of intangible assets Net cash flow from investing activities	3 750 (10 412) (78 008) (84 670)	(61 750) 97 301 (42 768) (319 554) (326 771)

Purchase of investment properties	_	
Proceeds on disposal of property and equipment	3 750	
Purchase of property and equipment	(10 412)	
Purchase of intangible assets	(78 008)	(3
Net cash flow from investing activities	(84 670)	(3:
· · · · · · · · · · · · · · · · · · ·		
CASH FLOWS FROM FINANCING ACTIVITIES		
Rights issue	385 000	
Proceeds from borrowings	-	
Repayment of borrowings	(90 000)	1
Net cash flow from financing activities	295 000	4

NOTES TO THE FINANCIAL RESULTSS For the year ended 31 December 2012

Net increase in balances with banks and cash Balances with banks and cash at the beginning of the year Balances with banks and cash at end of the year

CBZ Asset Management (Private) Limited, incorporated in Zimbabwe, is a registered asset management company which is governed by the Collective Investments Schemes Act [Chapter 24:19] (1997) and the Asset Management Act [Chapter 24:26] (2004). The main activities are fund management and the provision of unit trusts. The Company is a wholly owned subsidiary of CBZ Holdings Limited, which is also incorporated in Zimbabwe.

		31 Dec 2012 US\$	31 Dec 2011 US\$	13.
2.	REVENUE			13.
2.	Interest Income Net income from trading securities Fair value adjustments on equity investments Commission and fee income (Loss)/profit on sale of property and equipment Other operating income	38 796 45 092 (47 503) 1 367 766 (1 369) 74 915	30 361 219 922 (270 828) 1 126 173 39 464 3 618	14.
		1 477 697	1 148 710	
3.	OPERATING EXPENDITURE Staff costs Administration expenses Impairment Audit fees Depreciation	939 375 598 259 - 45 000 13 889	774 310 490 566 19 022 44 296 45 305	
	Amortisation of intangible	54 366	-	
		1 650 889	1 373 499	
	Remuneration of directors and key management personnel (included in staff costs)			
	Salaries and other benefits	256 233	149 691	
		256 233	149 691	

4.1

4.2

7.1

7.2

Current income tax and deferred tax on temporary differences have been fully provided for. Deferred income tax is calculated using the

statement of infancial position hability method.		
	31 Dec 2012 US\$	31 Dec 2011 US\$
Analysis of tax charge in respect of the profit for the year		(60.150)
Current income tax charge Deferred tax	(61 963)	(60 150) (3 125)
Income tax expense	(61 963)	(63 275)
•		
Tax rate reconciliation	%	%
Notional Tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences Effective tax rate	2.94 28.69	0.78 26.53
Effective tax rate	26.09	20.53
BALANCES WITH BANKS AND CASH		
Balance with banks and cash	217 922	168 251
Cash	175	2 281
	217 757	170 532
MONEY MARKET ASSETS		
Fixed deposits	221 594	_
LOANS AND ADVANCES		
Loans	318 095	322 781

In prior year, the Company borrowed funds from CBZ Bank for a period of 5 years at a rate of 10% per annum. These funds were used to provide vehicle loan financing over a 5 year period at a rate of 10% to qualifying staff members. The loans are secured by the vehicles and title remains with the Company until the loans are fully expunged.

	31 Dec 2012 US\$	31 Dec 2011 US\$
Maturity analysis Between 3 months and 1 year	28 674	_
Between 1 and 5 years	289 421	322 781
,	318 095	322 781
Maturity analysis is based on the remaining period from 31 December 2012	to contractual maturity.	
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	125 799	26 429
Advances made during the year	40 309	108 190
Repayments during the year	(38 865)	(8 820)
Balance at end of year	127 243	125 799
Loans to employees Included in advances are loans to employees: -		
Opening balance	196 982	50 202
Advances made during the year	100 400	254 951
Repayments during the year	(106 530)	(108 171)
Balance at end of year	190 852	196 982
OTHER ASSETS		
Prepayments	96 007	24 332
Management fees receivables	138 308	105 400
Sundry debtors	1 200	3 200
	235 515	132 932
INVESTMENT SECURITIES		
Listed investments	626 485	863 938
	626 485	863 938
At cost		
At fair value	626 485	863 938
ACIAN VAIGE	626 485	863 938
Portfolio analysis		
Trading	626 485	863 938
Trading	626 485	863 938
INVESTMENT PROPERTY		
Opening balance	61 750	_
Additions	-	61 750
Fair value adjustments	23 250	-
Closing balance	85 000	61 750

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 year ended 31 December 2012. The rental income derived from the investment property amounted to US\$7 800 without direct operating expenses.

PROPERTY AND EQUIPMENT

450 000 (30 000) 420 000

175 721 (5 189)

170 532

47 395 170 532

Motor vehicles US\$	Computer and equipment US\$	31 Dec 2012 US\$	31 Dec 2011 US\$
30 000	139 158	169 158	238 090
-	10 412	10 412	42 768
-	(5 345)	(5 345)	(111 700)
30 000	144 225	174 225	169 158
6 667	78 854	85 521	94 079
2 500	11 389	13 889	45 305
-	(226)	(226)	(53 863)
9 167	90 017	99 184	85 521
20 833	54 208	75 041	83 637
	vehicles US\$ 30 000 30 000 6 667 2 500 - 9 167	vehicles US\$ equipment US\$ 30 000 139 158 - 10 412 - (5 345) 30 000 144 225 6 667 78 854 2 500 11 389 - (226) 9 167 90 017	vehicles US\$ equipment US\$ 31 Dec 2012 US\$ 30 000 139 158 169 158 - 10 412 10 412 - (5 345) (5 345) 30 000 144 225 174 225 6 667 78 854 85 521 2 500 11 389 13 889 - (226) (226) 9 167 90 017 99 184

		31 Dec 2012 US\$	31 Dec 2011 US\$
12.	INTANGIBLE ASSETS		
	Computer software At cost Accumulated amortisation	397 562 (54 366) 343 196	340 357 (20 803) 319 554
	Movement in intangible assets: Opening balance Additions Amortisation charge Impairment of intangible assets Closing balance	319 554 78 008 (54 366) - 343 196	19 022 319 554 (19 022) 319 554
13.	SHARE CAPITAL Authorised 1 000 000 000 ordinary shares of US\$ 0.0001each Issued and fully paid 620 050 000 ordinary shares of US\$ 0.0001each	62 005	61 005
14.	NOMINEE STATEMENT OF FINANCIAL POSITION Assets Balance with banks/ call deposits Money market Equity quoted Investment property Total assets	1 052 902 56 610 181 50 970 904 2 467 000 111 100 987	749 594 27 471 792 59 967 116 - 88 188 502
	Liabilities Unit trust funds Portfolio management funds Total liabilities	1 588 785 109 512 202 111 100 987	1 162 372 87 026 130 88 188 502