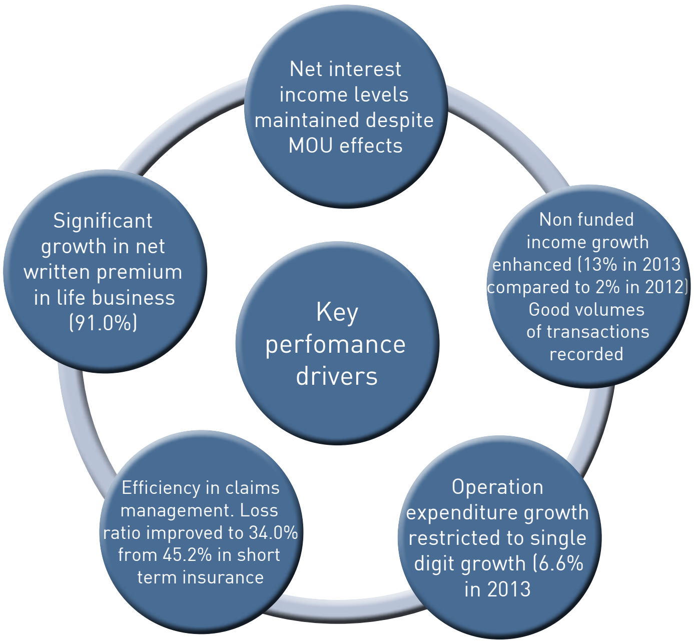
Contents

GROUP SALIENT FEATURES

	2013 US$	2012 US$
Total assets	1 558.7m	1 223.1m
Gross advances	1 064.0m	890.1m
Impairment charge on advances	35.9m	35.5m
Total deposits	1 332.6m	1 032.4m
Profit after taxation	36.7m	45.0m
Capital adequacy (%) – CBZ Bank	13.9	12.9
Funds under management –CBZ Asset Management	140.2m	111.1m
Total insurance assets – CBZ Insurance	4.0m	4.7m
Basic earnings per share (cents)	6.3	7.4
Return on assets (%)	3.0	4.5
Return on equity (%)	20.0	28.1
Non-interest income as a % of total income	36.7	33.9
Advances/Deposits ratio (including offshore) (%)	77.2	82.8
Cost to income ratio (%)	59.0	57.8
Permanent staff compliment	1 380	1 370



Group Communication Statements

Chairman's Statement

Richard Victor Wilde

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

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

The past two years have been characterised by subdued economic performance which called for expanded prudential banking practices. The level of non-performing loans increased in the sector with the market ratio deteriorating from 13.47% as at 31 December 2012 to 15.92% as at 31 December 2013. The resultant write offs and provisions have taken a toll on the banking industry's profitability.

Despite the challenges, the Group has made notable inroads in the banking, insurance and asset management frontiers and again the Group has delivered significant value to all stakeholders along the value chain.

Operating Environment

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

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

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

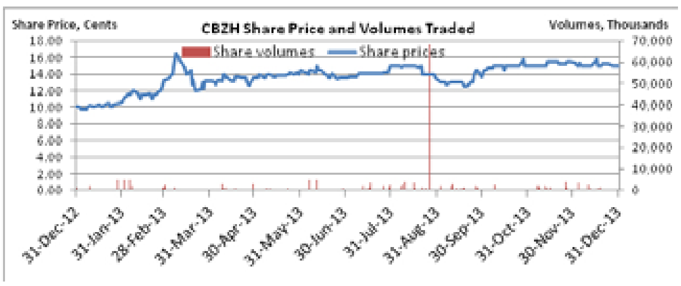
Financial Market

A well-functioning financial services system has always played a key role in driving and supporting growth by providing capital, facilitating trade and financing infrastructure and innovation. Financial institutions must therefore play a pivotal role in providing innovative solutions to the general social, economic and environmental challenges. Access to financial services is thus deemed critical for the achievement of the aforementioned. The money market is yet to recover to the level of interbank and corporate activities reached in the pre-dollarisation era while the treasury bills market is yet to be fully restored.

It is therefore encouraging to note the direction taken by Government, to recapitalise the Reserve Bank of Zimbabwe in order to undertake the Lender of Last Resort function. It is also expected that such capitalisation will assist in the resuscitation of interbank trading.

Capital Market

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



The CBZ Holdings stock, opened the year at 10.0 cents and gained 50% to close the year at 15.0 cents. Approximately 217 million of the company's shares changed hands during the year whilst the company's market capitalisation closed the year at US$103 million.

Overview of the Group's performance

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

	Audited Year Ended 31-Dec-13 US$m	Audited Year Ended 31-Dec-12 US$m
Profit before taxation	42.2	55.6
Profit after taxation	36.7	45.0
Total comprehensive income	39.9	50.1
Total assets	1 558.7	1 223.1
Total equity and reserves	205.8	160.7
Total deposits	1 332.6	1 032.4
Total advances	1 028.1	854.7
Other statistics		
Basic earnings per share(cents)	6.3	7.4
Non-interest income to total income %	36.7	33.9
Cost to income ratio %	59.0	57.8
Annualised return on assets %	3.0	4.9
Annualised return on equity %	20.0	32.2
Growth in deposits %	29.1	24.4
Growth in advances %	20.3	8.1
(Decline)/Growth in PBT %	(24.0)	45.4
(Decline)/Growth in PAT %	(18.6)	48.4

Directorship

During the year under review, Mr M.I.O Ben Ghali and Mr M.H. Nanabawa resigned from the Board as Non-Executive Board members with effect from 30 April 2013 and 31 December 2013, respectively. Mr L. Zembe retired from the Board as Board Chairman with effect from 10 February 2014. We thank them for their contribution and wish them every success in their future endeavours.

Governance

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

Following a thorough annual review of its performance as well as the performance of its committees, the Board and committees continue to function well and fully met their obligations to shareholders and other stakeholders over the year.

Dividend

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

Outlook

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

The Group reaffirms its commitment to serve its stakeholders and to contribute to the overall improvement of the country's investment climate.

Appreciation

My appreciation goes to the Boards of the Group, management and staff for their commitment to the common goals of growth and success. The achievement of these goals would have been 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 exploiting our dynamic capabilities.

R V Wilde
Chairman

26 February 2014

Group Chief Executive Officer's Statement

Dr John Panonetsa Mangudya

"We remain very confident of our ability to attain growth and performance going forward, achieving this through the meticulous selection of investment options which present a balanced risk-return profile."

It is my pleasure to report that CBZ Holdings Limited has delivered a strong performance despite challenging economic conditions. This is the fifth consecutive year post dollarisation that the Group has posted profitable results. Our performance demonstrates once again, the strength and resilience of the Group and the progress that we have made in the past years.

Key Strategic Focus Areas

For the past 5 years the Group's perfomance has been driven by focusing on the following key strategic focus areas which have become the core of our business strategy.

- Building a diversified business portfolio
- Development of innovative products and services
- Enhancing delivery channels
- Establishing an international presence through the "product export" strategy
- Utilisation of Group synergies

Our strategic focus areas have been implemented at subsidiary level in the following manner:

BANKING	INSURANCE	ASSET MANAGEMENT
• Expansion of Mortgage Finance products • Growth in Investment Banking • Promotion of technology based products • Broadening delivery channels • Growth in long term funding • Enhanced risk management	• Development of attractive products • Enhanced risk management • Effective application of available synergistic opportunities • Bancassurance	• Global presence through products offering • Alternative investment products

Our efforts in internationalisation have come with visible success after the conclusion of the $68 million ZERB Bond. Plans are already underway to renew this bond at an increased tenure and value of $200 million. The Group has been tirelessly sourcing cheaper funds as evidenced by the growth of offshore lines of credit from $33.9 million in 2009 to $289.7 million in 2013. This growth underlines the confidence of international investors in our brand. Other notable successful initiatives include the raising of a $10 million long-term offshore debenture.

In addition, the Group, through CBZ Asset Management initiated the establishment of the CBZ Global Fund Mauritius. The Fund is an intiative to drive funding from offshore investors, thereby boosting liquidity in the Group and enhancing Foreign Direct Investment at a macro level.

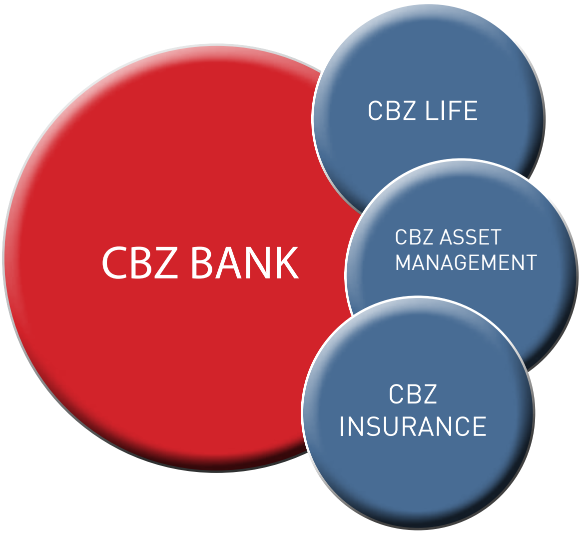
We believe these efforts will go a long way in assisting our clients in accessing cheaper and long term facilities.

The Group is aware of the need to have a robust and accessible delivery channel, hence the focus on expanding its virtual footprint through Mobile banking, in-store ATMs and Card based products.

Our long term committment is the disciplined application of our strategies to create a broad portfolio of products, services and capabilities that will ensure a wider range of options for future growth.

The One CBZ Model

As CBZ we believe in customer centricity and the provision of a convenient standardised quality service throughout the Group. The "One CBZ" model depicts a monolithic brand for the Group and provides a platform for the utilisation of synergyistic opportunities within the Group.



The diagram below summarises the Group's total assets, operating profit and shareholders' funds for the 2013 financial year.

Unit	Total Assets (US$m) Dec 2013	Net Profit before tax (US$m) Dec 2013	Shareholders' Funds (US$m) Dec 2013
CBZ Bank	1 531.33	38.24	176.70
CBZ Life	8.40	3.29	6.00
CBZ Insurance	5.57	0.59	1.61
CBZ Asset Management	2.57	0.49	2.06
Group (Consolidated)	1 558.67	42.20	205.85

Our investment philosophy is cognisant of the need to continuously create and preserve shareholder value. As such we remain very confident about our ability to attain growth and performance going forward, achieving this through the meticulous selection of investment options which present a balanced risk-return profile.

Corporate Social Responsibility

The Group recognises that it has responsibilities to all stakeholders which include the interests of employees, business partners, customers, suppliers and the impact of the Group's operations on the local communities and the environment where we operate from. The Group makes contributions to local communities and charities in the areas which it operates.

We emphasise the importance of delivering a balance between economic growth, social well being and the protection of the environment in support of the goal of sustainable development.

Governance

Promoting our values and translating them into ethical behaviour has been a key aspect of the Group's activities. We continue to place greater focus on appropriate corporate behaviour and I am pleased to note that the Group has maintained a well established governance structure with a focus on continuous improvement.

Prospects for 2014

Mobile Banking is set to contribute significantly to the Banking industry. To this end, the Group has entered into key partnership agreements to tap into this potentially profitable segment.

The Insurance subsidiaries are set to continue on a growth trajectory and increase their share of revenue contribution thereby reducing the concentration risk associated with relying on one major subsidiary.

Whilst shareholder wealth maximisation remains a key deliverable which Management is keen to meet annually, the Group will continuously focus on satisfying its shareholders and making a positive impact on the communities in which we live.

Integrated Financial Reporting

As part of our efforts to improve our communication with stakeholders, we have embarked on a journey towards presenting a fully integrated annual report by 31 December 2015.

This report therefore sets the foundation of this journey to present informative integrated financial statements. It details our strategic focus and goals in relation to our key stakeholders. Further it states our engagement commitments, and our key policies that will drive our performance in delivering value. I am convinced that this initiative, which is fast becoming international best practice, will strengthen our partnerships with our stakeholders.

Our Staff

Our human resources are our most important assets. They define our corporate image and are the Group's interface with our clients. It is through them that our strategy is implemented and they are the difference between the Group's success and failure. The Group invested significant amounts in human resources through a variety of training and education initiatives. This has ensured that competent and professional individuals continue to serve our clientele at all times. The continued development of our people will be a key priority in 2014 as we seek to be at the forefront of our industry. Our clients are at the centre of everything we do and only through adequate staff development will we be able to render quality service and performance that our clients deserve.

Performance management and succession planning will also be a key project in 2014 and this will allow us to constantly monitor our staff's progress throughout the year.

Appreciation

I extend my appreciation to the Boards of the Group for provision of direction and support to Management towards achieving our strategic goals.

To all our staff members, thank you for the hard work and commitment to the common objectives as evidenced by the good results. Let us remain focused and committed to our performance aspiration. I thank you all for your contribution.

To our valued clients and the rest of our stakeholders, thank you for your continued support and be assured that we are working hard to deliver a successful and profitable 2014.

DR J P MANGUDYA
Group Chief Executive Officer

26 February 2014

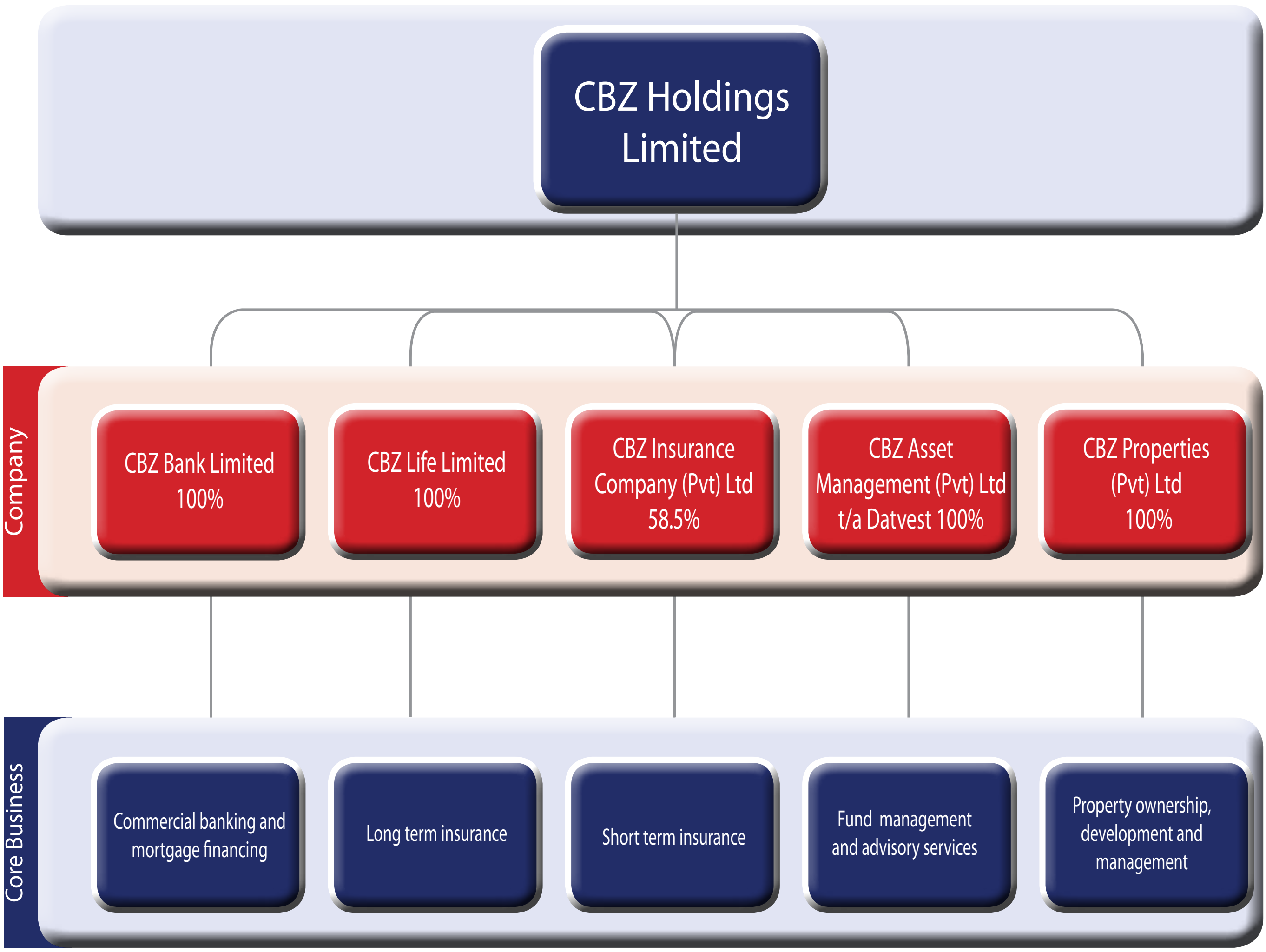
cBz

Corporate Profile

BUSINESS OVERVIEW

CBZ Holdings Limited is a diverse financial services group listed on the Zimbabwe Stock Exchange (ZSE) and operates throughout Zimbabwe, employing 1 380 people. The Group has subsidiaries in Banking, Insurance (long and short term) and Asset Management. In addition, the Group has a significant property portfolio managed by its subsidiary, CBZ Properties (Private) Limited.

GROUP STRUCTURE



STAKEHOLDER OVERVIEW

SHAREHOLDERS

Our investors comprise both corporate and individual investors from within our borders and beyond. During the 2013 financial year we have delivered the following to our investors;

- Dividend of 0.334 cents per share, and
- Return on equity of 20.0%.

Our engagement commitments

- Annual general meetings.
- Investment and business updates.
- Local and international roadshows.
- An improved and interactive website.

Official launch of CBZ instore ATMs.

Strategic objective

To deliver value to our investors through consistent, timely and accurate information complimented by growth in value through positive financial and non financial performance.

CLIENTS

Our clients are comprised of institutions and individuals who have a diverse range of financial service requirements that we provide through our extensive branch network across Zimbabwe. During the 2013 financial year we delivered the following to our clients;

- Opened the Wealth Management Centre in Harare.
- Opened Long Cheng Branch, Joshua MN Nkomo Airport Agency Branch, Tobacco Sales Floor and Mashonaland Tobacco Company Agency Branches.
- Introduced Church Saver Account and online fees payment solutions for Universities.

Our engagement commitments

- Communicate through our Branch network and relationship Managers.
- Improved and interactive website.
- Direct and public marketing campaigns.

Strategic objective

To develop a mutually beneficial relationship with our clients by listening and understanding their needs in order to provide them with a range of financial solutions according to their needs and expectations and be partners in their success.

STAFF

Our staff compliment comprises a good ratio of female and male employees with a healthy age profile of both the young and mature. This is vital for continuity and succession planning as well as combining experience with energy. During the year we delivered the following to our staff;

- Staff share option scheme,
- Wellness and HIV training programs, and
- Internal and external training programs.

Our engagement commitments

- Face to face scheduled and ad hoc meetings.
- Written communication through the intranet, email and newsletters.
- Targeted training.

Mr P Zimunya officially launches the CBZ instore ATMs.

Strategic objective

To attract, develop and retain key talent for the growth and sustainability of our current business operations while creating adequate human capital for future business needs.

REGULATORS AND GOVERNMENT

Our regulators comprise the Reserve Bank of Zimbabwe, the Zimbabwe Stock Exchange, the Securities and Exchange Commission of Zimbabwe, and the Insurance and Pensions Commission. Government comprises all ministries, local authorities and parastatals. During the year we delivered the following to our regulators and government;

- Compliance with minimum capital and other regulatory requirements,
- Strong corporate governance practices,
- Contribution to the fiscus through direct and indirect taxes,
- Contribution to growth of SMEs, and
- Contribution to national policies and legislation.

Our engagement commitments

- Timely submission of returns and other documentation.
- Attendance of investment forums and other meetings.
- One on one meetings between executives of regulatory authorities and the Group.

Strategic objective

To ensure compliance with all statutory and regulatory requirements through an open, honest and transparent relationship. To minimize operational risk and assist in the development of the markets that we operate in and the economy as a whole.

COMMUNITIES

Our communities are represented by all the locations and people that we co-exist with across our wide branch network. During the year we delivered the following to our communities;

- Various social responsibility programs which are outlined in our CSR section,
- Employment opportunities, and
- Extensive access to financial services across the country.

Clients interact after the launch of the CBZ instore ATMs.

Our engagement commitments

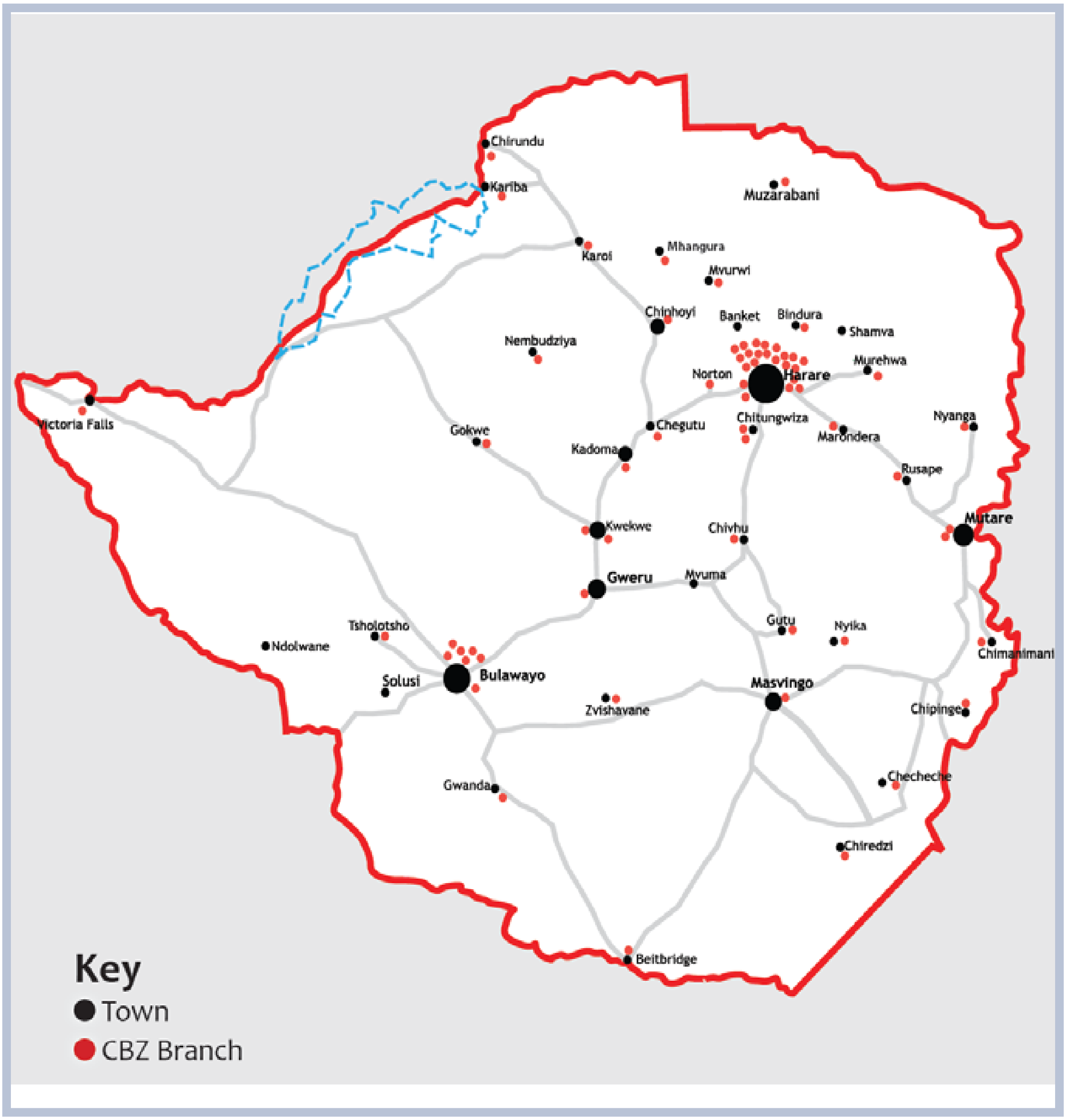
- Partnering with community based organisations.
- Partnering with Government and NGOs to develop our communities.

Strategic objective

To obtain information from our communities in order to create mutually beneficial and sustainable initiatives to improve and develop the lives and the environment of our communities.

OUR GEOGRAPHICAL FOOTPRINT

Our extensive footprint ensures that we deliver a convenient service to our valued clients.



The Bank's branch network is also home to CBZ Life and CBZ Insurance, under the One CBZ model.

In the process of executing our business strategy objectives and enhancing stakeholder value, the Group received various accolades during the year 2013 which are listed below:

Business Performance

- 2012/2013, Employer of Choice Award in the Financial Services Sector, awarded by the Employers Confederation of Zimbabwe (EMCOZ) in conjunction with the Institute of People Management in Zimbabwe (IPMZ).
- The Afreximbank Financial Institutions' Award for 2013 (Gold category).This was in recognition of exceptional work done by CBZ Bank in the provision of Trade Finance in Africa, innovation in the use being made of the CBZ Bank Limited products and the ability to identify and implement suitable financing transactions to ensure the Bank is able to meet trade financing needs on the continent.
- 2013 Banking Sector SuperBrand by the Marketers Association of Zimbabwe (3rd consecutive year).
- The ZIMRA Highest Dollar Value Contributor (Domestic Taxes) Award.
- The Financial Sector Investor of the Year (2013) by the Zimbabwe Investment Authority.
- Banking and Financial Services Award by Buy Zimbabwe.

Customer Services

- Contact Centre Association of Zimbabwe, Customer Excellence Service Award, 1st Runner up, Banking & Finance Sector.
- 2nd Runner Up-Customers Service Award by Buy Zimbabwe.

Corporate Social Responsibility

- Business Award for having the Best Corporate Social Responsibility - HIV/ AIDS Programme during 2012 awarded by Zimbabwe National Chamber of Commerce (ZNCC).
- Best 2012 SMEs Corporate Social Responsibility Support awarded by the Regional Centre for Social Responsibility (RCSR).
- Contact Centre Association of Zimbabwe, Corporate Social Responsibility Award 2nd Runner up, across all sectors.

“In the process of executing our business strategy objectives and enhancing stakeholder value, the Group received various accolades during the year 2013”

Shareholder Information

SHARE BUY BACK

The Directors of CBZ Holdings Limited, were authorised to buy back the company's shares, through a Special Resolution passed at the 2012 Annual General Meeting, and this mandate was further extended at the Company's AGM held on 30 April 2013. The Directors were authorised in terms of Article 11(b) of the Company's Articles and subject to sections 78 to 79 of the Companies' Act (Chapter 24:03) to purchase the Company's own shares.

The decision to buy back the Company's own shares was premised upon the fact that the Company's share register held 11 250 shareholders of whom the top 73 shareholders held a total of 92,33% of the aggregate issued shares whilst the remaining balance was held by 11 177 shareholders. An analysis revealed that there was limited value for minority shareholders due to high administrative costs. Transport costs incurred in visiting the nearest bank for purposes of depositing the dividend cheque exceeded the benefit to the shareholder. The Share Buyback was therefore mooted with the following objectives in mind:

i. The need to contain the Share Register maintenance costs, which costs are related to the size of the Share Register.

ii. To address logistical challenges encountered during the payments of dividends as well as those faced by the shareholder on the receipt of dividend payouts.

iii. To save clients on transaction costs so that they can maximize on the benefit.

NIL COST DEALING FACILITY

Following receipt of approval from the Shareholders and regulatory authorities, press advertorials on the Nil Cost Dealing Facility (NCDF) were flighted to all Shareholders. In addition, the Group sponsored a radio programme on ZiFM every Monday to Thursday between 19:15 hours and 19:30 hours, which has been used as a platform to raise awareness of the NCDF. Advertorials were also flighted in vernacular language in order to reach the target market.

The NCDF was not a compulsory invitation to sell CBZH shares but an offer which would enable willing and eligible shareholders to make a choice to either accept the offer or keep their shareholding. It gave eligible shareholders an opportunity to sell their entire shareholding in the Company free of all dealing costs and commissions which are typically disproportionate for a holding of ordinary shares of less than 5 000 shares.

The offer received limited uptake from the targeted class of shareholders despite both the print adverts and radio announcements. The offer closed on 30 November 2013 as the principal buyer entered its closed period. The Directors will seek Shareholders approval to extend the mandate to enable them to utilize alternative means of communication to reach eligible shareholders. The total uptake by eligible shareholders amounted to 26 923 shares by 28 shareholders.

SHARE OPTION SCHEME

In a bid to empower staff the Group launched a share option scheme on 1 June 2012. Employees were allocated share options, with the first batch for those with three or more years in service vesting on 1 July 2013. The table below shows the scheme's statistics as at 31 December 2013.

Description	Value
No. of shares for first allotment	40 000 000
No. of eligible employees issued with shares	1 114
Total no. of shares allotted	34 162 500
No. of employees who accepted their offers as at 31/12/2013	1 035

ANALYSIS OF SHAREHOLDERS

as at 31 December 2013

Size of Shareholding	No. of Holders	% of Total Shares	No. of Shares	% of Total Shares
1 – 5 000	9 864	87.68	7 674 051	1.12
5 001 – 10 000	389	3.46	2 877 589	0.42
10 001 – 25 000	627	5.57	6 484 492	0.94
25 001 – 100 000	187	1.66	9 785 558	1.43
100 001 – 200 000	54	0.48	7 751 483	1.13
200 001 – 500 000	56	0.50	18 066 275	2.63
500 001 and over	73	0.65	633 569 002	92.33
TOTAL	11 250	100.00	686 208 450	100.00

ANALYSIS BY SHAREHOLDER TYPE

Category	No. of Holders	% of Total Holders	No. of shares	% of Total shares
Individuals	10 519	93.50	32 521 562	4.76
Companies	440	3.90	212 090 700	30.90
Non Resident Transferable	38	0.34	261 195 976	38.06
Pension Funds	139	1.24	113 000 262	16.47
Directors	2	0.02	3 308 372	0.48
Nominee Company	65	0.58	55 101 378	8.02
Investment, Trust and Property Companies	31	0.28	2 982 792	0.43
Insurance Companies	16	0.14	6 007 408	0.88
TOTAL	11 250	100.00	686 208 450	100.00

TOP TEN SHAREHOLDERS AS AT 31 DECEMBER 2013

Shareholder's name	No. of Shares	% Shareholding
Government of Zimbabwe	110 000 000	16.03
Libyan Foreign Bank	96 609 470	14.08
CBZ Holdings Limited (Held as treasury shares)	76 084 414	11.09
National Social Security Authority	73 768 563	10.74
Safari Quantum Investments Limited	68 414 454	9.97
Stanbic Nominees (Pvt) Ltd	28 173 527	4.10
Stanbic Nominees (Pvt) Ltd	18 802 070	2.74
Stanbic Nominees (Pvt) Ltd	13 006 849	1.90
Datvest Nominees (Pvt) Ltd	12 211 869	1.78
Barclays Zimbabwe Nominees (Pvt) Ltd	11 464 873	1.67
Total	508 536 089	74.10
Others	177 672 361	25.90
Total	686 208 450	100.00

SHAREHOLDERS CALENDAR

Financial year end	31 December 2014
ANTICIPATED DATES	
Half year's results to 30 June 2014	August 2014
Full year's results to 31 December 2014	February 2015
Annual Report and Annual General Meeting	April 2015

Refurbished CBZ Newlands Branch

Refurbished CBZ Msasa Branch

Subsidiaries Communication Statements

CBZ Bank Limited

Peter Zimunya

Managing Director's Report

> The Bank is above the target regulatory capital of $100 million with which compliance has been extended to the year 2020 from the previously set deadline of June 2014. As at 31 December 2013 the Bank had a core capital of $152.3 million.

Our 2013 results reflect the ongoing success of our strategies which have set us apart from our competitors and has provided stability throughout the past years of economic turmoil.

The Bank has produced yet another set of good results against a difficult operating enviroment.

Financial Sector Developments

Despite the broader economic constraints, the banking sector remained largely stable throughout the year. However, the tight liquidity conditions have seen restricted banking sector lending and high lending rates.

In March 2013, the banking sector and the Reserve Bank of Zimbabwe signed a Memorandum of Understanding (MOU) which put a cap on service charges and interest rates. The MOU was not extended after it expired in October 2013. However, for the greater part of the year banks were adversely affected as no interventions could be effectively carried out on the revenue side while operating and funding costs increased. This put considerable pressure on the Bank's earnings.

The current initiatives to revive the interbank market and restore the RBZ lender of last resort function as indicated in the 2014 National Budget Statement and the 2014 Monetary Policy Statement will go a long way in improving liquidity and stability in the local banking sector.

CBZ BANK PERFORMANCE

Financial

Despite a year in which income initiatives were adversely affected by the MOU and the cost of funding was relatively higher due to tight liquidity conditions, all of which placed significant pressure on earnings, the Bank attained good results achieving significant asset and deposit growth.

Below is an overview of key performance highlights,

Profit	US$ 17.5 million	44%	↓
Total assets	US$ 1.4 billion	28%	↑
Deposits	US$ 1.3 billion	30%	↑
Gross Adavnces	US$ 0.9 billion	13%	↑

Operational Review

CBZ Bank's strategic operating business units are Treasury, Corporate Banking, Retail Banking, Investment Banking and Structured Finance, and Mortgage Finance.

Below is an analysis of the key developments that have taken place under the key units:

TREASURY

The Treasury Division was active in mobilising funding and managing the Bank's overall liquid resources. This has seen treasury trading income increasing by 48% from the prior year position. The Bank's money market investments have also increased significantly from the previous year. This went a long way in ensuring that the Bank remained liquid throughout the year.

CORPORATE BANKING

Credit quality enhancements and deposit mobilisation were some of the key initiatives in 2013. This resulted in overall improvement in the quality of the Bank's loan book and a 22% growth of corporate deposits.

RETAIL BANKING

The year 2013 saw exciting and significant developments within the Retail Banking Division. The Bank officially opened its Wealth Management Centre in Pomona, Borrowdale. The centre houses CBZ Asset Management, Borrowdale Branch and Wealth Management Suite. This has provided a one stop financial services shop for our clients.

The Bank also expanded its card services footprint on the VISA brand through the acquisition of VISA POS merchant acquiring business. A MasterCard project is also in the pipeline and it is expected to be rolled out in 2014. Furthermore, the Bank is promoting the use of electronic banking and card products in an effort to decongest banking halls and improve customer service. In line with this strategy all manual withdrawals by individual clients are expected to be phased out during the year 2014.

The Bank scored a first in Zimbabwe by launching the first in store ATMs in the country in partnership with Spark ATM Systems, a South African based company. In store ATMs totalling 45 have been deployed to date.

The CashPlus savings product introduced in 2012 continued to grow significantly, registering a growth of 122% in 2013. The CashPlus family is a range of savings products offering competitive interest rates ranging from 4 to 8%. The Bank's initiative to mobilise savings deposits and provide value to the retail customer is proving to be a success and more growth is expected from this product.

INVESTMENT BANKING AND STRUCTURED FINANCE

The Advisory Services Division has been engaged in various mandates in 2013, with advisory work on the disposal of the Astra shares held by the Finance Trust of Zimbabwe being one of the notable ones. The Trade Finance arm has also concluded various credit line transactions, for both the Bank and on behalf of our clients.

MORTGAGE FINANCE

Land development and development of low to medium cost residential houses and stands continued to be undertaken in the year such as the Nehosho Housing Project Scheme.The Bank expects to increase its mortgage book as developed properties become available for sale. The Bank has continued to lend mainly under the employer assisted housing schemes, Cashplus Housing product and on properties owned by the Bank.

The Bank has also invested into a land bank whose value will be unlocked in the long term as mortgage finance initiatives continue. This is also against a background of the tax exemption to receipts and accruals of mortgage finance revenue as highlighted in the 2014 National Budget Statement.

Capital Adequacy

The Bank is above the target regulatory capital of $100 million with which compliance has been extended to the year 2020 from the previously set deadline of June 2014. As at 31 December 2013 the Bank had a core capital of $152.3 million.

Risk Management

The Bank has adequate systems and processes to effectively measure, monitor and control the risks which it is exposed to. Overally, the Bank's risk is managed through an enterprise-wide risk management structure

Risk Management processes within the Bank start with individual departmental identification of risks under their respective process flows and subsequent classification of the risks into:-

- Risks that can be avoided or mitigated by simple business practices and are provided for in approved procedures,

- Risks that can be transferred to other participants as in underwriting arrangements and insurances, and
- Risks that must be actively managed using bank resources, through a combination of line management and risk management department actions.

The general philosophy of the Bank is to segregate risk generation functions from approval and oversight functions in all activities carried out. To this end the Bank has created an independent risk management function which is independent of the risk-taking function. This is necessary in order to achieve objectivity in the area of risk evaluation. This function facilitates the identification, measurement, monitoring and control of various risks in all units.

Credit Rating

The Bank maintained the A+ long term credit rating as rated by the Global Credit Rating Company of South Africa (GCR) for 2013. The Bank was also awarded an A1 short term credit rating by GCR for the same period. The rating outlook for the Bank has been designated as stable. This is a show of confidence on the Bank's sustainability and ability to meet both its short-term and long-term commitments.

Positioning

The Bank continues to be a pacesetter in its area of operations enjoying a market share of 22% and above, across all the key metrics. The Bank received the following accolades in 2013:

1. "2013 Banking Sector SuperBrand" by the Marketers Association of Zimbabwe;
2. The Financial Sector Investor of the Year (2013) by the Zimbabwe Investment Authority;
3. The ZIMRA Highest Dollar Value Contributor (Domestic Taxes) Award;
4. The Banks and Banking Survey 2013 2nd Runner Up; and
5. The Financial Institutions Award (Gold Category 2013) by Afreximbank.

Corporate Social Responsibility

The Bank plays a broader role in the communities in which we live and operate beyond what we deliver through our business activities. We do this through programmes designed to invest back into the community and through direct efforts and our own staff. The following are some of the activities the Bank was involved in:

- Sponsorship towards the refurbishment of Mashava Campus at Great Zimbabwe University;
- Lupane State University fundraising;
- Sponsoring the Bindura University first international Science and Mathematics Education Conference;
- Construction of the visitors waiting area and benches at South Medical Hospital;
- Donation towards the hosting of an annual medical research forum by the Medical Research Council;
- Donation to the Zimbabwe women national football team; and
- Replacement of collapsed ceiling at Chitungwiza Central Hospital.

Outlook

The government of Zimbabwe developed a 5 year economic blueprint titled the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset) which is scheduled to be in implementation up to December 2018. The economy is expected to grow at an average rate of 6.7% over the 5 year period with the peak being at 9% in 2018.

The availability of clear and consistent policies augurs well for economic growth going forward. The extension of the capitalisation deadlines also provides opportunities for profitable re-deployment of excess capital and therefore growth to the Bank's earnings.

It is against this background that the Bank will continue to enhance value preservation and growth strategies in the coming year, including the improvement of credit quality, liquidity management and earnings diversification.

Appreciation

My sincere gratitude goes to our clients, the Board, management, staff and all stakeholders, without whom the Bank would not have been able to achieve the above performance.

P ZIMUNYA
MANAGING DIRECTOR

26 February 2014

CBZ Asset Management (Private) Limited

Jack Francis Smith

Managing Director's Report

> The Company continued to diversify its portfolio with the fixed income investments and the property portion of the portfolio successfully achieving their investment performance targets.

The volatility that characterized the operating environment in 2012 continued unabated in 2013. It is pleasing to note that in spite of this the Company performance continues to improve.

In 2013 the environment was characterised by a number of key factors. The capital markets showed mixed performances during 2013. The stock market showed a very strong performance during the year outperforming virtually every prediction that was present during this time. There was significant volatility with the local bourse falling by as much as 11% in a seven day period during August but it subsequently stabilised.

The industrial index rose by 32% for the twelve months ended 31 December 2013 due to a number of factors. Firstly that the growth was driven by foreign investment with the bulk of this investment occurring in the first quarter of the year. Secondly a significant portion of this investment was limited to the blue chip counters like Delta, Innscor, Old Mutual and Econet. This movement in the equity markets was beneficial to the performance of funds under management. The fixed income market was relatively stable and unchanged during 2013 with interest rates continuing to be in the range of 9% to 12% throughout the period under review.

It is worth noting, however, that the prevailing multiple currency system has continued to bring with it a measure of stability to the economy as a whole, making it possible to plan ahead for most businesses.

Finances

The Company's funds under management grew significantly during the year from US$ 111.1 million to US$ 140.5 million. This represented an increase of twenty six percent, which was commendable under the circumstances. This growth in the book had a positive impact on the Company's fees with a total of US$ 1.792 million being earned in 2013. The Company's proprietary investments also delivered a strong performance in 2013 with an amount of US$ 319 257 being earned during the year. The Company achieved notable milestones in 2013 in the area of cost containment where, through a raft of measures, including the use of Group shared services. These measures included a reduction in the overall staff compliment as well as the elimination of non essential expenses. Consequently, the Company achieved a profit before taxation of US$ 494 751 which was significantly ahead of initially budgeted figures.

The Company continued to diversify its portfolio with the fixed income investments and the property portion of the portfolio successfully achieving their investment performance targets.

The Company's capital position remains strong with total equity of US$ 2 063 344, against the required capital of US$ 500 000.

Clients

The Company's client base continued to grow during 2013, a testament to the strength of the brand and its recognition in the market. The Company's portfolios performed well during the year returning a positive performance of 17.39%. This compared favourably with the inflation benchmark of less than one percent. In addition the fixed income portion of the book continued to grow as more clients turned to this sector. The Company's money market book grew by over twenty percent during the year.

The Company's investment philosophy is premised on delivering positive investment performance on a rolling three-year period and to remain in the upper quartile of performance during such periods. We believe that this allows portfolio decision making to be done with a long-term view and thus not be distorted by short-term volatility. Our client portfolios have achieved a performance of 200% during the 57 months since dollarisation, allowing us to remain in the upper quartile of investment performance for this period.

Diversification and product development remain a core part of our investment strategy in the year ahead.

Systems

Risk management is a key consideration in our daily transactions especially with the significant volatility being experienced in the country's capital markets. The Company's flat organizational structure has meant that the management team has been intimately involved in all key Company transactions reducing the overall level of risk. During the year, we reengineered our process flows to best practice standards

The Company's two board committees - the Investment and Risk Management Committee and the Audit and Compliance Committee have played a vital moderating role in ensuring our overall systems are compliant in all respects.

The Company is currently working on a new Customer Relationship Management system which is expected to improve the level of service being offered to our clients.

The Outlook

The Company recorded a very strong performance for 2013. This performance hinged on a disciplined approach to the Company's key strategic objectives as well as a recognition of the importance of our clients to us. As such all key actions carried out during the year were aimed at delivering strong returns to our clients whilst ensuring risk was kept to appropriate levels. The Company is optimistic about the year ahead and will continue to safeguard and build on funds placed with us. Our goal is to ensure that our clients' portfolios continue to show real growth in 2014. It is only through the success of our clients that we will succeed and so all our efforts will be directed at ensuring that our client goals are achieved.

I would like to take this opportunity to thank the Board of Directors who have been very supportive of all our initiatives in 2013 and have given the Company direction in these turbulent times, our staff, who have toiled endlessly through the year showing tremendous loyalty and belief in the Company, and last but not least our clients who have allowed us the great privilege of participating in the management of their wealth.

I am confident that the Company is now firmly moving forward and will continue to do so in 2014.

J F SMITH
MANAGING DIRECTOR

26 February 2014

Insurance Operations

Nobert Mureriwa

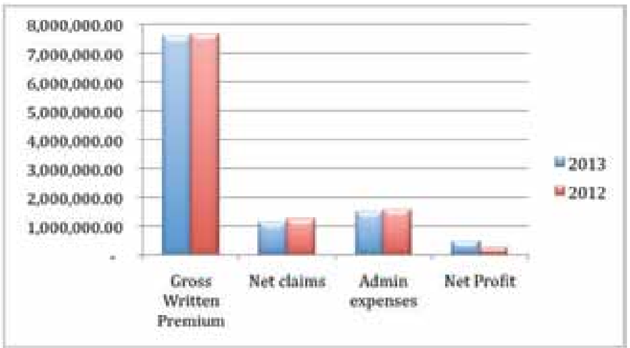
Managing Director's Report

"The progress that we have made in these turbulent times is a reflection of the enthusiasm we have."

CBZ Insurance (Private) Limited

It's with great pride that I present the financial results of the Company for the year ended 31 December 2013. Our operations were not spared from the challenges that affected the economic performance of the country but nevertheless we posted positive results.

Financial Highlights

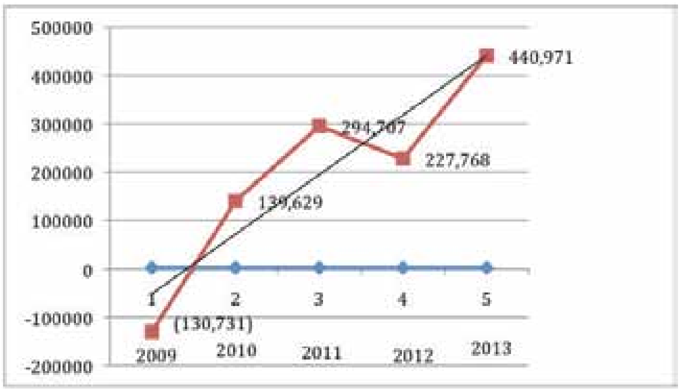


The Company recorded a profit after tax of $440 971 for the year ended 31 December 2013 increasing by 94% from $227 768 reported in the same period in the previous year. The return on equity increased from 19% to 27% reported in the comparative period the previous year. Return on assets also improved from 3% in the prior year to 8% in the current year.

Net Profit Trend

Following substantial setbacks from barley claims incurred in the year 2012, the Company made changes to its product portfolio and this resulted in an increase in profit after tax to US$440 971.

The Statement of Financial Position closed the year at US$5.6 million, 17% down from the December 2012 position of $6.7 million. This reduction was mainly caused by settlement of barley claims which had accounted for 18% of total assets in the previous year. The current ratio strengthened further to 270% as compared to the December 2012 position of 106%.



The extensive restructuring of the organization to support the re-designed business model is bearing fruit and all the key ratios are pointing in the right direction. The 2013 financial performance provides a solid platform on which to build a profitable insurance operation.

The company's current asset mix is relatively spread towards liquid assets which are readily available to support day to day operations. Management however aims to balance risk and rewards by investing in asset portfolios with varying risk and return profiles.

We take pride in the results achieved and progress made so far fulfilling our long-term promises through the quality of the decisions we make, the integrity, hard work, and dedication of our staff. The positive results involved striking the right balance between risk and reward to provide long-term value and stability.

Capital Adequacy
Shareholders' equity closed the period at $1.6 million in compliance with the regulator's minimum capital requirement of $1.5 million. The company had a solvency ratio of 46% against a regulator's prescribed minimum of 25%.

Underwriting Philosophy
The Company's underwriting philosophy remains that of selective underwriting and aims to profitably grow by focusing on low risk, high retention business.

Outlook
The Company's 2014 Business Plan was designed taking into full cognizance the realities of our operating environment. Management is satisfied that the environmental constraints notwithstanding, the Company will experience significant growth on its bottom line. We shall continue to focus on risk management, cost containment, and operational efficiency in the ensuing year.

CBZ Life (Private) Limited

It is my pleasure to report on the performance of CBZ Life for a third successful year of operation. The company has been able during its short life span, to build a name for itself in the industry and contribute significantly to the Group's bottom line.

Business Operations
The Company continued to make significant inroads within the Long term insurance industry through the impressive growth of the Funeral Cash Plan that contributed 60% of gross premium from a 37% contribution in 2012. During the year, the company also successfully launched the Guaranteed Education Plan, with a contribution of 5% to gross premium. The company continued to explore synergies with the Bank, a number of initiatives having been undertaken targeting the CBZ Bank account holders.

Financial Performance
Profits after tax for the year doubled to $3.26 million from the $1.53 million achieved in the prior year; slightly surpassing the budget for the year. A combination of good performance on the funeral side, and commission and claims ratios that were well within budget guaranteed the good performance of the company. Total assets grew by 71% to $8.40 million, with core capital sitting at $5.97 million, well above the $2 million required by the regulator as at 30 June 2014.

Technological Investment
During the year, the Company began implementation of a new administration system, Exergy, in partnership with Silverbridge from South Africa. This is in line with the "Service Excellence Strategy" that is a key differentiator in the operation of CBZ Life.

Market Analysis
The life insurance industry continued to grow with a 33% growth in premium to $188 million being achieved as at 30 September 2013. Industry assets grew by 34% to $1.5 billion as at 30 September from the comparable period last year. The industry was largely compliant with the new capital requirements during the current reporting period.

Capital Adequacy
Shareholders' funds for the year ended 31 December 2013 closed at $5.97 million which is in excess of the $2 million minimum requirement set for the Life Offices sector of the insurance industry by the 30th of June 2014. The compliance level to the minimum capital requirement for the whole sector was estimated at 89% as at September 2013.

The Future
The harsh economic climate is expected to continue in the coming year as the country struggles to attract the much needed foreign direct investment to achieve sustainable growth. The clarity on the continuation of the multiple currency regime is however a positive development. The current mix of products being offered by CBZ Life is expected to sustain continued growth of the company as we move into the next year.

Appreciation
I wish to extend my gratitude to the CBZ Life Board, management and staff for their outstanding performance and support for the company. Much appreciation also goes to CBZ Bank and the Group at large for their unwavering support.

N. MURERIWA
MANAGING DIRECTOR

26 February 2014

CBZ LIFE LIMITED

ACTUARY`S REPORT
as at 31 December 2013

STATUTORY INSTRUMENT 183 OF 2009

INSURANCE (AMENDMENT) REGULATIONS, 2009 (No. 14)

Certificate as to the solvency of an insurer, which carries on life insurance business only

The following table shows the results of the actuarial valuation of CBZ Life on the published reporting basis in respect of the year ended 31st December 2013.

	31-Dec-13	31-Dec-12
	US$	US$
Total Assets	8 373 720	4 919 150
Current and other liabilities	791 028	677 683
Technical liabilities	1 614 683	1 538 283
Excess Assets	5 968 009	2 703 184

The minimum capital requirement is US$1 000 000 at 31st December 2013 (US$500 000 at 31st December 2012) and thus CBZ Life's ratio of excess assets to the minimum requirement is 6.0 times (5.4 times in December 2012).

I hereby certify that, to the best of my knowledge and belief, at 31 December 2013, the value of the assets in respect of all classes of life business carried out by CBZ Life Limited exceeded the amount of liabilities in respect of those classes of insurance by more than US$1 000,000.

JONATHAN BAGG
Fellow of The Institute of Actuaries
Fellow of The Actuarial Society of South Africa

In my capacity as:
ACTUARY TO CBZ Life Limited

26 February 2014

The Group officially opened its Wealth Management Centre in Pomona, Borrowdale during the year 2013.


WEALTH MANAGEMENT CENTRE
CBZ
ATMs
Banking Hall
DATVEST
Insurance Services
Wealth Management

cBz

Corporate Social Responsibility

CBZ Holdings continues to invest in this critical sector with our involvement focusing on building the capacity of educational institutions, from primary to tertiary levels.

CBZ Holdings is committed to Corporate Social Responsibility (CSR) and to integrating sound governance, economic and social practices into our day to day business activities. Our aim is to embrace responsibility for the Company's actions and encourage a positive impact through our activities on the environment, consumers, employees and communities within which we operate.

As a leading financial services Group, we believe that success is measured by more than financial results, but by customer satisfaction, employee engagement, strong governance practices and support for our communities. CSR is an important part of who we are and how we operate and this report summarises our achievements and future goals.

Our CSR performance for the past 5 years is summarised below:

INDICATORS		2009	2010	2011	2012	2013
Community	Total donations and sponsorships	0.18m	0.73m	0.91m	1.03m	0.63m
Economic	Corporate tax	1.6m	8.1m	12.0m	13.8m	17.5m
	Amount spent on goods and services from suppliers	11.74m	24.41m	27.17m	32.37m	32.25m
	Return on Equity	12.9%	21.6%	25.5%	32.2%	20.0%
Social	Investment in Employee training	0.18m	0.50m	0.44m	0.33m	0.54m
	Women in Senior management	13	22	26	25	27

Microfinance

Our focus is premised on helping customers become financially better off. Achieving this requires more than simply providing the right products and services. It also means offering education, resources and advices to help people make informed decisions.

Since 1995, the Bank has made tremendous impact in both urban and rural communities by extending financial services to the less privileged.

Small scale entrepreneurs and micro-business owners account for a significant portion of our business. The health of these businesses is crucial for long term economic and social development so much that we provide innovative and sustainable microfinance services that support these small scale enterprises.

Our microfinance operations provide free financial literacy programs to clients and non-clients to strengthen basic business and finance management skills. In 2013, we provided financial coaching to a number of microfinance clients and the focus in 2014 is to expand wherever we are represented.

Through our Microfinance unit, we have financially assisted and nurtured individuals into mainstream banking with some microfinance businesses growing into corporates. We have facilitated access to health care insurance through partnering with PSMAS in launching the Link Plan which was developed to cater for the medical aid needs of microfinance clients.

The sack potato project which has been replicated countrywide was also funded by CBZ Bank and this has seen an increase in women accessing loans thus improving household welfare. All clients who access loans through us undergo orientation classes which are meant to inculcate a business culture in our clients as well as equipping them with knowledge relating to business management. Specialist training is also made available through structured business forums and consultations.

The African Rural and Agricultural Credit Association

The African Rural and Agricultural Credit Association (AFRACA) is an Association of Central Banks, Commercial Banks, and Agricultural Banks, Micro-finance Institutions and National Programmes involved with agricultural and rural finance in Africa.

The Group shares the vision of the Association of a rural Africa where people have access to sustainable financial services for economic development. The mission of AFRACA is to improve rural finance environment through the promotion of appropriate policy frameworks, which enables sustainable financial institutions to increase their outreach.

CBZ Bank has been an active participant in this Association and in 2012 was elected to Chair the Association's Southern Africa Region Chapter. Being Chair of the Sub Region grouping meant that we are also in the Executive committee of AFRACA which is the policy making organ of the Association. The Bank is represented by its Divisional Director, Retail Banking, Molly Dingani and has been very active in the Executive Committee. The Bank has also played a very positive role in influencing policy direction of AFRACA. We have also benefited a lot through our membership to AFRACA by learning new initiatives in rural microfinance, such as the role played by value chains in rural development.

Reducing Environmental Impact

With a team of over 1300 employees, CBZ Holdings has a social and economic responsibility to reduce its impact on the environment. The Group has introduced environmental guidelines throughout its operations including environmental risk assessments in lending practices. We have started looking at possible ways of reducing the usage of paper and energy consumption.

Mobile and electronic banking has had a profound impact on the reduction of paper consumption. The company has also introduced print reduction initiatives including shared printers and printing back to back to help reduce paper consumption. In 2011 our Bank Branches stopped printing reports and now undertake on-line filing of reports through an internet based database. Clients' bank statements are no longer being printed but emailedby request.

The sack potato project which has been replicated countrywide was also funded by CBZ Bank and this has seen an increase in women accessing loans thus improving household welfare.

CBZ Holdings staff take part in a clean up campaign.

All smiles - Datvest employees feel proud after taking part in a clean up campaign.

Fostering a savings culture in the nation.

CBZ bringing banking to the people-The CASHPLUS Roadshow, Highfield Machipisa edition.

A member of Edzai Isu Drama Club peforming a on HIV/AIDS awareness to staff.

CBZ Life 2013 marketers' conference.

The usage of IT resources can have a significant impact on power consumption. Since 2013, the number of physical servers has been drastically reduced with the introduction of virtual servers.

CBZ Holdings has partnered two institutions that are promoting a green culture in Zimbabwe through various initiatives. Proudly Zimbabwean Foundation coordinated various clean up and environmental awareness campaigns in Harare and Bulawayo wherein we provided the financial resources. CBZ Holdings also partnered Friends of the Environment in their campaign to plant trees during the 2013 edition of the Walkathon that targeted Mashonaland Central. The month of December 2013 saw CBZ Holdings taking part in the inaugural Green Awards aimed at rewarding companies that have adopted a going green culture in their operations.

Diversity and Inclusion

CBZ Holdings Limited values a culture of diversity and we understand that we are able to provide our services to a broader customer base throughout the entire country. Thus the diversity of our employees is a critical element of the Group's attention to customer needs.

Human Resources

We believe that a positive work culture and great workplace can be cultivated and we are focused on providing a consistent experience for all our employees across our branch network.

The Group's Human Resources strategy is aimed at attracting, developing and retaining key talent for the growth and sustainability of our current business operations whilst creating adequate human capital for future business needs.

The Group continues to invest in staff development programmes which include Graduate training and Cadetship training, among others.

The Group's Human Resources and Remuneration Philosophy and Policy espouses the set of values, behaviours, practices and expectations that the Group holds for its employees in order to make the Group an Employer of Choice, a Great Place to Work and an environment that allows for innovation and creativity.

The success of the Group lies in nurturing a highly capable, innovative, motivated, committed, empowered and accountable workforce that is geared to add value to the Group's business by fully applying its knowledge, talents and skills to deliver an excellent service to its varied clients.

The Human Resources and Remuneration Philosophy and Policy is therefore premised on the following important pillars;

- **Shared Values** – The CBZ brand thrives on our employees living the Group's values of integrity, respect, accountability, governance consciousness and people centeredness to create a family of achievers.

- **Communication** – Effective communication and consistent information sharing helps the Group to leverage on cross pollination of ideas and is a catalyst to quick implementation of decisions.
- **Training and Development** – The Group promotes and encourages the concept of a continuous Learning Organisation. Employees are supported to enhance their qualifications, knowledge, skills and competencies which are key enablers to meet expected output levels for current and future job positions.
- **Management development and leadership training** - these are continuous processes aimed at developing senior level staff to keep abreast of the dynamics and complexities of the ever changing business environment.
- **Succession Planning** – This is vital for business continuity and is targeted at all key positions within the Group. This involves identifying key talent to take over key positions when they fall vacant or arise and the talent is then developed through on-the-job training, coaching and mentoring, secondments and enrolment for relevant courses.
- **Staff Promotion** – The Group values the growth of its employees and their career advancement and through its Promotion Policy it recognizes staff who meet the relevant qualifications and skills for the job, and who have shown consistent high performance. Promotions are also guided by the principle of equal opportunity to all.
- **Remuneration** – Employees are recognized and rewarded on the basis of their individual contribution and team work, in promoting and growing the Group's business as measured in terms of accomplishments of set goals and objectives.
- **Performance Management** – A key principle of the Group's reward philosophy is to pay for performance and this is implemented through the Group's performance management system.
- **Employee Safety, Health and Wellness** – The Group places emphasis in promoting the safety, physical and psychological health and wellness of its employees and their family members, since a healthy employee is a productive employee.

During the year 2013, the Group was presented with the ZNCC Best Corporate Social Responsibility - HIV & AIDS Programme Award for its effort in this area in the prior year. The Group also won the EMCOZ-IPMZ 2012/2013 Employer of Choice Award in the Financial Services sector.

The Group will continue to review and strengthen its Human Resources practice and programmes so as to maintain a strategic fit with the business demands, recognize and reward high performance and compliance with statutory requirements and standards.
In 2014 the Group's Human Resources Function will continue to focus

Always ready to serve - some of the staff members at CBZ wealth management centre.

Staff concentrate during an HIV/AIDS awareness session.

Staff undergoing a training workshop.

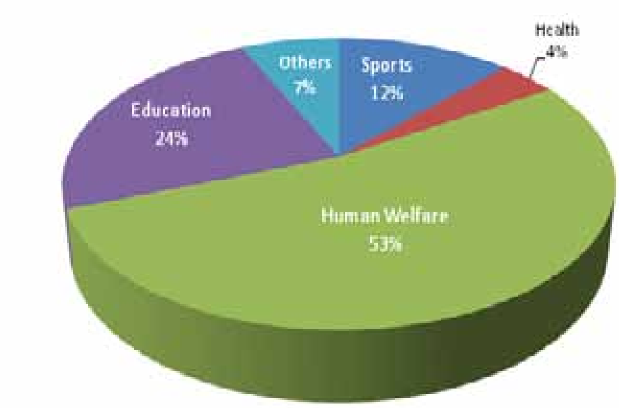
CBZ BOOST Entrepreneurs receiving their prizes.

on enhancing practices and programmes in the following key areas; Succession Planning, Performance Management, Management/ Worker Collaboration and Employee Engagement, Employee Development and Employee Safety, Health and Wellness.

Human Rights

It is important to clients and employees that we demonstrate our commitment to human rights in every community and places where we do business. CBZ Holdings is committed to ensuring that employees are free from discrimination and respects all applicable human rights and non discrimination laws.

We recognize that every human being has a right to physiological and emotional needs and a dignified life thus we play a part in mitigating the effects of the economic downturn. Various opportunities were actively sought out targeting the orphaned and vulnerable children and the disabled, among others.



Corporate donations expressed in percentages.

Corporate donations

The sections below highlights some donations provided and corporate activities undertaken during the course of the year.

A) HEALTH

The economic downturn that Zimbabwe has been going through for more than a decade has taken its toll on the health delivery system especially on the Public Health Sector. We continue to play our part in alleviating the challenges faced by that sector through the identification of critical areas affecting the delivery system to the majority of the population. The following intiatives were undertaken during the year:

- 13 beds were donated to the Harare Central Hospital Maternity ward. The beds donated were adequate to replace all the aging delivery beds at this major referral institution.
- The refurbishment of the water reticulation system at Rujeko Maternity Clinic in Dzivarasekwa, Harare, eased the acute water shortages at the hospital.
- Chitungwiza Central Hospital also benefited through a donation of $10 000 which was utilised in renovating ceilings at the hospital.
- Other beneficiaries include the Cancer Association of Zimbabwe, Eczema Trust, National Aids Council, and Mpilo Hospital.

Presention of hospital beds donated by the Group to Harare Central Hospital.

B) SPORT

CBZ Holdings is a brand synonymous with promoting sporting excellence across all sporting disciplines. Our investment is in the grassroots; assisting sporting associations and schools in identifying and nurturing talent. We play an active role in providing resources to identify and nurture talent that will produce future sporting stars for the country. Below are some of the initiatives to date.

- Donated two soccer kits to Mutare Teachers College senior soccer team which was promoted into the second division. We also financially assisted Zimbabwe Women Football senior team toward the participation at major tournaments that were held in 2013 as well as the 2013 Sports and Recreation Awards dinner dance.
- Sponsored the Inaugural African Tug of war Championships that were held in April as a way of promoting Tug of war which is not popular in the country compared to other sporting disciplines.
- CBZ Bank Highfield Branch coordinated a soccer tournament that featured four high schools. Glen Norah 1 High School, Glen Norah 2 High School, Highfield 2 High School and Kwayedza High School took part in the inaugural invitational tournament which was hosted by Glen Norah 1 High School.

Participants at the inaugural CBZ invitational soccer tournament.

Glen Norah High 1, winners of the inaugural CBZ invitational soccer tournament.

C) EDUCATION

CBZ Holdings continues to invest in this critical sector with our involvement focusing on building the capacity of educational institutions, from primary to tertiary levels.

- Great Zimbabwe University Mashava Campus - the Group provided financial assistance to Great Zimbabwe University towards the renovations of their new Campus in Mashava which was formerly used by Gaths Mine.
- Support to primary and secondary schools - various primary and secondary schools were assisted during their prize giving and graduation ceremonies. We donated $8 000 towards the Harare Provincial Merit Awards and Bulawayo Metropolitan Better schools programme.
- CBZ BOOST Entrepreneurship Challenge - The 3rd edition of the challenge targeting youth in secondary schools and Tertiary Institutions provided a platform for youths with potential to change the nation and the world at large. CBZ Holdings provided BOOST with the resources to carry out training programs in all tertiary institutions and participating secondary schools throughout Zimbabwe. The training culminated in the National Finals at the Celebration Centre in Harare where the winning projects were recognized and rewarded.
- CBZ Holdings also sponsored the BOOST ENACTUS 2013 edition that involved Tertiary Institutions presenting community based projects that seek to empower communities and contribute toward poverty alleviation.

A total of $82 400 has been spent so far through BOOST.

Investing in education, is investing in the future.

CBZ Holdings promoting a clean environment.


Staff members at Tose Respite Centre a home that caters for children with severe mental and physical disabilities offering rehabilitation programmes in speech, language and occupational therapy.


CBZ Holdings took part in the UNWTO general assembly that was co-hosted by Zimbabwe and Zambia.

D) ARTS

The arts industry has the potential to contribute significantly towards the GDP. Recent developments have proven that individuals, families and communities can make a living out of the arts and contribute to their own welfare and at the same time to the growth of the country. CBZ Holdings continues to look for platforms to contribute towards the growth of this industry such as the National Arts Merit Awards (NAMA) and the Harare International Festival of the ARTS (HIFA) among others.

E) NATIONAL DEVELOPMENT

We believe in investing towards strategic national and international initiatives that are meant to boost investor confidence in Zimbabwe as well as building the capacity of local entrepreneurs' and professionals. During the period under review, we invested in sponsoring a number of national and international events which were hosted in the country with the objective of enhancing investor confidence in Zimbabwe. These included the 2013 Mining Indaba and other events which brought together stakeholders from various industries to share opinions and create alliances seeking to promote economic growth in the country such as:

- United Nations World Tourism Organisation General Assembly

  CBZ Holdings were co-sponsors of the fundraising gala dinner for United Nations World Tourism Organisation (UNWTO) General Assembly that was co-hosted by Zimbabwe and Zambia in the resort town of Victoria Falls and Livingstone respectively. Our Group Chief Executive Officer, Dr J.P Mangudya, was nominated a UNWTO ambassador.

- Sanganai World Travel and Tourism Fair

  Apart from participating as an exhibitor, the financial services Group also sponsored a business conversation meeting that was held on the side-lines of the Sanganai World Travel and Tourism Fair.

- Zimbabwe Carnival

  CBZ Holdings was also one of the main sponsors of the Inaugural Zimbabwe Carnival that was held in Harare which was aimed at marketing Zimbabwe as a safe tourist destination.

  Other events in which the Group was the main participant include the Small to Medium Enterprises Expo, Quoted Companies survey, Manufacturing Sector Survey, Customer Service Day celebrations, ZITF, Harare International Festival of the Arts, Harare Agricultural Show and Midlands Show. CBZ also participated as a sponsor in various professional winter and summer schools and conferences for the Institute of Chartered Accountants of Zimbabwe, The Institute of People Management, Marketers Association of Zimbabwe, Confederation of Zimbabwe Industries and Institute of Insurance Zimbabwe among others.

F) YOUTH ENTREPRENEURSHIP

CBZ Holdings, through a strategic partner seeks to transform the problem of youth unemployment and underemployment into an opportunity for wealth creation and social improvement by helping promising young people start viable social businesses. An ongoing Entrepreneurship Challenge was launched and is designed to cultivate the next generation of entrepreneurial, financial and managerial leaders and innovators to help shape a successful future for themselves and the country they live in.

A customer receives fruits as part of customer service week celebrations.

G) STAFF VOLUNTEERING

CBZ Holdings has a strong culture of staff volunteering, with staff members contributing many hours of volunteering in their respective communities as well as providing resources to assist the needy. Our geographical spread has enabled us to reach many communities around Zimbabwe. Various Branches and Head Office departments engaged different communities around the country and provided financial and material support for the institutions as well as clean up campaigns.

Listed below are some of the staff volunteering activities undertaken during the year:

- Belmont Branch donated an assortment of food items and blankets to Sandra Jones Centre, a home that takes care of orphans and abandoned children. Belmont Branch staff members managed to spend time with the kids at the home as well as helping with the cleaning and cooking.
- Karoi Branch made donations to Karoi Old People's home and the Come Unto Me Children's Centre. The Branch donated various grocery items and Christmas goodies to the two homes.
- Treasury and International Operations spared time to be with children at Tose Respite Centre a home that caters for children with severe mental and physical disabilities offering rehabilitation programmes in speech, language and occupational therapy. They donated grocery items and partook in some of the children's day to day activities.

Mutare Branch customer service week celebrations.

Customer focus - A client feels at home at the wealth management suite.

cBz

Corporate Governance

OUR APPROACH TO CORPORATE GOVERNANCE

> The Board provides independent and objective input into the decision-making process, thereby ensuring that no single director holds unfettered decision-making powers.

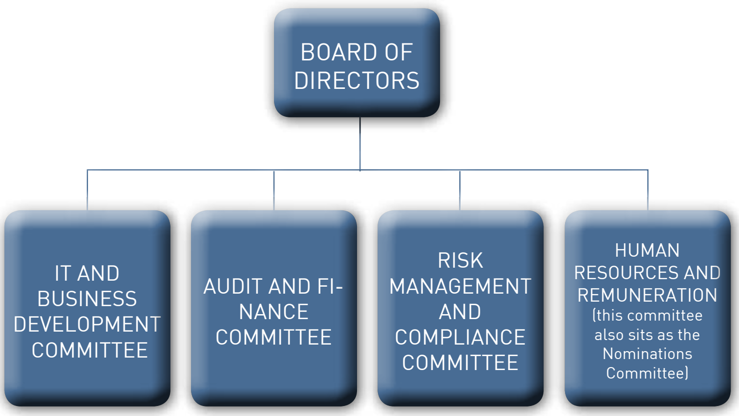
We believe that defined governance principles and compliance frameworks are critical to the continued growth and stability of the Group. We recognise our responsibility to ensure ethical, legal and transparent behaviour and that our business dealings are conducted for the benefit of our stakeholders.

The Group is committed to a high level of corporate governance and fosters a culture that values ethical behavior, integrity and respect. We believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation. Our governance strategy, objectives and structures have been designed to ensure that the Group complies with legislation, industry norms and international best practice. The Group regards corporate governance as a critical part of effective and sound risk management for sustained growth in order to meet its long-term strategic interests and those of its stakeholders.

Key to our sustainability is the recognition that ethically run businesses have a far greater potential for continued success. The required level of ethics is achieved through on-going employee awareness and training programs. Management and staff continue to observe the Code of Ethics and Code of Conduct through conducting business dealings with integrity and dignity, whilst, maintaining strict confidentiality; and applying the provisions of all relevant rules and regulations and not deliberately assisting in or withholding knowledge of any acts or omissions in violation thereof.

Effective governance is thus critical and must manifest in our decisions and behaviour that reflects values that are in line with the highest standards of ethical behavior. An effective corporate governance structure is important because it contributes to a safe and sound financial system. A solid foundation of good corporate governance, integrity, accountability and strong risk management culture has positioned the Group well in the challenging economic environment of the past few years. It has helped to build and maintain strong, enduring relationships with customers and other stakeholders in the communities around the country from where we operate.

Our corporate governance structure as at 31 December 2013



BOARD OF DIRECTORS

During the reporting year, the Board of Directors was comprised of fourteen directors of which twelve were non-executive and two were executive. On the 11th February 2014 we announced the retirement of Mr Luxon Zembe as Board Chairman with effect from 10 February 2014. Mr M.I.O Ben Ghali and Mr Mohammed Hanif Nanabawa also retired with effect from 30 April 2013 and 31 December 2013, respectively. Thus effectively reducing the Board to nine non-executive and two executive members. Mr Richard Victor Wilde was appointed as Board Chairman with effect from 20 February 2014. He is an Independent Non-executive Director.

The composition of the Board is monitored and discussed by the directors on an on-going basis to ensure that the board has the relevant and appropriate skills. The Board as a whole selects and appoints directors based on recommendations from the Nominations Committee. The Board believes that the current composition is sufficiently robust to ensure that shareholder interests are protected.

Appointments to the Board are made with due cognisance of the need to ensure that the Board comprises a diverse range of skills, knowledge and expertise and has the requisite independence, including the professional and industry knowledge necessary to meet the Group's strategic objectives. All appointments follow a transparent procedure and are subject to confirmation by shareholders at our Annual General meeting. Before appointment, potential Board appointees must undergo a fit and proper test in terms of Reserve Bank of Zimbabwe requirements and the Banking Act.

BOARD OF DIRECTORS	
Non Executive	L. Zembe; A. Lowe, R. Pasi, E. Mugamu, G. Taputaira, T. Bere, D. Mutambara, M. Nanabawa; F.M. Dernawi, M.O.I. Ben Ghali, R. Nhamo, R. V. Wilde
Executive	J. P. Mangudya and N. Nyemudzo

BOARD COMMITTEES	
Committee	Members as at 31 December 2013
Audit and Finance	E. Mugamu, M. Nanabawa, R. Pasi, A. Lowe, N. Nyemudzo, J. P. Mangudya
Risk Management & Compliance	R. Pasi, T. Bere, A. Lowe, F.M. Dernawi, J.P. Mangudya, N. Nyemudzo
Human Resources & Remuneration	R. Nhamo, L. Zembe, R. V. Wilde, T. Bere, D. Mutambara, J. P. Mangudya
IT & Business Development	G. Taputaira, L. Zembe, F.M. Dernawi, M.O.I. Ben Ghali, D. Mutambara, J.P. Mangudya, N. Nyemudzo

N. Nyemudzo and J. P. Mangudya attend by invitation

Independence

The Board provides independent and objective input into the decision-making process, thereby ensuring that no single director holds unfettered decision-making powers.

Diversity and Inclusion

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

Openness and Transparency

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

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

Board Training

The Group's Board Training programmes are designed to enhance the Board's capacity to execute its role effectively. Board Members undergo training in order to ensure that they continuously update their skills in view of our dynamic environment. Training programmes are arranged for the Directors throughout the year and are designed to ensure that the Directors update their skills and knowledge to maximize their effectiveness throughout their tenure.

Training programs undertaken during the course of the year covered not only matters of a business nature, but also matters falling into the environmental, social and governance arena. Thus, the focus was on board effectiveness, corporate governance and risk management. Formal training was conducted in the form of Director training workshops which provided an easy method to target numerous areas of weakness and train a number of Directors in one setting.

The following training was undertaken during the year under review:

TRAINING PROGRAM	BENEFIT TO THE BOARD
Effective Chairing of Boards	The training enhanced the Directors' capacity to conduct effective and productive Board meetings. It extended beyond how the Directors can effectively interact with each other, but also touched on how the Board related to the Chief Executive Officer and connected with the shareholders and key stakeholders.
Board Strategic Thinking	The training placed strategic thinking in the context of the Boardroom and took participants through the ten-step process of strategic thinking and the implementation of ideas. Training also covered how the Board can position the company in the dynamic markets, set corporate direction and review, decide and deploy key resources.
Best Practices for Effective Board Leadership	The Best Practices for Effective Board Leadership Workshop provided an explanation of the goals and responsibilities of the collective Board and helped Participants to appreciate their duties as individual directors. The goal was to help the Board to understand their roles and develop a plan to fulfill those roles and help the organization to achieve its mission.
9th Annual Corporate Governance Conference	The aim of the Conference was to equip the Directors with skills for building a clear roadmap to effective and compliant financial reporting, with emphasis on sustainable integrated reporting and responsible investment. Participants also explored the importance and impact of ethical leadership in the organization as well as methods for tracking and evaluating the Board against sound Corporate Governance practices, structures and strategic plans. The Directors also examined the pitfalls of ineffective corporate governance and how to avoid them. The Directors gained strategic insights into boardroom governance by benchmarking the necessary elements of good governance from leading business pioneers.
Governance of Risk	The training highlighted the nature of risk and the benefits of risk management as well as the Board role in risk management and risk management process. Participants also covered identification of risks and risk-assessment matrix; as well as deciding on appropriate risk response and risk monitoring. The training gave participants a better understanding of the principles of good governance to the identification, assessment, management and communication of risks. It incorporated such criteria as accountability, participation and transparency within the procedures and structures by which risk-related decisions are made and implemented.
Finance for Non-Finance Board Directors	The Company's Board is diverse, drawing its Members from a wide spectrum of experience and expertise. As such, training programs that enhance and amplify the Directors' financial expertise are crucial. This training programme centered on the Board's roles and responsibilities in the oversight of the organization's control environment. Particular attention was paid to the Audit Committee's organization, roles, and duties, as well as Audit Committee benefits, internal audit and control and contribution of external audit.

DIRECTORS WHO UNDERWENT TRAINING DURING THE YEAR ENDED 31 DECEMBER 2013

Director	Training Course Attended
L Zembe	9th Annual African Corporate Governance Conference Best Practice for Effective Board Leadership
F M Dernawi	9th Annual African Corporate Governance Conference Finance for Non-Finance Managers
T Bere	9th Annual African Corporate Governance Conference Best Practice for Effective Board Leadership Finance for Non-Finance Managers
G Taputaira	Effective Chairing of Boards (IODZ) 9th Annual African Corporate Governance Finance for Non-Finance Managers Best Practice for Effective Board Leadership
E Mugamu	9th Annual African Corporate Governance Conference
D Mutambara	9th Annual African Corporate Governance Conference Best Practice for Effective Board Leadership Finance for Non-Finance Managers
M H Nanabawa	9th Annual African Corporate Governance Conference
R Nhamo	9th Annual African Corporate Governance Conference Best Practice for Effective Board Leadership
R Pasi	Best Practice for Effective Board Leadership The Governance of Risk Board Strategic Thinking Board Management Supervision

Board Committees

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

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

This framework ensures that there is a balance of power and that no individual has unlimited decision-making powers. All board-delegated authorities are reviewed and updated annually by the Board. The Board evaluates the performance and effectiveness of board committees every year and the Board is of the view that these committees have effectively discharged the responsibilities as outlined in the respective terms of reference.

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.

In addition, Directors serve on subsidiary boards where their experience could be of value. Our Group Chairman served on the CBZ Bank Limited Board as Board Chairman since 1998 prior to his appointment as Chairman of the Group Board in February 2014.

Directors serving on subsidiary Boards are highlighted below:-

Group Board Member	Subsidiary Board Membership
Wilde. R. V.	Member of the CBZ Bank Limited Board
Mutambara. D.	Member of the CBZ Life Limited Board
Bere. T.	Member of the CBZ Asset Management (Pvt) Limited Board
Pasi. R.	Member of the CBZ Bank Limited Board
Mugamu. E.	Chairman of the CBZ Bank Limited Board
Zembe. L.	Member of the CBZ Bank Limited Board
Nhamo. R.	Chairperson of the CBZ Insurance (Pvt) Limited Board

Analysis of the Committees

Audit & Finance

The Committee's main objective is to provide effective financial governance in respect of the Group's financial results, the performance of both the internal audit function and the external auditor, and the management of the Group's systems of internal control, business risks and related compliance activities.

The functions of the Committee include:

- Review of the Company's financial statements;
- Consideration of reports from the external auditors identifying any accounting or judgmental issues requiring its attention;
- Approval of the audit plans for the external and internal auditors;
- Consideration of reports from the Group Internal Audit on the results of internal audit reviews, significant findings, management action plans and timelines of resolution; and
- Consideration of the external auditors' performance.

Risk Management & Compliance

The Committee assists the Board in discharging its responsibilities in overseeing, reviewing and recommending to the Board, the establishment of a risk management policy and the management of the Group's compliance with statutes, directives and internal policies.

The functions of the Committee include:

- Reviewing of the Company's risk management and compliance processes;
- Reviewing of risk and compliance reports and management of risk; and
- Reviewing arrangements established by management for compliance with regulatory financial reporting and best practice requirements, including the requirements and recommendations of relevant regulatory or supervisory bodies.

Human Resources & Remuneration

The Committee is responsible for the development and implementation of the Group's remuneration philosophy and policy and oversight of the compensation of Executive Directors of the Group. The Committee recommends non-executive directors' fees for review by the Board. The Committee also sits as a Nominations Committee and deals with succession planning matters across the Group.

During the year the Committee's work included:

- Implementation of programmes to strengthen the safety, health and wellness culture; and
- Approval of the Group's Human Resources and Remuneration Philosophy.

IT & Business Development

The Role of the Committee is to assist the Board in the discharge of its duties relating the oversight of strategic and tactical investment and business opportunities and the planning, management and organisation of Information, Communications and Technology.

During the year some of the committee's work included:

- Review of the Company's IT Governance structures; and
- Approval of the Group IT Strategic Plan.

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 Remuneration

Non-executive directors receive fees for their board membership and committees on which they serve. In line with best practice, proposals on non-executive directors' remuneration are made by the Human Resources and Remuneration Committee for review by the Board. The remuneration of non-executive directors is submitted to shareholders for approval at the annual general meeting held prior to implementation. The Directors' remuneration is aligned to best practice and remains competitive with that of other financial institutions. In 2013 Directors' fees totalled $640 075.

Board Evaluation

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. This evaluation is aimed at determining how the board's effectiveness can be improved. The evaluation process is governed by the Reserve Bank of Zimbabwe which is ultimately the custodian of the Board Evaluation Report in line with its Corporate Governance Guidelines. In 2013 the Board was rated as "strong" in terms of effectiveness.

Succession Planning

Succession planning is an important focus area at board, executive and senior management levels. The Board's succession planning process encompasses an evaluation of the skills, knowledge and experience required to implement the Group's business plans and strategy, as well as the need to transform the board and ensure greater diversity.

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

STRATEGIC LEADERSHIP

The strategic leadership of the company is the responsibility of the board, comprising two executive directors and nine non-executive directors as at 31 December 2013.

The Board manages the Company through a formal schedule of matters reserved for its decision. These include overall management of the Company; approval of the company's strategic plans; approval of the Company's operating and capital expenditure budgets; approval of the Annual Report and Financial Statements, material agreements, audit and risk management, remuneration, and corporate responsibility. Annually the Board meets as a strategic committee to map the strategic plan for the Group.

Internal Financial Control

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

Financial Reporting

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

Compliance

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

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

Shareholders

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

BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER

This table outlines details of Board and Committee members' attendance of Board and Board Committee meetings for 2013

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

Key
* Executive Directors
** Not a Member

ADDITIONAL SUPPORT TO THE BOARD

Group Legal Corporate Secretary

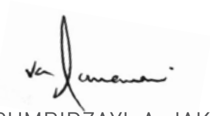
All directors have access to the advice and professional services of the qualified and experienced Group Legal Corporate Secretary who is responsible for ensuring that board procedures and applicable rules and regulations are fully observed. The Group Secretary provides guidance to the board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interests of the Group.

The Group Secretary oversees the induction of new directors and assists the Chairmen and the Group Chief Executive Officer in determining the board agendas, as well as the formulation of governance and Board-related issues.

STATEMENT OF COMPLIANCE

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

By order of the Board



RUMBIDZAYI. A. JAKANANI
GROUP LEGAL CORPORATE SECRETARY

30 April 2014

REPORT OF THE DIRECTORS

We have the pleasure of presenting our report and the audited financial statements for the year ended 31 December 2013.

SHARE CAPITAL

The authorised and issued share capital of the Group is as follows:

Authorised: 1 000 000 000 ordinary shares
Issued and fully paid: 686 208 450 ordinary shares

INCORPORATION, ACTIVITIES AND RESULTS

The Group offers commercial banking, mortgage finance, asset management, short and long term insurance and other non financial services and is incorporated in Zimbabwe.

Summarised below is a breakdown of the application of profit after tax attributable to shareholders:

	31 Dec 2013 US $
Current year dividends	2 289 537
Retained for future growth	34 362 805
	36 652 342

DIRECTORATE

L Zembe*	Chairman
R V Wilde**	Vice - Chairman
T Bere	Non-independent Non-executive Director
M I O Ben Ghali***	Non-Independent Non-executive Director
F M Dernawi	Non-independent Non-executive Director
A Lowe	Independent Non-executive Director
E Mugamu	Independent Non-executive Director
D Mutambara	Non-independent Non-executive Director
M H Nanabawa****	Independent Non-executive Director
R Nhamo	Independent Non-executive Director
R Pasi	Independent Non-executive Director
G Taputaira	Independent Non-executive Director
J P Mangudya*****	Group Chief Executive Officer
N Nyemudzo*****	Group Chief Finance Officer

Key

* Retired as Chairman with effect from 10 February 2014
** Appointed as Chairman with effect from 20 February 2014
*** Retired as Board Member with effect from 30 April 2013
**** Retired as Board Member with effect from 31 December 2013
***** Executive Directors

R A Jakanani Group Legal Corporate Secretary

Directors' interests in shares

As at 31 December 2013 the Directors held the following direct and indirect beneficial interest in the shares of the Company.

Name	No. of Shares	%
Dr J P Mangudya	3 301 497	0.48

DIVIDEND ANNOUNCEMENT

The Board has resolved to declare a final dividend of US$ 1 262 708 for the year ended 31 December 2013.

By order of the Board

R. A. JAKANANI
GROUP LEGAL CORPORATE SECRETARY

30 April 2014

OUR DIRECTORATE: PROFILES

R. V. Wilde

Qualifications

BA (Economics and Psychology) – Rhodes University

BA Honours (Economics) – Rhodes University

Capacity

Vice Chairperson of the Board

Independent non-executive director

Year appointed to the Board

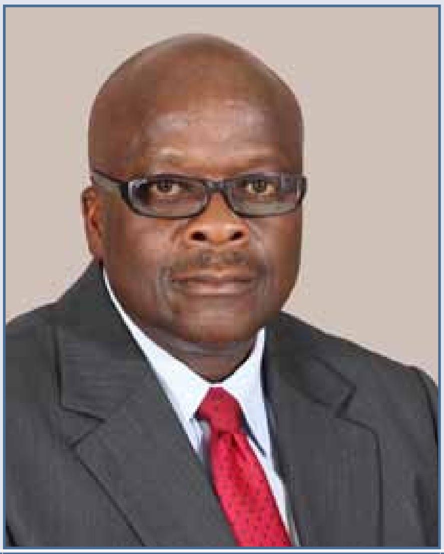
2012

Expertise and experience

Richard is a former Deputy Governor of the Reserve Bank of Zimbabwe from 1986 to 1996, has been the Chairman of CBZ Bank Limited Board since 1998 and was appointed to the CBZ Holdings Limited Board as a Non-Executive Director in 2012.

He holds, amongst other qualifications, a Bachelor of Arts in Economics and Psychology and an Honours Degree in Economics from Rhodes University. Mr Wilde is currently an Economics and Business Studies teacher at Hellenic Academy.

(Richard was appointed as chairman on 20 February 2014)



E. Mugamu

Qualifications

Second year doctorate student, University of Lusaka

Fellow of the Institute of Chartered Secretaries and Administrators

MBA, Thames Valley University

Postgraduate Diploma in Marketing and Corporate Strategy, Thames Valley University

Bachelor of Arts in Accounting, University of the South Pacific

Capacity

Independent non-executive director

Year appointed to the Board

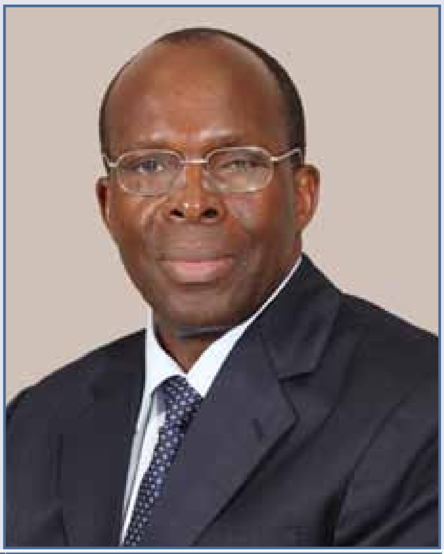
2012

Expertise and experience

Elliot is a Rotarian and fellow of the Institute of Chartered Secretaries and Adminstrators. He holds, among other qualifications, a Bachelor of Arts in Accounting from the University of the South Pacific and a Master of Business Adminstration from Thames Valley University.

Elliot is currently the Managing Director of Kwik-fit Safety Centre and a second year doctorate student with the University of Lusaka.

(Elliot was appointed as vice chairman on 20 February 2014)



L. Zembe

Qualifications

MBA – Henley International Management College (UK)

Graduate Certificate - Henley Management College (UK)

Corporate Governance Certificate – Commonwealth Centre for Corporate Governance, Kenya

Capacity

Chairperson of the Board

Independent non-executive director

Year appointed to the Board

2009

Expertise and experience

Luxon is the Founder and Managing Director of Management Solutions Group of Companies with subsidiaries in Management Consultancy and Advisory Services. He is a fellow of the Institute of Directors, Zimbabwe Institute of Management and Chartered fellow of the Institute of Personnel Development in the UK.

(Mr Luxon Zembe retired as chairman on 10 February 2014)

J. P. Mangudya

Qualifications

BSc (Economics) – University of Zimbabwe

MSc (Economics) – University of Zimbabwe

PhD (Business Administration) – Washington International University, USA

Capacity

Group Chief Executive Officer

Executive Director

Year appointed to the Board

2009

Expertise and experience

John is the Chief Executive Officer of the Group. He assumed this position in 2012, having been the Chief Executive Officer of CBZ Bank from 2006. He has 27 years of banking experience having worked for the Reserve Bank of Zimbabwe from 1986 to 1996 and the African Export-Import Bank (Afreximbank) from 1996 to 1999 before joining CBZ Bank in 2000.

N. Nyemudzo

Qualifications

Bachelor of Accountancy – University of Zimbabwe

Postgraduate diploma in Applied Accountancy - University of Zimbabwe

Chartered Accountant (Zimbabwe)

Masters of Commerce Strategic Management and Corporate Governance – Midlands State University

Capacity

Group Chief Finance Officer

Year appointed to the Board

2012

Expertise and experience

Never is a Chartered Accountant with over 13 years' experience in the financial services sector. He holds a Bachelor of Accountancy Degree and a Post-Graduate Diploma in Applied Accountancy from the University of Zimbabwe. He also holds a Master of Commerce in Strategic Management and Corporate Governance from Midlands State University.

He commenced his career with BDO Zimbabwe where he trained for his articles and has held senior management roles from the Reserve Bank of Zimbabwe, First Banking Corporation and the People's Own Savings Bank.

A. Lowe

Qualifications

Cambridge Advanced levels completed in Additional Mathematics and Economics

Capacity

Independent non-executive director

Year appointed to the Board

2009

Expertise and experience

Andrew is the Principal Partner of Serenela Capital (Private) Limited, a Private Equity Fund. He is the former CEO (Africa) – Renaissance Group and was responsible for all activities of the Renaissance Group across Africa, having previously been the CEO (East, Central and Southern Africa) – Renaissance Group responsible for the development of all business units with the Renaissance Southern Africa. This involved the set up of both legal and physical operations for Renaissance, acquisition of a number of key support businesses and orchestration of key private equity investments.

R. Nhamo

Qualifications

MBA - Nottingham Trent University (UK)

Bachelor of Business Studies Honours Degree – University of Zimbabwe

Diploma in Personnel Management – Institute of Personnel Management of Zimbabwe

Capacity

Independent non-executive director

Year appointed to the Board

2009

Expertise and experience

Roseline is a leading Human Resources Practitioner in Zimbabwe. Currently she is the Managing Director of Distinctive Consultancy Services. She has experience in Human Resources Management, Strategic Management and Marketing. She sits on the boards of the Legal Resources Foundation and Tropical Reinsurance. She is also a part time lecturer on the University of Gloucestershire MBA Programme.

G. Taputaira

Qualifications

Bachelor of Science- University of Zimbabwe

Masters in Business Administration- University of Zimbabwe

Capacity

Independent non-executive director

Year appointed to the Board

2009

Expertise and experience

Givemore is the Managing Director of Hotel and Leisure Solutions, a company that provides ICT solutions to the Hospitality and Leisure industry. Givemore has worked across Africa on Business Development and IT Projects. He has experience in ICT, Project Management and Business Development.

M. H. Nanabawa

Qualifications

B.A (Hons) Accounting,

FCCA,

CFE CA (Z)

Capacity

Independent non-executive director

Year appointed to the Board

2009

Expertise and experience

Mohammed is a registered Public Auditor and sole Practitioner of M. H. Ballim Associates. He has over 29 years of experience as an accountant. He held many various positions in various institutions in Zimbabwe. He is a Past President of ACCA (Zimbabwe). He was the first Zimbabwean to represent the ACCA International Assembly. Mohammed is also the Trustee of the Islamic Education Trust in Zimbabwe.

(Mahommed retired from the Board on 31 December 2013)

F. M. Dernawi

Qualifications

Bachelor of Science in Electrical Engineering – England

Computer Programming COBOL – RPG – London Computer Institute

Professional Diploma in Computer Systems – Jordan

Diploma in Banking and Finance – Arab Institute of Banking and Financial Studies

Capacity

Non-independent non-executive director

Year appointed to the Board

2009

Expertise and experience

Fouad is an Engineer with experience in information and communication technology. He is an Operations Officer within the Libyan Foreign Bank.

M. I. O. Ben Ghali

Qualifications

1965 High Commercial, Book-keeping and Accounting Diploma - Sabrata Commercial Institute.

Capacity

Non-independent non-executive director

Year appointed to the Board

2009

Expertise and experience

Mohammed a former Deputy Manager of the Banking Operations Department of the Libyan Foreign Bank, held various positions in the Central Bank of Libya and the Libyan Foreign Bank. He has expertise and experience in the operations of Financial Institutions.

(Mahommed retired from the Board on 30 April 2013)

T. Bere

Qualifications

Bachelor of Law (Hons) [HBL] – University of Zimbabwe

Bachelor of Laws (LLB)- University of Zimbabwe

Capacity

Non-independent non-executive director

Year appointed to the Board

2009

Expertise and experience

Tino's area of specialization is Corporate Law with emphasis on institutional setup and advancement, commercial and property practice. He is the Senior Partner and Founder of Bere Brothers Legal Practitioners. Tino is passionate about human rights advocacy and training as well as legal professional governance and continuing legal training. He is the former President of the Law Society of Zimbabwe and a retired Councilor of the Law Society of Zimbabwe.

Tino also sits on boards of a number of charities and is a member of Members of the Panels of Conciliators and of Arbitrators of the World Bank's International Centre for Settlement of Investment Disputes (ICSID).

D. Mutambara

Qualifications

Masters in Education Certificate – University of Zimbabwe

Graduate Certificate in Education – University of Zimbabwe

Bachelor of Arts Honours Degree – University of Zimbabwe

Capacity

Non-independent non-executive director

Year appointed to the Board

2009

Expertise and experience

David is an Executive Director at the Zimbabwe Business Council on AIDS. He is Chairman of the National AIDS Council, Zebakwe Housing Trust, Councilor Open University Council. He is a former Vice Chairman of the National Social Security Authority, Former Chairman Sport and Recreation Commission Board, Former Chairman Institute of Directors Zimbabwe, Regional Director Special Olympic Africa and Chief Executive Officer of the Zimbabwe Institute of Management.

R. Pasi

Qualifications

Bachelor of Business Administration with specialization in Marketing Communications

Diploma in Marketing Management.

Banking and Risk Management (UNISA)

Capacity

Independent non-executive director

Year appointed to the Board

2012

Expertise and experience

Rebecca is the Chief Executive Officer of Bechr Holdings (Pvt) Ltd. She has experience in Business Research Methods, Economics as well as Strategic Management.

R. A. Jakanani

Qualifications

Master of Laws in International Economic Law - Univesity of Warwick (UK)

Bachelor of Law (Hons) – University of Zimbabwe

Capacity

Group Legal Corporate Secretary

Year appointed to the Board as Group Legal Corporate Secretary

2012

Expertise and experience

Rumbidzayi is a lawyer by profession, having previously worked for Stumbles and Rowe Legal Practitioners as a civil and criminal lawyer. She worked in her capacity as Manager Corporate Governance and Compliance, CBZ Bank Limited (2005) and Legal Corporate Secretary (2009) until her appointment as Group Legal Corporate Secretary in 2012.

Financial Statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act (Chapter 24:03). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for preparing the Annual Report and Group financial statements. These Statements have been prepared in accordance with International Financial Reporting Standards (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); the Companies Act (Chapter 24.03), Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07); the Building Societies Act (Chapter 24:02) and Statutory Instruments (SI 33/99 and SI 62/99).

The Group financial statements are required by law and IFRS to present fairly the financial position of the Group and the performance for that period. In preparation of the Group financial statements, the directors are required to:

- state whether they have been prepared in accordance with IFRS;
- ensure that they have been prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent.

These financial statements which have been prepared under the historical cost convention are in agreement with the underlying books and records.

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Group to continue to operate as a going concern and to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

Directors' Responsibility Statement

We confirm that, to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

NEVER NYEMUDZO
GROUP CHIEF FINANCE OFFICER

26 February 2014

JOHN. P. MANGUDYA
GROUP CHIEF EXECUTIVE OFFICER

26 February 2014

P O Box 267
Harare
Zimbabwe

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REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF CBZ GROUP LIMITED

We have audited the accompanying consolidated and Company financial statements of CBZ Group as set out on pages 60 to 114, which comprise the consolidated and Company statements of comprehensive income for the year ended 31 December 2013, the consolidated and Company statements of financial position as at 31 December 2013, the consolidated and Company statements of changes in equity and the consolidated and Company statements of cash flows for the year then ended, and the notes to the consolidated and Company financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Building Societies Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and the relevant statutory instruments (SI 33/99 and SI 62/96). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CBZ Holdings Limited at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Building Societies Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and the relevant statutory instruments (SI 33/99 and SI 62/96).

Deloitte & Touche

Deloitte & Touche
Harare, Zimbabwe

26 February 2014

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

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
Interest income	2	171 798 621	156 861 775
Interest expense	2	(76 531 111)	(61 523 515)
Net interest income		95 267 510	95 338 260
Non-interest income	3	48 106 088	44 072 651
Underwriting income (net)	4	7 171 217	4 723 220
Total income		150 544 815	144 134 131
Operating expenditure	5	(88 813 016)	(83 299 535)
Operating income		61 731 799	60 834 596
Charge for impairment	11.5 /12.1	(19 445 247)	(4 632 446)
Transfer to Life Fund		(63 567)	(646 528)
Profit before taxation		42 222 985	55 555 622
Taxation	6.1	(5 570 643)	(10 530 635)
Profit for the year after tax		36 652 342	45 024 987
Other comprehensive income			
Gains on property revaluation		3 774 521	5 016 300
Available for sale financial instruments (AFS)	6.3	-	643 003
Deferred income tax relating to components of other comprehensive income	6.3	(561 057)	(596 405)
Other comprehensive income for the year, net of tax		3 213 464	5 062 898
Total comprehensive income for the year		39 865 806	50 087 885
Profit for the year attributable to:			
Equity holders of parent		36 469 338	44 930 463
Non-controlling interests		183 004	94 524
Profit for the year		36 652 342	45 024 987
Total comprehensive income attributable to:			
Equity holders of parent		39 682 802	49 993 361
Non-controlling interests		183 004	94 524
Total comprehensive income for the year		39 865 806	50 087 885
Earnings per share (cents):			
Basic		6.30	7.39
Fully diluted		6.14	7.23
Headline		6.18	6.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

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

R. V. Wilde
CHAIRMAN

Dr. J. P. Mangudya
GROUP CHIEF
EXECUTIVE OFFICER

R. A. Jakanani
GROUP LEGAL
CORPORATE SECRETARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

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

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

1. GROUP ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group, which have been applied consistently.

1.1 BASIS OF PREPARATION

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

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

Basis of consolidation

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

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

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

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

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial statements as stated below:

Fair value measurement principles

The fair value of financial instruments is based on their market price at the statement of financial position date before deducting transaction costs. If a market price is not available, the fair value of an instrument is estimated using the discounted cash flow techniques. Where discounted cash flow techniques are used,

estimated future cash flows are based on management's best estimates and the discount rate is market related at the statement of financial position date for an instrument with similar terms and conditions.

The fair value of money market investments has been determined by reference to a valuation model approved by Management.

Available-for-sale financial instruments are carried at fair value based on their market price at statement of financial position date. The fair value adjustment is adjusted for through the statement of comprehensive income.

Origination fees on loans and advances
Origination fees are recognised using the effective interest rate method over the average life of the underlying asset.

Impairment on loans and advances
The Group reviews individually significant loans and advances at each statement of financial position date to assess whether an impairment should be recorded in the statement of comprehensive income. In particular, judgement by Management is required in the estimation of the amount and timing of future cashflows when determining the impairment. In estimating these cash flows, the Group makes judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

The Group determines the loan loss provisions as mandated by the Reserve Bank of Zimbabwe's (RBZ), Banking Regulations, Statutory Instrument 205 of 2000 (part IV). Management exercises judgements in assigning loan grades which form the basis of provisioning.

The RBZ regulations prescribe minimum percentages to be applied on outstanding loan balances depending on each loan's grading.

IAS 39 requires the assessment of impairment on individually significant loans and portfolio impairment assessments for the remaining loans.

The Group records the loan loss provision through the statement of comprehensive income.

Balances held with the Reserve Bank of Zimbabwe
Balances with Reserve Bank of Zimbabwe are deemed to be available within 3 months of call and as such, these have been classified as balances with banks and cash.`

Estimation of property and equipment useful life
The determination of estimated useful life for property and equipment is carried out at each reporting date.

Estimation of property and equipment residual values
The residual values of property and equipment are determined at each reporting date.

Valuation of equity investments
Investments in equities listed on the Zimbabwe Stock Exchange are valued by reference to the prices as published on the statement of financial position date. Other equity investments which are not actively traded are valued at cost.

Incurred But Not Reported (IBNR)
In the process of applying the Group`s accounting policies, Management has estimated the Incurred But Not Reported claims (IBNR) at 5% of net written premium for all other products, with the exception of motor which has been estimated at 25% of net written premium.

1.3 INVESTMENT PROPERTIES

Recognition criteria
Investment properties are those properties held for earning rental income and/or for capital appreciation. Some of these properties are partly occupied by the Group for its business activities. To this extent, the Group's own use does not exceed 20%.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, based on valuations performed by professional valuers.

Transfers to and from investment properties
Transfers are made to or from investment property only when there is a change in use. If an investment property becomes more than 20% owner occupied, it is reclassified as property and equipment in accordance with IAS 16 and its fair value at the date of its classification becomes its cost for accounting purposes for subsequent recording.

Derecognition
Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of derecognition.

1.4 PROPERTY AND EQUIPMENT

Property and equipment are stated at gross carrying amount excluding costs of day-to-day servicing less accumulated depreciation and, where applicable, accumulated impairment. Such costs include the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Gross carrying amount represents either cost or the revalued amount, in the case of revalued property.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised. Valuations are done by a professional valuer.

Property and equipment are depreciated over their estimated useful lives on a straight line basis such that the cost or valuations of the assets are reduced to their estimated residual values. The estimated useful lives at the end of this reporting period are:

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The assets` residual values, useful lives and methods of depreciation are reviewed and adjusted, where appropriate, at each financial year end.

Freehold land and buildings are reported at open market value while subsequent additions between valuation dates are shown at cost.

Any revaluation surplus is credited to the asset revaluation reserve except to the extent that it reverses a revaluation loss of the same asset previously recognised in statement of comprehensive income in which case the increase is recognised in statement of comprehensive income.

A revaluation deficit is recognised in the statement of comprehensive income except where a deficit directly offsets a previous surplus on the same asset. This deficit is directly offset against the surplus in the asset revaluation reserve.

1.5 FOREIGN CURRENCIES

The presentation and functional currency is the United States Dollar (US$).Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at statement of financial position date. All exchange gains/losses are taken to the statement of comprehensive income.

1.6 TAXATION

Deferred taxation

Deferred income tax is provided using the full liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the statement of financial position date.

Capital gains tax

Deferred tax arising on valuation of property and equity investment is computed at the applicable capital gains tax rates ruling at the statement of financial position date.

Value added tax

Revenue, expenses, and assets are recognised net of Value Added Tax (VAT) except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of the acquisition of the asset or as part of the expense item as applicable and receivables and payables that are stated with the amount of VAT included.

1.7 FINANCIAL ASSETS

Initial Recognition

A financial instrument is a contract that gives rise to both a financial asset of one and a financial liability of another enterprise. Financial instruments held by the Group include balances with banks and cash, money market assets, advances, investments and deposits.

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for sale financial assets as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and where allowed and appropriate re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, where applicable, are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on investments held for trading are recognised in income (these include certain investments and money market assets).

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with gains or losses recognised in the statement of comprehensive income.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification but other long-term investments that are intended to be held to maturity such as bonds are included. Held-to-maturity instruments are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal payments plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are recognised or impaired as well as the amortisation process (these include certain investments and money market assets).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired as well as through the amortisation process (these include advances, insurance assets, and other assets).

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income (these include certain investments and money market assets).

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Balances with banks and cash

Balances with banks and cash comprise cash balances on hand, cash deposited with the central bank and other banks.

Offsetting arrangements

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.8 FINANCIAL LIABILITIES

Initial recognition

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs are included in the determination of fair value.

Subsequent measurement

The measurement of financial liabilities depend on their classification as follows:

Financial liabilities held for trading

Financial liabilities held for trading, comprising financial instruments other than derivatives are recorded in the statement of financial position at fair value. Changes in fair value are recognised in 'Net trading income'. Interest expense is recorded in 'Net trading income' according to the terms of the contract or when the right to the payment has been established (These include money market deposits).

Financial liabilities designated at fair value through profit or loss

Financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Interest incurred is accrued in interest expense according to the terms of the contract (These include money market deposits).

Deposits

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method except where the Group chooses to carry the liabilities at fair value through profit or loss.

Other financial liabilities are measured at amortised cost.

1.9 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

1.10 IMPAIRMENT

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost

The carrying amount of the asset shall be reduced either directly or through use of an allowance account if there is objective evidence that an impairment has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognised in statement of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment is or continues to be recognised are not included in a collective assessment of impairment.

If in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed. Any subsequent reversal of an impairment is recognised in the statement of comprehensive income to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

If an available-for-sale asset is impaired an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value less any impairment previously recognised in profit or loss is transferred from equity to the statement of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit.

Reversals of impairment on debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment was recognised in statement of comprehensive income.

Other assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the asset. Impairment of continuing operations is recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment may no longer exist or may have decreased. If such indication exists the recoverable amount is estimated. A previously recognised impairment is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined net of depreciation had no impairment been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value on a systematic basis over its remaining useful life.

The Group complies with the regulatory guidelines in respect of its impairment policy and considers those guidelines when assessing impairment in accordance with the requirements of International Accounting Standard (IAS 36) – Impairment.

1.11 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and the risks and rewards have passed to the Group.

Trading income

The Group includes profits or losses and fair value adjustments on held for trading financial instruments both realised and unrealised in income as earned.

Interest income

Revenue is recognised in the statement of comprehensive income on an accrual basis using the effective interest rate method, that is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest expense

Expense is recorded in the statement of comprehensive income according to the terms of the contract or when the right to the payment has been established. Interest expense is calculated on a time proportion basis using effective interest rate method.

Commission and fee income

The Group recognises commission and fee income on an accruals basis when the service is rendered. Commission income on acceptances and bills is credited to income over the lives of the relevant instrument on a time apportionment basis.

Services rendered

The Group recognises revenue for services rendered to customers based on the estimated outcome of the transactions. When the outcome can be reliably estimated, transaction revenue is recognised by reference to the stage of completion of the transaction at the statement of financial position date. The stage of completion is measured based on the amount of work performed. When the outcome cannot be reliably estimated, revenue is recognised only to the extent of the expenses incurred that are recoverable.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

Premiums

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

The earned portion of premiums received, including unclosed business, is recognised as revenue. Premiums on unclosed business are brought into account, based upon the pattern of booking of renewals and new business. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Outward reinsurance premiums are recognised as an expense in accordance with the pattern or reinsurance service received. A portion of outwards reinsurance premiums is treated as prepayments.

Commission receivable
Commission receivable relating to the unexpired portion of a risk is recognised at the statement of financial position date calculated on a 1/365 basis.

Basis of accounting for underwriting activities
Underwriting results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses is charged against the unearned proportion of premiums.

Claims
Claims represent the ultimate cost (net of salvage recoveries) of settling all claims arising from events that have occurred up to the statement of financial position date. Claims incurred but not reported are claims arising out of events which have occurred by the statement of financial position date but have not yet been reported at that date.

Unexpired risk provision
An unexpired risk provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses likely to arise after the end of the financial year from contracts concluded before that date. The expected claims are calculated having regard to events that have occurred prior to the statement of financial position date. Unexpired risks, surpluses and deficits, are aggregated where business classes are managed together.

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

Insurance and investment contracts
The company issues contracts that transfer insurance risk and / or financial risk.

Insurance contracts are those that transfer significant insurance risk. Significant insurance risk is defined as the risk of the company paying benefits on the occurrence of an insured uncertain event.

Insurance contracts are classified as short term and include motor, fire, accident, engineering, farming and marine. Premium is recognised over the term of the contract on a proportionate basis. Claims are charged to the statement of comprehensive income based on an estimated liability for compensation. These claims are not discounted as settlement generally occurs within a reasonable period of the claim.

Investment contracts are those that transfer financial risk with no significant insurance risk.

Insurance assets
These comprise reinsurance receivables and deferred acquisition costs.

Reinsurance contracts held
Contracts entered into by the Group with the re-insurers whereby the Group recovers losses on insurance contracts issued are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. The assets consist of short term balances due from re-insurers (classified as reinsurance receivables). The amounts recoverable are measured consistently in accordance with the terms of the reinsurance contracts.

Acquisition costs
Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

Lapses and reversals
Lapses relate to the termination of policies due to non-payment of premiums by policy holders. The subsidiary assesses the ability of an insured to settle outstanding amounts at each statement of financial position date. Whenever circumstances or events indicate that the insured may not pay the outstanding amount, a lapse is effected and immediately recognised in the statement of comprehensive income.

Reversals
Reversals relate to the voluntary termination of policies by policy holders. Reversals are recognised immediately in the statement of comprehensive income on a pro-rata basis i.e the unexpired term of a policy.

Premium taxes
Outstanding net amounts of levies recoverable from, or payable to, the taxation authorities are included as part of receivables or payables in the statement of financial position.

Co-insurance
Included in the gross premium is co-insurance premium net of co-insurer's portion.

Claims handling costs
Claims incurred include the cost of all claims incurred during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims.

1.12 EMPLOYEE BENEFITS

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

Short-term benefits
Benefits earned by employees under normal employment terms including salaries, 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.

Employee share option scheme

The Company's Employee Share Options Scheme ("ESOS") is a share-based, equity-settled employee compensation scheme. The ESOS allows the employees of the Company to acquire the shares of the Company upon fulfilling certain conditions.

The total fair value of share options granted employees is recognised as an employee cost in the statement of comprehensive income with the corresponding increase in the share option reserve in the equity section of the Company over the vesting period of the ESOS, taking into account the probability that the ESOS will vest.

The fair value of ESOS is measured at the grant date, taking into account, if relevant, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable on the vesting date. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of the original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium account, or until the option expires, it will be transferred to the retained earnings of the Company.

The proceeds received, net of any directly attributable transaction costs, are credited to equity when the options are exercised.

1.13 CONTINGENCIES AND COMMITMENTS

Transactions are classified as contingencies where the Group's obligations depend on uncertain future events and principally consist of third party obligations underwritten. Items are classified as commitments where the Group commits itself to future transactions or if the items will result in the acquisition of assets.

1.14 INSTALMENT CREDIT AGREEMENTS

Leases, instalment credit and rental agreements are regarded as financing transactions.The capital amounts and capitalised interest less repayments are included under advances. Finance charges earned are computed at effective rates of interest inherent in the contracts.

1.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, for which discreet information is available.

1.16 FIDUCIARY ACTIVITIES

The Group's Asset Management subsidiary acts as a trustee in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, post employment benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements as they are not assets and income of the Group.

1.17 FINANCIAL GUARANTEES

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

1.18 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, the effects of all potentially dilutive ordinary shares. Headline EPS are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent after adjustments for excluded re-measurements by the weighted average number of ordinary shares outstanding during the period.

1.19 INTANGIBLE ASSETS

Intangible assets are recorded at cost less any accumulated amortisation and impairment.
The estimated useful life at the end of this reporting period for computer software is 3 years. The Group's intangible assets mainly comprise computer software.

1.20 LEASED ASSETS

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases not qualifying as finance leases are classified as operating leases. Expenditure relating to operating leases is accounted for through the statement of comprehensive income and according to the specifications of the lease agreement.

Except for the investment property, the leased assets are not recognised on the Group's statement of financial position. Investment property held under an operating lease is recognised on the Group's statement of financial position at its fair value.

1.21 SHARE CAPITAL

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from revenue reserve.

1.22 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group has related party relationships with its shareholders, subsidiaries, associates, Directors and key management employees, and their close family members. Transactions with related parties are carried out on arm's length basis.

1.23 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially read for their intended use or sale.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

1.24 FAIR VALUE MEASUREMENT

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or financial liability is not actively traded, the Group establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

For complex instruments, the Group may use proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

The following table presents assets and liabilities recognised at fair value in the statement of financial position of the Group:

2013				
	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total carrying amount US$m
Assets				
Investment in equities	1.42	-	-	1.42
Land and Buildings	-	56.74	-	56.74
Investment properties	-	21.85	-	21.85
Total assets at fair value	1.42	78.59	-	80.01

There were no transfers between any of the levels during the current year.

1.25 GOING CONCERN

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Group to continue to operate as a going concern, and the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

1.26 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 9 Financial Instruments (issued October 2010, effective January 2015)

This is a revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.The application of this IFRS does not have a material impact on the Group's financial statements, as the Group currently measures its borrowings at amortised cost and has no future intention to measure them at fair value.

IAS 32 Financial Instruments: Presentation (amended December 2011, effective January 2014)

Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

The application of this IFRS does not have a material effect on the Group's financial statements, as it does not offset any of its financial instruments.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (Issued October 2012, effective January 2014)

Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiarie
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

IFRS 14 Regulatory Deferral Accounts (Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016)

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

Note: Entities which are eligible to apply IFRS 14 are not required to do so, and so can choose to apply only the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards when first applying IFRSs. However, an entity that elects to apply IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.

The application of this IFRS is not expected to have a material effect on the Group's financial statements, as it is not a first-time adopter of IFRSs.

IFRIC 21 Levies (Issued May 2013, effective January 2014)

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

The future application of this IFRS is not expected to have a material impact on the Group's financial statements, as the Group has not had any levies imposed on it in the recent past.

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

1. INCORPORATION AND ACTIVITIES

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

	31 Dec 2013 US$	31 Dec 2012 US$
2. INTEREST		
Interest income		
Bankers acceptances	4 283 512	410 392
Overdrafts	96 150 349	76 854 234
Loans	48 219 640	49 141 455
Mortgage interest	10 431 765	5 310 280
Staff loans	2 591 187	2 778 451
	161 676 453	134 494 812
Short-term money market assets	4 200 301	1 180 915
Other investments	5 921 867	21 186 048
	171 798 621	156 861 775
Interest expense		
Call deposits	457 047	68 409
Savings deposits	5 471 339	6 342 095
Money market deposits	46 684 514	37 862 439
Other offshore deposits	23 918 211	17 250 572
	76 531 111	61 523 515
Net interest income	95 267 510	95 338 260
3. NON-INTEREST INCOME		
Net income from trading securities	237 337	46 247
Fair value adjustments on financial instruments	225 365	(8 630)
Fair value adjustments on investment properties	1 730 859	2 498 754
Net income from foreign currencies dealings	6 099 364	4 119 364
Unrealised gain on foreign currency	2 505 158	3 328 089
Commission and fee income	31 543 315	30 057 188
Loss on disposal of assets	(80 469)	(160 793)
Other operating income	5 845 159	4 192 432
	48 106 088	44 072 651
4. UNDERWRITING INCOME (NET)		
Gross premium insurance	15 217 421	11 754 811
Reinsurance	(4 234 666)	(4 996 096)
Net written premium	10 982 755	6 758 715
Unearned premium	(243 824)	(109 782)
Net earned premium	10 738 931	6 648 933
Net commission	(700 767)	(224 031)
Net claims	(2 866 947)	(1 701 682)
	7 171 217	4 723 220

	31 Dec 2013 US$	31 Dec 2012 US$
5. OPERATING EXPENDITURE		
Staff costs	48 882 802	44 809 023
Administration expenses	32 252 844	32 370 819
Audit fees	634 116	594 856
Depreciation	5 482 586	4 784 926
Amortisation of intangible assets	814 575	739 911
Impairment of property and equipment	746 093	-
	88 813 016	83 299 535
Remuneration of directors and key management personnel (included in staff costs)		
Fees for services as directors	640 075	555 800
Pension for past and present directors	274 046	172 843
Salaries and other benefits	4 390 130	4 384 954
	5 304 251	5 113 597
NSSA contributions	700 503	353 920
Defined contributions scheme	2 491 255	1 428 872
Operating leases		
The following is an analysis of expenses related to operating leases:		
Non cancellable lease rentals are payable as follows:		
Less than 1 year	842 910	223 551
Between 1 and 5 years	930 755	1 306 579
More than 5 years	570 000	-
	2 343 665	1 530 130

The Group leases a number of buildings from which the branches are operated under operating leases. The leases typically run for a period less than 5 years with an option to renew the lease after the expiry date. During the year ended 31 December 2013, an amount of US$ 2 232 510 was recognised as rent expense in statement of comprehensive income.

6. TAXATION

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

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

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

8. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the 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 re-measurements by the weighted average number of ordinary shares outstanding during the period.

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

		31 Dec 2013	31 Dec 2012
8.1	Earnings per share (cents):		
	Basic	6.30	7.39
	Fully diluted	6.14	7.23
	Headline	6.18	6.80
8.2	Earnings	US$	US$
	Basic earnings (earnings attributable to equity holders of parent)	36 469 340	44 930 463
	Fully diluted earnings	36 469 340	44 930 463
	Headline earnings	35 773 928	41 314 364
	Number of shares used in calculations (weighted)		
		Shares	Shares
	Basic earnings per share (weighted)	578 552 839	607 672 081
	Fully diluted earnings per share (weighted)	594 207 764	621 499 352
	Headline earnings (weighted)	578 552 839	607 672 081

		31 Dec 2013 US$	31 Dec 2012 US$
8.3	Reconciliation of denominators used for calculating basic and diluted earnings per share:		
	Weighted average number of shares before adjustment for treasury shares	686 208 540	684 144 546
	Less: Treasury shares held (weighted)	(107 655 701)	(76 472 465)
	Weighted average number of shares used for basic EPS	578 552 839	607 672 081
	Potentially dilutive shares	15 654 925	13 827 271
	Weighted average number of shares used for diluted EPS	594 207 764	621 499 352
8.4	Headline earnings		
	Profit attributable to ordinary shareholders	36 469 338	44 930 463
	Adjusted for excluded re-measurements:		
	Impairment on property and equipment	746 093	-
	Disposal loss on property and equipment	80 469	160 793
	Gains on investment properties valuations	(1 730 859)	(5 016 300)
	Gains on AFS reclassification from equity	-	643 003
	Tax relating to re-measurements	208 887	596 405
		35 773 928	41 314 364

		31 Dec 2013 US$	31 Dec 2012 US$
9.	DIVIDENDS		
	Interim dividend paid	961 305	903 071
	Final dividend proposed	1 262 708	1 178 326
		2 224 013	2 081 397
	Dividends are paid on shares held at the record date net of treasury shares held on the same date.		
10.	MONEY MARKET ASSETS		
	AMA/Agro bills	100 000	50 000
	Call placements	82 244 680	13 239 994
	Treasury bills	54 171 471	11 164 435
	Bankers acceptances	35 700 159	-
	Accrued interest	2 915 570	441 992
		175 131 880	24 896 421
10.1	Money market portfolio analysis		
	Held to maturity	8 772 334	1 081 658
	Held for trading	166 359 546	23 814 763
		175 131 880	24 896 421
	Maturity analysis		
	Between 1 and 3 months	88 174 146	13 989 209
	Between 3 months and 1 year	82 980 597	10 800 401
	Between 1 and 5 years	3 977 137	106 811
		175 131 880	24 896 421
10.2	Financial assets held for trading		
	Trading bills and placements	166 359 546	24 896 421
	Maturity value	173 049 063	25 014 327
	Book value	166 359 546	23 814 763
10.3	Financial assets classification		
	Financial assets held for trading	166 359 546	24 896 421

The Group holds Treasury Bills from the Reserve Bank of Zimbabwe with a value of $54 171 471 (2012: $1 000 000) The treasury bills are classified as held for trading.

		31 Dec 2013 US$		31 Dec 2012 US$	
11.	ADVANCES				
	Overdrafts	558 909 098		488 988 537	
	Loans	355 480 541		303 554 515	
	Mortgage advances	137 205 371		89 980 277	
		1 051 595 010		882 523 329	
	Interest accrued	12 439 476		7 621 860	
	Total gross advances	1 064 034 486		890 145 189	
	Impairment provision (including interest in suspense)	(35 915 744)		(35 455 206)	
		1 028 118 742		854 689 983	
11.1	Sectoral analysis				
			%		%
	Private	107 684 586	10	94 382 701	11
	Agriculture	295 851 155	27	266 467 187	30
	Mining	16 809 125	2	13 562 452	2
	Manufacturing	96 973 194	9	153 521 287	17
	Distribution	245 722 483	23	216 351 971	24
	Construction	5 299 981	1	4 607 354	1
	Transport	25 254 808	2	21 584 514	2
	Communication	8 911 310	1	6 636 850	1
	Services	242 453 956	23	111 954 128	12
	Financial organisations	19 073 888	2	1 076 745	-
		1 064 034 486	100	890 145 189	100

		31 Dec 2013 US$	31 Dec 2012 US$
11.2	Maturity analysis		
	Demand	613 145 157	524 181 656
	Between 1 and 3 months	13 090 851	22 299 913
	Between 3 and 6 months	8 986 471	14 543 293
	Between 6 months and 1 year	128 262 783	59 863 136
	Between 1 and 5 years	180 355 875	169 986 402
	More than 5 years	120 193 349	99 270 789
		1 064 034 486	890 145 189
	Maturity analysis is based on the remaining period from 31 December 2013 to contractual maturity.		
11.3	Loans to directors, key management and employees		
	Loans to directors and key management		
	Included in advances are loans to executive directors and key management:-		
	Opening balance	5 993 289	3 534 685
	Advances made during the year	2 635 763	3 532 272
	Repayments during the year	(704 050)	(1 073 668)
	Balance at end of year	7 925 002	5 993 289
	Loans to employees		
	Included in advances are loans to employees:		
	Opening balance	38 073 520	35 492 076
	Advances made during the year	5 160 557	9 281 704
	Repayments during the year	(5 395 600)	(6 700 260)
	Balance at end of year	37 838 477	38 073 520
11.4	Non performing advances		
	Total advances on which interest is suspended	46 985 692	41 861 695
11.5	Impairment provisions		
	Opening balance	35 455 206	21 667 169
	Charge for impairment on advances	19 159 872	4 618 173
	Interest in suspense	13 699 706	9 169 864
	Amounts written off during the year	(32 399 040)	-
	Balance at end of year	35 915 744	35 455 206
	Comprising:		
	Specific impairments	17 410 620	19 213 448
	Portfolio impairments	18 505 124	16 241 758
		35 915 744	35 455 206
11.6	Collaterals		
	Collateral (mortage security)	737 233 914	726 740 897
	Notarial general covering bonds	657 516 198	397 534 723
	Cash cover	31 776 798	26 543 980
		1 426 526 910	1 150 819 600

	31 Dec 2013 US$	31 Dec 2012 US$
12. INSURANCE ASSETS		
Reinsurance unearned premium reserve	1 076 997	1 060 418
Reinsurance receivables	1 151 399	2 187 436
Deferred acquisition cost	443 141	236 684
Insurance premium receivables	1 408 104	1 235 891
Suspended premium	(99 518)	(13 904)
	3 980 123	4 706 525
12.1 Impairment on insurance assets		
Opening balance	89 557	75 284
Provision for doubtful insurance receivables	285 375	14 273
Amounts written off during the year	(195 728)	-
Balance at end of year	179 204	89 557
13. OTHER ASSETS		
Work in progress	1 734 385	6 808 632
Land inventory	65 964 183	14 894 700
Prepayments and deposits	1 669 340	1 536 930
Other receivables	1 710 560	28 977 597
	71 078 468	52 217 859
14. INVESTMENTS IN OTHER FINANCIAL ASSETS		
Investments in equity instruments	4 169 747	2 181 257
Investments in debenture instruments	7 628 031	-
	11 797 778	2 181 257
14.1 Investments in equities		
Listed investments	1 419 423	1 772 190
Unlisted investments	2 750 324	409 067
	4 169 747	2 181 257
At cost	2 750 324	409 067
At fair value	1 419 423	1 772 190
	4 169 747	2 181 257
Portfolio analysis		
Trading	3 968 976	2 181 257
Available for sale	200 771	-
	4 169 747	2 181 257

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

15. PROPERTY AND EQUIPMENT

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

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

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

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

The maximum useful lives are as follows:

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

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

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

16. INVESTMENT PROPERTIES

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

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

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

17. INTANGIBLE ASSETS

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

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

18. DEFERRED TAXATION

	31 Dec 2013 US$	31 Dec 2012 US$
18.1 Deferred tax asset		
Opening balance	7 539 322	5 759 724
Assessed loss	161 378	152 162
Impairments and provisions	657 112	1 191 116
Tax claimable impairments	8 377 977	-
Other	(685 678)	436 320
Closing balance	16 050 111	7 539 322
18.2 Deferred tax liability		
Deferred tax related to items charged or credited to statement of comprehensive income during the period is as follows:		
Revaluation of property and equipment	561 057	589 899
Fair value adjustment –Available for sale financial instruments	-	6 506
	561 057	596 405
The deferred tax included in the statement of financial position and changes recorded in the income tax expenses are comprised of:		
Fair value adjustments	208 886	208 547
Prepayments	589 907	144 646
Property and equipment	(1 042 633)	82 385
Impairment allowance	-	(1 092 359)
Other	(121 691)	(654 969)
	(365 531)	(1 311 750)
Add:		
Opening balance	2 383 845	3 099 190
Closing balance	2 579 371	2 383 845

19. DEPOSITS

	31 Dec 2013 US$	31 Dec 2012 US$
Call deposits	10 439 337	5 358 031
Savings and other deposits	521 227 248	499 758 972
Money market deposits	490 348 487	339 034 158
Offshore deposits	299 481 272	178 842 308
Accrued interest	11 067 911	9 358 606
	1 332 564 255	1 032 352 075

19.1 Deposits by source

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

19.2 Deposits by type

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

19.3 Sectoral Analysis

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

19.4 Maturity analysis

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

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

20. INSURANCE LIABILITIES

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

20.1 Insurance contract provisions

(a) Provision for unearned premiums

	Gross US$	Reinsurance US$	Net US$
Unearned premiums beginning of year	2 845 208	1 060 418	1 784 790
Written premiums	15 217 421	4 235 431	10 981 990
Premiums earned during the year	(15 060 215)	(4 218 853)	(10 841 362)
Unearned premiums at end of year	3 002 414	1 076 996	1 925 418
Outstanding claims provision			
Outstanding claims at beginning of year	2 391 648	1 240 933	1 150 715
Claims incurred	3 653 593	1 146 050	2 507 543
Incurred but not yet reported claims provision (IBNR)	(176 210)	-	(176 210)
Claims paid	(4 801 847)	(2 236 067)	(2 565 780)
Outstanding claims at end of year	1 067 184	150 916	916 268
	4 069 598	1 227 912	2 841 686

(b) Reinsurance payables

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

(c) Commissions

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

(d) Net claims

	31 Dec 2013 US$	31 Dec 2012 US$
Gross claims incurred	4 377 900	4 196 622
Reinsurance claims	(1 882 360)	(2 889 002)
Incurred but not yet reported claims	459 275	517 368
Gross outstanding claims	664 930	1 575 770
Reinsurance share of outstanding claims	(122 900)	(1 163 764)
	3 496 845	2 236 994

(e) Net commissions

	31 Dec 2013 US$	31 Dec 2012 US$
Commission received	953 886	1 189 541
Commission paid	(1 872 444)	(1 394 464)
Deferred acquisition costs	217 791	(19 108)
Net commission	(700 767)	(224 031)

21. LIFE FUND

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

22. OTHER LIABILITIES

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

23. EQUITY AND RESERVES

23.1 Share capital

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

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

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

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

23.5 Employee share option reserve (continued)

Shares under option
The Directors are empowered to grant share options to senior executives and staff of the Company up to a maximum of 40 000 000 shares. The options are granted for a period of 10 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2013 were as follows:

	31 Dec 2013 Share options	31 Dec 2012 Share options
Balances at the beginning of year	13 665 000	-
Granted during the year	-	13 665 000
Exercised during the year	(2 063 994)	-
	11 601 006	13 665 000

A valuation of the share option scheme was carried out by professional valuers as at 31 December 2013. The estimated fair value of the options granted was determined using the binomial model in accordance with IFRS 2 "Share Based Payments" with the following inputs and assumptions:

Grant date share price (US cents)	8.81
Exercise price (US cents)	8.81
Expected volatility	50%
Dividend yield	2.5%
Risk-free interest rate	5.70%

Valuation inputs:

Exercise price
The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the day which the options are granted, therefore 8.81 cents for the new options granted during the 2013 financial year.

Expected volatility
Expected volatility is a measure of the amount by which the price is expected to fluctuate during a period, for example between grant date and the exercise date. Volatility was calculated using the geometric Brownian motion process on share prices.

Expected dividends
When estimating the fair value of options, the projected valuation of shares is reduced by the present value of dividends expected to be paid during the vesting period. This is because the payment of dividends reduces the value of a company.

Risk free rate of return
A risk free rate of return is the interest rate an investor would expect to earn on an investment with no risk which is usually taken to be a government issued security. It is the interest rate earned on a riskless security over a specified time horizon. Given that the valuation was done in United States dollars, the risk free rate was estimated based on the yield on 10 year treasury bills issued by the Federal Reserve Bank of the United States of America of 2.02%. This value was adjusted for the inflation differential between Zimbabwe and the United States of America. All options expire, if not exercised, 10 years after the date of grant.

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

24. CATERGORIES OF FINANCIAL INSTRUMENTS

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

December 2012	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
Financial assets					
Balances with banks and cash	-	-	180 186 510	-	180 186 510
Money market assets	23 814 763	-	1 081 658	-	24 896 421
Advances	-	-	854 689 983	-	854 689 983
Insurance assets	-	-	4 706 525	-	4 706 525
Investments	2 181 257	-	-	-	2 181 257
Other assets	-	-	52 217 859	-	52 217 859
Total	25 996 020	-	1 092 882 535	-	1 118 878 555
Financial liabilities					
Deposits	-	-	-	1 032 352 075	1 032 352 075
Other liabilities	-	-	-	16 019 797	16 019 797
Current tax payable	-	-	-	5 013 168	5 013 168
Total	-	-	-	1 053 385 040	1 053 385 040

25. CAPITAL MANAGEMENT

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

26. CONTINGENCIES AND COMMITMENTS

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

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

27. FUNDS UNDER MANAGEMENT

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

28. OPERATING SEGMENTS

The Group is comprised of the following operating units:

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

The table on the next page shows the segment operational results for the year ended 31 December 2013:

28. OPERATING SEGMENTS (continued)

28.1 Segment operational results

	Commercial banking US$	Mortgage finance US$	Asset management US$	Insurance US$	Property investment US$	Other operations US$	Elimination of inter segment amounts US$	Consolidated US$
Income								
Total income for the year ended 31 December 2013	116 435 622	23 623 732	2 085 001	7 867 177	1 209 871	1 387 929	(2 064 517)	150 544 815
Total income for the year ended 31 December 2012	117 928 151	18 724 227	1 434 948	5 231 622	1 730 357	21 091 510	(22 006 684)	144 134 131
Depreciation and amortisation for the year ended 31 December 2013	4 176 727	1 513 249	160 513	191 278	-	146 020	109 374	6 297 161
Depreciation and amortisation for the year ended 31 December 2012	3 542 186	1 459 770	68 255	156 736	-	188 516	109 374	5 524 837
Results								
Profit before taxation for the year ended 31 December 2013	23 287 628	14 954 494	494 751	3 878 458	1 190 625	(219 388)	(1 363 583)	42 222 985
Profit before taxation for the year ended 31 December 2012	42 316 995	11 311 695	(215 941)	1 897 445	1 687 800	19 752 830	(21 195 202)	55 555 622
Cash flows:								
Used in operating activities for the year ended 31 December 2013	18 788 528	721 630	(340 828)	696 438	(82 586)	2 379 979	(44 207 342)	(22 044 181)
Used in operating activities for the year ended 31 December 2012	(58 468 010)	2 316 146	(34 635)	(1 075 566)	4 246 286	11 324 488	95 663 449	53 972 158
Used in investing activities for the year ended 31 December 2013	7 518 893	(702 982)	431 126	(501 852)	176 609	(2 725 634)	(14 688 213)	(10 492 053)
Used in investing activities for the year ended 31 December 2012	6 015 210	(1 018 079)	82 030	(147 699)	(2 713)	(440 784)	(11 567 840)	(7 079 875)
Used in financing activities for the year ended 31 December 2013	1 300 000	-	-	-	-	4 746 786	(1 085 055)	4 961 731
Used in financing activities for the year ended 31 December 2012	16 580 370	-	-	-	-	(9 045 765)	(16 694 234)	(9 159 629)
Impairment of assets for the year ended 31 December 2013	19 082 552	820 803	-	285 375	28 452	-	-	20 217 182
Impairment of assets for the year ended31 December 2012	4 242 173	376 000	-	14 273	-	-	-	4 632 446
Reportable segment liabilities for the year ended 31 December2013	1 315 070 925	121 203 013	501 309	6 394 809	1 333 994	2 927 634	(94 611 745)	1 352 819 939
Reportable segment liabilities for the year ended 31 December 2012	1 019 818 563	86 427 121	1 169 122	7 831 252	1 480 416	-	(54 310 482)	1 062 415 992
Total segment assets for the year ended 31 December 2013	1 427 833 598	185 109 574	2 564 653	13 975 470	11 136 563	63 142 973	(145 095 820)	1 558 667 011
Total segment assets for the year ended 31 December 2012	1 115 110 169	133 744 951	2 203 548	11 706 116	9 957 383	56 342 296	(105 971 236)	1 223 093 227

29. RELATED PARTIES

The ultimate controlling party of the Group is CBZ Holdings Limited. The Group has related party relationships with its shareholders who own, directly or indirectly, 20% or more of its share capital or those shareholders who control in any manner, the election of the majority of the Directors of the Group or have the power to exercise controlling influence over the management or financial and operating policies of the Group. The Group carried out banking and investments related transactions with various companies related to its shareholders, all of which were undertaken at arm's length terms and in compliance with the relevant Banking Regulations.

	31 Dec 2013 US$	31 Dec 2012 US$
Loans and advances to other related parties	6 673 172	6 356 149

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

Transactions with related parties

	31 Dec 2013 US$	31 Dec 2012 US$
Interest income	569 395	650 035
Commission and fee income	53 433	101 654
Other	2 367	-
	6 215 195	751 689

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

30. EXCHANGE RATES AT 31 DECEMBER

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

31. RISK MANAGEMENT

31.1 Risk overview

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

31.2 Group risk management framework

The Group's risk management framework looks at enterprise wide risks and recognises that for effective risk management to take effect, it has to be structured in terms of acceptable appetite, defined responsibility, accountability and independent validation of set processes. Group Management and staff are responsible for the management of the risks that fall within their organisational responsibilities.The CBZ Group Risk Management function is responsible for ensuring that the Group's risk taking remains within the set risk benchmarks. The Group Internal Audit function provides independent assurance on the adequacy and effectiveness of the deployed risk management processes. The CBZ Group Enterprise Wide Governance and Compliance Unit 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 – has 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 & Business Development Committee – oversees the harmonisation, adequacy, relevance and effectiveness of Group IT systems in delivering services to the Group's stakeholders. In addition, it looks at the integrity of the Group's management information systems.

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

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

31.3 Credit risk

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

Credit risk management framework

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

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

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

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

Credit mitigation

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

Non – performing loans and advances

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

Past due refers to a loan or advance that exceeds its limit for fluctuating types of advances or is in arrears by 30 days or more. Default is where, for example, a specific impairment is raised against a credit exposure as a result of a decline in the credit quality or where an obligation is past due for more than 90 days or an obligor has exceeded a sanctioned limit for more than 90 days.

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

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

31.3 (a) Credit risk exposure

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

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

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

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

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

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

Past due but not impaired loans relate to loans in the special mention category. See definition of special mention category on note number 31.3.1

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

31. RISK MANAGEMENT (continued)

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

	31 Dec 2013 US$ Gross maximum exposure	31 Dec 2013 US$ Net maximum exposure (not covered by mortgage security)	31 Dec 2012 US$ Gross maximum exposure	31 Dec 2012 US$ Net maximum exposure (not covered by mortgage security)
Private	107 684 586	26 238 122	94 382 701	12 250 926
Agriculture	295 851 156	90 836 324	266 467 187	48 681 925
Mining	16 809 125	3 361 813	13 562 452	1 801 697
Manufacturing	96 973 194	54 327 514	153 521 287	29 115 753
Distribution	245 722 483	102 533 658	216 351 971	49 299 014
Construction	5 299 981	4 255 491	4 607 354	2 280 646
Transport	25 254 806	22 327 686	21 584 514	13 303 576
Communication	8 911 310	7 297 448	6 636 850	-
Services	242 453 956	17 528 754	111 954 128	20 357 059
Financial organisations	19 073 889	-	1 076 745	266 745
Gross value at 31 December	1 064 034 486	328 706 810	890 145 189	177 357 341

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

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

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

*See definition on note 31.3.1

31.3(e) Credit Quality per Class of Financial Assets

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

DECEMBER 2013

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

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

DECEMBER 2012

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

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

Allowances for impairment

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

Write-offs

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment, when the relevant committees determine that the loan or security is uncollectable. 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.

31.3.1 Credit quality definitions

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.

Normal grade

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

Special mention grade

(i) if the asset in question is past due for more than 30 days but less than 90 days; or

(ii) although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asset or inadequately protect the institution's position at some future date, for example, where:

- the asset in question cannot be properly supervised due to an inadequate loan agreement; or
- the condition or control of the collateral for the asset in question is deteriorating; or
- the repayment capacity of the obligor is jeopardised because of deteriorating economic conditions or adverse trends in the obligor's financial position; or
- there is an unreasonably long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset:

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

Substandard grade

(i) if the asset in question is past due for more than 90 days but less than 180 days; or

(ii) is a renegotiated loan, unless all past due interest is paid by the borrower in cash at the time of renegotiation and a sustained record of timely repayment of principal and interest under a realistic repayment programme has been demonstrated for a period of not less than 180 days; or

(iii) whether or not it is past due, is inadequately protected by the current sound worth and paying capacity of the obligor by reason of the fact that:

- the primary source of repayment is insufficient to service the debt and the institution must look to secondary sources such as collateral, sale of fixed assets, refinancing or additional capital injections for repayment; or
- there is an unduly long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset; or
- generally, there is more than a normal degree of risk attaching to the asset due to the borrower's unsatisfactory financial condition.

Doubtful:

(i) if the asset in question is past due for more than 180 days but less than 360 days; or

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

Loss:

(i) if the asset in question is past due for more than 360 days, unless such asset is well secured and legal action has actually commenced which is expected to result in the timely realisation of the collateral or enforcement of any guarantee relating to the asset; or

(ii) had been characterised as doubtful on account of any pending event , and the event concerned did not occur within 360 days, whether or not the event is still pending thereafter; or

(iii) is otherwise considered uncollectible or of such little value that its continuance as an asset is not warranted.

31.4 Market risk

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

31.4.1 Group market risks management framework

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

31.5 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 Strategic business units relating to levels of wholesale funding, retail funding, loans to deposit ratio, counter-party exposures as well as prudential liquidity ratio.

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

31. RISK MANAGEMENT (continued)

31.5.1 Gap analysis

LIQUIDITY PROFILE AS AT 31 DECEMBER 2013

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Total US$
Assets						
Advances	588 794 298	12 677 692	132 884 743	175 199 449	118 562 560	1 028 118 742
Balances with banks and cash	60 886 163	91 725 844	-	-	-	152 612 007
Investment in equities	20	-	288 076	11 481 118	28 564	11 797 778
Money market assets	85 506 749	24 403 863	58 261 279	6 959 989	-	175 131 880
Insurance assets	994 917	122 900	2 488 857	-	-	3 606 674
Other liquid assets	637 967	18 917 844	43 785	-	-	19 599 596
Financial guarantees	-	-	155 884 234	-	-	155 884 234
Total	736 820 114	147 848 143	349 850 974	193 640 556	118 591 124	1 546 750 911
Liabilities						
Deposits	805 831 152	192 584 821	223 616 829	89 710 470	20 820 983	1 332 564 255
Current tax payable	-	1 956 968	-	-	-	1 956 968
Insurance liabilities	34 108	425 727	3 159 311	-	-	3 619 146
Other liabilities	443 189	1 711 129	8 330 198	-	-	10 485 516
Financial guarantees	-	-	155 884 234	-	-	155 884 234
Total	806 308 449	196 678 645	390 991 572	89 710 470	20 820 983	1 504 510 119
Liquidity gap	(69 488 335)	(48 830 502)	(41 140 598)	103 930 086	97 770 141	42 240 792
Cumulative liquidity gap	(69 488 335)	(118 318 837)	(159 459 435)	(55 529 349)	42 240 792	42 240 792

31. RISK MANAGEMENT (continued)

31.5.1 Gap analysis (continued)

LIQUIDITY PROFILE AS AT 31 DECEMBER 2012

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

31. RISK MANAGEMENT (continued)

31.5.1. Gap analysis (continued)

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

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

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

	CBZ Bank Limited
	%
At 31 December 2012	33
At 31 December 2013	32
Average for the period	36
Maximum for the period	41
Minimum for the period	31

31.6 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 denominate their credit facilities in the base currency i.e. the USD in order to minimise cross currency interest rate risk. The Group's interest rate risk profiling is displayed on the next page.

31.6.1 Interest rate repricing

31 December 2013

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

(a) INTEREST RATE REPRICING (continued)

December 2012

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

31.7 Exchange rate risk

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

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

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

Foreign currency position as at 31 December 2013

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	152 612 007	139 065 884	7 825 865	2 883 446	2 836 812
Money market assets	175 131 880	175 131 880	-	-	-
Advances	1 028 118 742	1 027 326 458	329 289	621	462 374
Insurance assets	3 980 123	3 980 123	-	-	-
Other assets	71 078 468	70 739 147	182 804	94 523	61 994
Investment in equities	11 797 778	11 654 136	-	-	143 642
Investment properties	21 849 043	21 849 043	-	-	-
Property and equipment	76 444 894	76 361 916	6 869	-	76 109
Deferred taxation	16 050 111	16 050 111	-	-	-
Intangible assets	1 603 965	1 603 965	-	-	-
Total Assets	1 558 667 011	1 543 762 663	8 344 827	2 978 590	3 580 931
Equity and Liabilities					
Deposits	1 332 564 255	1 317 746 551	13 848 544	307 406	661 754
Insurance liabilities	3 619 146	3 619 146	-	-	-
Life fund	1 614 683	1 614 683	-	-	-
Other liabilities	10 485 516	10 421 050	14 722	48 185	1 559
Current tax payable	1 956 968	1 956 968	-	-	-
Deferred taxation	2 579 371	2 579 371	-	-	-
Equity and reserves	205 847 072	205 847 072	-	-	-
Total Equity and Liabilities	1 558 667 011	1 543 784 841	13 863 266	355 591	663 313
Net position	-	(22 178)	(5 518 439)	2 622 999	2 917 618

31.7 Exchange rate risk (continued)

Foreign currency position as at 31 December 2012

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	180 186 510	158 103 460	16 858 548	2 597 105	2 627 397
Money market assets	24 896 421	11 731 755	6 339 123	2 161 870	4 663 673
Advances	854 689 983	853 806 685	1 241 611	257 029	(615 342)
Insurance assets	4 706 525	4 706 525	-	-	-
Other assets	52 217 859	50 825 225	1 291 389	53 945	47 300
Investment in equities	2 181 257	2 037 614	-	-	143 643
Investment properties	20 335 977	20 335 977	-	-	-
Property and equipment	74 248 554	74 159 315	13 130	-	76 109
Deferred taxation	7 539 322	7 539 322	-	-	-
Intangible assets	2 090 819	2 090 819	-	-	-
Total Assets	1 223 093 227	1 185 336 697	25 743 801	5 069 949	6 942 780
Equity and Liabilities					
Deposits	1 032 352 075	994 388 628	29 870 209	6 082 124	2 011 114
Insurance liabilities	5 108 824	5 108 824	-	-	-
Life fund	1 538 283	1 538 283	-	-	-
Other liabilities	16 019 797	2 767 325	6 339 299	2 241 959	4 671 214
Current tax payable	5 013 168	5 013 168	-	-	-
Deferred taxation	2 383 845	2 383 845	-	-	-
Equity and reserves	160 677 235	160 677 235	-	-	-
Total Equity and Liabilities	1 223 093 227	1 171 877 308	36 209 508	8 324 083	6 682 328
Net position	-	13 459 389	(10 465 707)	(3 254 134)	260 452

31.7 Exchange rate risk (continued)

Foreign currency position as at 31 December 2013

Underlying currency in US$

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

Foreign Currency Position as at 31 December 2012

Underlying currency in US$

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

31. RISK MANAGEMENT (continued)

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

31.8.1 Operational risk management framework
The 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 approving of Group Operational Policies and maintaining standards for operational risk.

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

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

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

31.10 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.

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

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

31.12 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 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.

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

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

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

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

31.14 Risk and Credit Ratings

31.14.1 External Credit Rating

CBZ Bank Limited

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

31.14.2 Reserve Bank Ratings

CAMELS RATING MATRIX

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

Key

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

32. CAPITAL ADEQUACY

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

	31 Dec 2013 CBZ Bank US$	31 Dec 2012 CBZ Bank US$
Risk Weighted Assets	836 230 581	780 353 072
Total qualifying capital	116 138 437	100 702 263
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	11 198 956	11 198 956
Revenue reserves	81 487 951	65 260 266
Exposures to insiders	(7 077 119)	(4 343 756)
Total core capital	90 727 968	77 233 646
Less transfer to tier 3	(18 240 798)	(16 924 248)
	72 467 170	60 309 398
Tier 2		
Revaluation reserve	14 957 586	13 714 204
General provisions	10 452 862	9 754 413
	25 410 448	23 468 617
Tier		
Capital allocated for market risk	462 983	1 045 058
Capital allocated to operations risk	17 777 815	15 879 190
	18 240 798	16 924 248
Capital adequacy	13.89%	12.90%
-Tier 1	8.67%	7.72%
-Tier 2	3.04%	3.01%
-Tier 3	2.18%	2.17%

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

Company Financial Statements

COMPANY'S STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
Revenue	2	1 387 929	21 091 510
Operating expenditure	3	(1 607 317)	(1 338 680)
Operating (loss)/ profit		(219 388)	19 752 830
Taxation	4	360 495	211 248
Profit for the year after tax		141 107	19 964 078
Other comprehensive income		-	-
Total comprehensive income for the year		141 107	19 964 078
Profit for the year attributable to:			
Equity holders of parent		141 107	19 964 078
Total profit for the year		141 107	19 964 078
Total comprehensive income attributable to:			
Equity holders of parent		141 107	19 964 078
Total comprehensive income for the year		141 107	19 964 078
Earnings per share (cents):			
Basic	6.1	0.02	3.27
Fully diluted	6.1	0.02	3.20
Headline	6.1	0.02	3.27

COMPANY'S STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
ASSETS			
Balances with banks and cash		6 348 202	1 947 070
Other assets	8	906 574	1 656 352
Investments in equities		3 257 636	888 935
Investment in subsidiaries	9	49 484 568	48 920 048
Property and equipment		265 298	393 376
Intangible assets		337 688	351 054
Deferred taxation		2 543 007	2 185 458
TOTAL ASSETS		63 142 973	56 342 293
LIABILITIES			
Other liabilities		2 773 978	1 200 543
Deferred taxation		153 660	156 607
TOTAL LIABILITIES		2 927 678	1 357 150
EQUITY AND RESERVES			
Share capital		6 862 084	6 841 445
Share premium		26 938 904	26 708 659
Treasury shares		(6 104 335)	(7 960 025)
Non - distributable reserve		13 000 000	13 000 000
Revenue reserve		18 745 792	15 895 427
Employee share option reserve		772 890	499 637
TOTAL EQUITY AND RESERVES		60 215 335	54 985 143
TOTAL LIABILITIES, EQUITY AND RESERVES		63 142 973	56 342 293

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

	Share capital US$	Share premium US$	Treasury shares US$	NDR US$	Employee share option reserve US$	Revenue reserve US$	Total US$
2012							
Balance at the beginning of the year	6 841 445	26 708 659	(557 234)	13 000 000	-	(2 425 677)	43 567 193
Total comprehensive Income	-	-	-	-	-	19 964 078	19 964 078
Treasury shares acquisition	-	-	(7 402 791)	-	-	-	(7 402 791)
Dividends	-	-	-	-	-	(1 642 974)	(1 642 974)
Employee share option	-	-	-	-	499 637	-	499 637
Balance at 31 December 2012	6 841 445	26 708 659	(7 960 025)	13 000 000	499 637	15 895 427	54 985 143
2013							
Balance at the beginning of the year	6 841 445	26 708 659	(7 960 025)	13 000 000	499 637	15 895 427	54 985 143
Total comprehensive Income	-	-	-	-	-	141 107	141 107
Treasury shares acquisition	-	-	(1 711 465)	-	-	-	(1 711 465)
Treasury shares disposal	-	-	3 567 155	-	-	4 697 393	8 264 548
Dividends	-	-	-	-	-	(1 988 135)	(1 988 135)
Employee share option	-	-	-	-	342 300	-	342 300
Exercise of share options	20 639	230 245	-	-	(69 047)	-	181 837
Balance at 31 December 2013	6 862 084	26 938 904	(6 104 335)	13 000 000	772 890	18 745 792	60 215 335

COMPANY'S STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	31 Dec 2013 US$	31 Dec 2012 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(219 388)	19 752 830
Non cash items:		
Depreciation and amortisation	146 020	188 516
Fair value adjustment	(212 161)	(72 550)
Profit on sale of property and equipments	-	(5 064)
Employee share option expense	342 300	499 637
Operating cash flow before changes in operating assets and liabilities	56 771	20 363 369
Changes in operating assets and liabilities		
Other assets	749 778	315 449
Other liabilities	1 573 435	(9 354 329)
	2 323 213	(9 038 880)
Corporate tax paid	-	-
Net cash inflow from operating activities	2 379 984	11 324 489
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(2 721 062)	(452 459)
Proceeds on disposal of property and equipment	-	19 802
Purchase of property and equipment	(4 575)	(8 127)
Net cash outflow from investing activities	(2 725 635)	(440 784)
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options exercised	181 837	-
Treasury shares acquisition	(1 711 465)	-
Treasury shares disposal	8 264 548	(7 402 791)
Dividends paid	(1 988 135)	(1 642 974)
Net cash outflow from financing activities	4 746 785	(9 045 765)
Net increase in balances with banks and cash	4 401 132	1 837 940
Balances with banks and cash at the beginning of the year	1 947 070	109 130
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	6 348 202	1 947 070

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

1. INCORPORATION AND ACTIVITIES

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

	31 Dec 2013 US$	31 Dec 2012 US$
2. REVENUE		
Net interest (expense)/income	(108 601)	33 153
Fair value adjustments on financial instruments	212 161	72 550
Dividend income	1 300 000	20 980 743
Profit on sale of property and equipment	-	5 064
Other	(15 631)	-
	1 387 929	21 091 510
3. OPERATING EXPENDITURE		
Staff costs	342 300	499 637
Administration expenses	1 069 255	650 527
Audit fees	49 742	-
Depreciation	132 653	135 049
Amortisation of intangible assets	13 367	53 467
	1 607 317	1 338 680

4. TAXATION

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

	31 Dec 2013 US$	31 Dec 2012 US$
4.1 Analysis of tax charge in respect of the profit for the year		
Current income tax charge	-	-
Deferred income tax	(360 495)	(211 248)
Income tax expense	(360 495)	(211 248)
5. BALANCES WITH BANKS AND CASH		
Bank	6 348 202	1 947 070

6. 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 re-measurements by the weighted average number of ordinary shares outstanding during the period.

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

	31 Dec 2013 US$	31 Dec 2012 US$
6.1 Earnings		
Basic	141 107	19 964 078
Fully diluted	141 107	19 964 078
Headline	141 107	19 959 015

6. EARNINGS PER SHARE (Continued)

	31 Dec 2013 US$	31 Dec 2012 US$
6.2 Earnings per share (cents)		
Basic	0.02	3.27
Fully diluted	0.02	3.20
Headline	0.02	3.27
Number of shares used in calculations (weighted)		
Basic earnings per share (weighted)	578 552 839	607 672 081
Fully diluted earnings per share	594 207 764	621 499 352
Headline earnings per share	578 552 839	607 672 081
6.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:		
Weighted average number of shares before adjustment for treasury shares	686 208 540	684 144 546
Less: Treasury shares held (weighted)	(107 655 701)	(128 378 325)
Weighted average number of shares used for basic EPS	578 552 839	555 766 221
Potentially dilutive shares	15 654 925	13 827 271
Weighted average number of shares used for diluted EPS	594 207 764	569 593 492
6.4 Headline earnings		
Profit attributable to ordinary shareholders	4 838 501	19 964 079
Adjusted for excluded re-measurements:		
Disposal gains on property and equipment	-	(5 064)
	4 838 501	19 959 015

7. DIVIDENDS

	31 Dec 2013 US$	31 Dec 2012 US$
Interim dividend paid	961 305	1 642 974
Final dividend proposed	1 262 708	978 326
	2 224 013	2 621 300

8. OTHER ASSETS

		31 Dec 2013 US$	31 Dec 2012 US$
Intercompany balances:	CBZ Bank Limited	-	-
	CBZ Asset Management (Private) Limited	-	564 519
	CBZ Insurance (Private) Limited	1 371	68 559
	CBZ Life (Private) Limited	300 771	528 240
	Sundry	604 432	495 034
		906 574	1 656 352

9. INVESTMENTS IN SUBSIDIARIES

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

9.1 Shareholding in subsidiaries

	31 Dec 2013	31 Dec 2012
CBZ Bank Limited	100%	100%
CBZ Asset Management (Private) Limited	100%	100%
CBZ Building Society (Private) Limited	100%	100%
CBZ Insurance (Private) Limited	58.5%	58.5%
CBZ Properties (Private) Limited	100%	100%
CBZ Life (Private) Limited	100%	100%

10. EMPLOYEE SHARE OPTION RESERVE

	31 Dec 2013 US$	31 Dec 2012 US$
Opening balance	499 637	-
Employee share options	273 253	499 637
Closing balance	772 890	499 637

Shares under option

The Directors are empowered to grant share options to senior executives and staff of the company up to a maximum of 40 000 000 shares. The options are granted for a period of 10 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2013 were as follows:

	31 Dec 2013 Share options	31 Dec 2012 Share options
Balances at the beginning of year	13 665 000	-
Granted during the year	-	13 665 000
Exercised during the year	(2 063 994)	-
	11 601 006	13 665 000

A valuation of the share option scheme was carried out by professional valuers as at 31 December 2013. The estimated fair value of the options granted was determined using the binomial model in accordance with IFRS 2 "Share Based Payments" with inputs and assumptions:

Grant date share price (US cents)	8.81
Exercise price (US cents)	8.81
Expected volatility (%)	50
Dividend yield (%)	2.5
Risk-free interest rate (%)	5.7

Valuation inputs:

Exercise price

The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the day which the options are granted, therefore 8.81 cents for the new options granted during the 2013 financial year.

Expected volatility

Expected volatility is a measure of the amount by which the price is expected to fluctuate during a period, for example between grant date and the exercise date.

Volatility was calculated using the geometric Brownian motion process on share prices.

Expected dividends

When estimating the fair value of options, the projected valuation of shares is reduced by the present value of dividends expected to be paid during the vesting period. This is because the payment of dividends reduces the value of a company.

Risk free rate of return

A risk free rate of return is the interest rate an investor would expect to earn on an investment with no risk which is usually taken to be a government issued security. It is the interest rate earned on a riskless security over a specified time horizon. Given that the valuation was done in United States dollars, the risk free rate was estimated based on the yield on 10 year treasury bills issued by the Federal Reserve Bank of the United States of America of 2.02%. This value was adjusted for the inflation differential between Zimbabwe and the United States of America. All options expire, if not exercised, 10 years after the date of grant.

NOTICE TO MEMBERS

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the members of CBZ Holdings Limited will be held in the Mirabelle Room, Meikles Hotel, Harare, on Wednesday, 30 April 2014 at 15:00 hours.

1. ORDINARY MATTERS

a) To receive and consider the Audited Annual Financial Statements for the year ended 31 December 2013, including the Chairman's, Group Chief Executive Officer's Reports and the Report of the External Auditors thereon.

b) To confirm the declaration of the final dividend 0.184 cents per share for the year ended 31 December 2013, following an interim dividend of 0.167 cents per share giving a total dividend of 0.334 cents per share.

c) Directorate

- i) To confirm the appointment of Mr. Richard Victor Wilde as the Chairman of the Board of Directors.
- ii) To confirm the appointment of Mr. Elliot Mugamu as the Vice-Chairman of the Board of Directors.
- iii) To note that in terms of Article 88 of the Articles of Association, one third of the Directors are required, after serving a period of three years, to retire from the Board by rotation and that in terms thereof the following Directors are eligible for retirement this year but offer themselves for re-election: Mr. Givemore Taputaira and Mrs. Roseline Nhamo.
- iv) To note the retirement of Messrs Luxon Zembe, Mohamed Ibrahim Omar Ben Ghali and Mohamed Hanif Nanabawa from the Board of Directors of CBZ Holdings Limited.
- v) To note the retirement of Dr. John Panonetsa Mangudya from the Board of Directors.
- vi) To confirm the appointment of Mr. Never Nyemudzo as the Group Chief Executive Officer.
- vii) To confirm the appointment of Mr. Colin Chimutsa as the Group Chief Finance Officer.

d) To confirm the remuneration paid to the Directors during the year.

e) To confirm the appointment during the year of Deloitte & Touche Chartered Accountants (Zimbabwe) as external auditors of the Company and to appoint the Auditors for the ensuing year. They being eligible, offer themselves for re-appointment.

f) To authorize the Directors to fix the external auditors' remuneration for the past year.

2. SPECIAL MATTERS

1.1 Amendment of Articles of Association of CBZ Holdings Limited

If Members deem it appropriate, they may approve the amendment of the Articles of Association of the Company as a special resolution with or without amendments:

It was **Resolved:-**

"That the Board be and is hereby authorized to delete Article 100 and substitute it with the following article:

"Article 100

At the first meeting of Directors held after the incorporation of the Company and thereafter at the meeting of Directors held in the fifth calendar year after each Annual General Meeting, the major Shareholder shall be entitled to appoint the Chairman of the Board of Directors who shall hold office for a period not exceeding five (5) years. If at any time an interim vacancy occurs in respect of this office, the appointing Shareholder shall be entitled to nominate a successor.

At the first meeting of Directors held after the incorporation of the Company and thereafter at the first meeting of Directors held after each Annual General Meeting, the Board of Directors shall elect a Vice-Chairman who shall hold office until the next election in terms of this Regulation. If at any time an interim vacancy occurs in respect of this office, such vacancy shall be filled by the board of directors until the next election in terms of this Regulation."

2.2 Share Buy Back

If Members deem it appropriate, they may approve the extension of the following resolution passed by Members at the Annual General Meeting held on 30 May 2012 and extended at the Annual General Meeting held on 30 April 2013 as a special resolution with or without amendments:

It was Resolved:-

"That the Directors of CBZ Holdings Limited be and are hereby authorised in terms of article 11(b) of the Company's Articles and subject to sections 78 to 79 of the Companies' Act (Chapter 24:03) to purchase the Company's own shares subject to the following:

- i. *That the purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% or 5% below the weighted average trading price for such ordinary shares traded over 5 business working days immediately preceding the date of the purchase of such shares by the Company.*
- ii. *That the shares secured under this resolution shall be ordinary shares in the Company and the maximum number of shares that may be acquired shall not exceed 68 414 450 shares.*
- iii. *That this authority shall expire on the date of the next Annual General Meeting of the Company.*
- iv. *That the shares purchased shall be held for treasury purposes."*

3. GENERAL

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

4. PROXIES

In terms of the Companies Act (Chapter 24:03) a member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and on a poll to vote or abstain from voting in his stead.

A proxy need not be a member.

Proxy forms must be received at the registered office of the company not less than 48 hours before the meeting.

BY ORDER OF THE BOARD

RUMBIDZAYI A JAKANANI
GROUP LEGAL CORPORATE SECRETARY

REGISTERED HEAD OFFICE
5th Floor, Union House
60 Kwame Nkrumah Avenue
Harare, Zimbabwe
Telephone: (263-4) 748 050 - 79
Email: info@cbzh.co.zw

28 March 2014

Directors
Richard Victor Wilde (Chairman), Elliot Mugamu (Vice-Chairman), Tinoziva Bere, Fouad Moktar Dernawi, Andrew Lowe, David Mutambara, Roseline Nhamo, Rebecca Pasi, Givemore Taputaira, Never Nyemudzo* (Group Chief Finance Officer) and John Panonetsa Mangudya* (Dr) (Group Chief Executive Officer).

* Executive Director

GROUP DETAILS

REGISTERED HEAD OFFICE
5th Floor, Union House
60 Kwame Nkrumah Avenue
Harare, Zimbabwe
Telephone: (263-4) 748 050 - 79
Email: info@cbzh.co.zw

TRANSFER SECRETARIES
ZB Transfer Secretaries
ZB Centre, Ground Floor
Cnr First Street/Kwame Nkrumah Avenue
P.O Box 2540
Harare, Zimbabwe

LEGAL PRACTITIONERS
Mawere & Sibanda Legal Practitioners
3rd Floor Chiyedza House
1st Street/ Kwame Nkrumah Avenue
P.O Box CY 1376
Causeway
Harare, Zimbabwe

Dube, Manikai & Hwacha Legal Practitioners
6th Floor, Gold Bridge, Eastgate Complex
Cnr Sam Nujoma Street/ Robert Mugabe Avenue
Harare, Zimbabwe

AUDITORS
Deloitte &Touche
No.1 Kenilworth Gardens
P.O Box 267
Highlands
Harare, Zimbabwe

FORM OF PROXY

I/We ____

Of ____

____

Being a member of CBZ Holdings Limited and entitled to______________________votes hereby appoint

____

Of ____

Or failing him/her ____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be

held in Mirabelle Room, Meikles Hotel, Harare, on 30 April 2014 and at any adjournment

thereof.

Signed by me this __________________day of____2014

Signature:____

NOTES:

1. Any member of the Company entitled to attend and vote at the meeting of the company shall be entitled to appoint another person, whether a member of the Company or not, as his proxy to attend, vote and speak in his stead.

2. Proxy Forms should be forwarded to reach office of the Company at least 48 (forty-eight) hours before the time appointed for holding the meeting.

3. An instrument appointing a proxy shall be valid only for the one specified meeting for which it shall be submitted and any adjournment thereof.