

Chairman's Statement

Although the economic environment remained challenging, the Group's financial highlights point towards a business that is resilient, delivering long term financial performance and creating value for all our stakeholders.

Month	Annual Inflation Rate (%)	Monthly Inflation Rate (%)
Jun 13	1.80	-0.10
Jul 13	1.25	-0.30
Aug 13	1.30	-0.40
Sep 13	0.85	-0.10
Oct 13	0.55	-0.80
Nov 13	0.45	-0.10
Dec 13	0.25	0.05
Jan 14	0.35	0.10
Feb 14	-0.25	0.05
Mar 14	-0.65	-0.20
Apr 14	0.00	0.60
May 14	0.00	0.00
Jun 14	-0.05	-0.10

Against the backdrop of a slowdown in the domestic economy, the financial services sector remained under pressure and continues to grapple with increasing levels of non-performing loans as a result of the worsening repayment capacity of borrowers. The aggregated industry's non performing loans grew from 16% of lending in December 2013 to 17% as at the close of March 2014.

The annual inflation rate opened the year at 0.33%, and declined to close the half year period at -0.10%. The deceleration in the annual rate of inflation has been attributed to the fall in food prices and weakening of the Rand against the US dollar. Low liquidity levels have also dampened aggregate demand.

CBZH stock price opened the year 2014 at 15 cents. The share achieved a high of 16.8 cents and a low of 13.0 cents during the period before closing at 13.5 cents. Approximately 62.9 million shares changed hands during the half year ended 30 June 2014.

Below are the key highlights of the Group's performance for the half year.

	Unaudited Half Year Ended 30 June 2014 US\$m	Unaudited Half Year Ended 30 June 2013 US\$m	Audited Year Ended 31 December 2013 US\$m
Financial Performance			
Profit before taxation	14.9	20.3	42.2
Profit after taxation	12.8	16.0	36.7
Total comprehensive income	12.8	16.0	39.9
Total assets	1 693.4	1 350.2	1 558.7
Total equity and reserves	216.4	175.9	205.8
Total deposits	1 457.2	1 155.8	1 332.6
Total advances	1 044.0	917.4	1 028.1
Other Statistics			
Basic earnings per share(cents)	4.1	5.6	6.3
Non- interest Income to total Income %	35.6	36.5	36.7
Cost to income ratio %	66.7	60.8	59.0
Annualised return on assets %	1.8	3.0	3.0
Annualised return on equity %	11.8	16.6	20.0
Growth in deposits %	9.4	12.0	29.1
Growth in advances %	1.5	7.3	20.3

Following the appointment of Dr John Mangudya as the Governor of the Reserve Bank of Zimbabwe, Messrs Never Nyemudzo and Colin Chimutsa were appointed as Group Chief Executive Officer and Group Chief Finance Officer respectively, with effect from 1 May 2014. They both sit as Executive Directors on the CBZ Holdings Limited Board.

Governance
We believe that a business built on good governance is more likely to succeed over the long term. Given the volatile environment, the board has paid particular attention to sharpening our focus on key risk areas.

In line with the Group's dividend growth policy, the Board has proposed the declaration of an interim dividend of \$1 259 245.

We remain hopeful of the efforts being directed by the Reserve Bank of Zimbabwe, at strengthening the financial services sector through reviving the interbank market. A well-capitalised and liquid financial services sector is a boon for long term economic growth through active long term funding of economic structures.

The continued growth in the agricultural and mining sectors should be sustained. Government policies targeted at attracting foreign direct investment should restore investors' confidence and hopefully see the restoration and development of the much needed infrastructural assets.

Appreciation
My appreciation goes to the Boards of the Group, management and staff for their commitment to the established goals. Our treasured stakeholders remain the backbone of our existence and our mutual partnerships continue to collectively sustain our achievements.

R.V Wilde
Chairman

7 August 2014

For the half year ended 30 June 2014

	Notes	Unaudited 30 June 2014 US\$	Unaudited 30 June 2013 US\$
Interest income	2	90 907 906	78 830 358
Interest expense	2	(49 902 343)	(34 905 489)
Net interest income		41 005 563	43 924 869
Non-interest income	3	24 798 402	21 348 792
Underwriting income (net)	4	3 763 677	3 915 632
Total income		69 567 642	69 189 293
Operating expenditure	5	(46 388 803)	(42 094 083)
Operating income		23 178 839	27 095 210
Charge for impairment	11.5/12.1	(7 577 387)	(6 629 237)
Transfer to Life Fund		(684 659)	(164 346)
Profit before taxation		14 916 793	20 301 627
Taxation	6.1	(2 084 408)	(4 338 518)
Profit for the half year after tax		12 832 385	15 963 109
Other comprehensive income		-	-
Total comprehensive income for the half year		12 832 385	15 963 109
Profit for the half year attributable to:			
Equity holders of parent		12 807 473	15 803 529
Non-controlling interests		24 912	159 580
Profit for the half year		12 832 385	15 963 109
Total comprehensive income attributable to:			
Equity holders of parent		12 807 473	15 803 529
Non-controlling interests		24 912	159 580
Total comprehensive income for the half year		12 832 385	15 963 109
Earnings per share (cents):			
Basic		4.13	5.64
Fully diluted		4.03	5.58
Headline		4.14	5.64

As at 30 June 2014

	Notes	Unaudited 30 Jun 2014 US\$	Audited 31 Dec 2013 US\$
ASSETS			
Balances with banks and cash	9	127 058 092	152 612 007
Money market assets	10	298 851 882	175 131 880
Advances	11	1 043 970 670	1 028 118 742
Insurance assets	12	5 470 899	3 980 123
Other assets	13	84 426 047	71 078 468
Investments - other financial assets	14	12 239 474	11 797 778
Property and equipment	15	80 202 202	76 444 894
Investment properties	16	21 922 861	21 849 043
Intangible assets	17	1 306 871	1 603 965
Deferred taxation	18	17 916 870	16 050 111
Current tax receivable		3 731	-
TOTAL ASSETS		1 693 369 599	1 558 667 011
LIABILITIES			
Deferred taxation	18	2 525 821	2 579 371
Deposits	19	1 457 181 529	1 332 564 255
Insurance liabilities	20	5 786 428	3 619 146
Life Fund	21	2 299 341	1 614 683
Other liabilities	22	8 186 270	10 485 516
Current tax payable		947 347	1 956 968
TOTAL LIABILITIES		1 476 926 736	1 352 819 939
EQUITY AND RESERVES			
Share capital	23.1	6 865 892	6 862 084
Share premium	23.2	26 981 378	26 938 904
Treasury shares	23.3	(7 330 839)	(6 104 335)
Non distributable reserve	23.4	13 000 000	13 000 000
Revaluation reserve		23 606 200	23 606 200
Share option reserve	23.5	833 898	772 890
Revenue reserves	23.6	151 792 171	140 102 078
Equity and reserves attributable to equity holders of the parent		215 748 700	205 177 821
Non-controlling interests	23.7	694 163	669 251
TOTAL EQUITY & RESERVES		216 442 863	205 847 072
TOTAL LIABILITIES, EQUITY AND RESERVES		1 693 369 599	1 558 667 011

For the half year ended 30 June 2014

	Share Capital US\$	Share premium US\$	Treasury shares US\$	NDR US\$	Revaluation reserve US\$	Share option reserve US\$	Revenue reserve US\$	Non- controlling interests US\$	Total US\$
30 June 2013									
Balance at beginning of period	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	-	-	-	-	-	-	15 803 529	159 580	15 963 109
Treasury shares disposal	-	-	2 189	-	-	-	28 614	-	30 803
Recognition of share based payments	-	-	-	-	-	219 571	-	-	219 571
Dividends	-	-	-	-	-	-	(961 305)	-	(961 305)
Balance at 30 June 2013	6 841 445	26 708 659	(8 193 228)	13 000 000	20 392 736	719 208	115 814 766	645 827	175 929 413
30 June 2014									
Balance at beginning of period	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
Total comprehensive income	-	-	-	-	-	-	12 807 473	24 912	12 832 385
Treasury shares acquisition	-	-	(1 226 504)	-	-	-	-	-	(1 226 504)
Recognition of share based payments	-	-	-	-	-	73 746	-	-	73 746
Transfer of reserve on options exercised	3 808	42 474	-	-	-	(12 738)	-	-	33 544
Dividends	-	-	-	-	-	-	(1 117 380)	-	(1 117 380)
Balance at 30 June 2014	6 865 892	26 981 378	(7 330 839)	13 000 000	23 606 200	833 898	151 792 171	694 163	216 442 863

UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

Consolidated Statement of Cash Flows

For the half year ended 30 June 2014

	30 Jun 2014 US\$	30 June 2013 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14 916 793	20 301 627
Non cash items:		
Depreciation	3 348 648	2 602 087
Amortisation of intangible assets	399 206	414 577
Fair value adjustments	59 504	(423 258)
Impairment on advances and insurance assets	7 577 387	6 629 237
Unrealised gains/losses on foreign currency position	(457 099)	197 325
Loss on disposal of investment properties	-	10 800
Loss on sale of property and equipment	32 600	6 955
Unearned premium	612 492	435 026
Claims provision Incurred But Not Reported (IBNR)	587 397	25 393
Employee share option exercise	73 746	219 571
Operating cash flows before changes in operating assets and liabilities	27 150 674	30 419 340
Changes in operating assets and liabilities		
Deposits	125 074 373	123 279 953
Advances	(23 324 367)	(69 292 426)
Money market assets	(123 720 002)	(95 459 983)
Insurance assets	(1 595 724)	(2 469 118)
Insurance liabilities	1 652 051	1 112 357
Other assets	(13 347 582)	23 819 577
Other liabilities	(2 299 245)	(8 772 125)
	(37 560 496)	(27 781 765)
Corporate tax paid	(5 018 069)	(9 094 558)
Net cash outflow from operating activities	(15 427 891)	(6 456 983)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of investment property	-	37 800
Net change in investments	(501 198)	(17 353 949)
Purchase of investment properties	(73 818)	(14 707)
Proceeds on disposal of property and equipment	377 259	353 605
Purchase of property and equipment	(7 515 815)	(7 397 483)
Purchase of intangible assets	(102 112)	(1 782)
Net cash outflow from investing activities	(7 815 684)	(24 376 516)
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	33 544	-
Treasury shares acquisition	(1 226 504)	-
Treasury shares disposal	-	30 803
Dividends paid	(1 117 380)	(961 305)
Net cash outflow from financing activities	(2 310 340)	(930 502)
NET DECREASE IN BALANCES WITH BANKS AND CASH	(25 553 915)	(31 764 001)
Balances with banks and cash at the beginning of the period	152 612 007	180 186 510
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	127 058 092	148 422 509

Accounting Policies

For the half year ended 30 June 2014

1. GROUP ACCOUNTING POLICIES

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

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 country'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 are eliminated in full.

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

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

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

Compliance with IFRS

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

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Notes to the Consolidated Financial Results

For the half year ended 30 June 2014

1.3 INCORPORATION AND ACTIVITIES

The consolidated financial statements of the Group for the half year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 7 August 2014. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

2. INTEREST

Interest Income

	30 June 2014 US\$	30 June 2013 US\$
Bankers acceptances	1 063 626	-
Overdrafts	46 843 109	48 104 240
Loans	25 152 663	22 784 925
Mortgage interest	8 480 116	6 503 608
Staff loans	142 912	204 574
	81 682 426	77 597 347
Short-term money market assets	8 622 915	1 011 822
Other investments	602 565	221 189
	90 907 906	78 830 358

Interest expense

Call deposits	215 425	172 334
Savings deposits	4 419 102	3 354 828
Money market deposits	33 572 077	20 224 564
Other offshore deposits	11 695 739	11 153 763
	49 902 343	34 905 489

3. NON-INTEREST INCOME

Net income from trading securities	-	76 254
Fair value adjustments on financial instruments	(59 504)	423 258
Net income from foreign currency dealings	2 561 271	4 524 244
Unrealised profit on foreign currency	457 099	-
Commission and fee income	18 823 396	14 752 946
Loss on sale of assets	(32 600)	(17 755)
Other operating income	3 048 740	1 589 845
	24 798 402	21 348 792

4. UNDERWRITING INCOME (NET)

Gross premium insurance	9 466 656	8 855 471
Reinsurance	(3 008 897)	(3 233 408)
Net written premium	6 457 759	5 622 063
Unearned premium	(591 816)	(348 290)
Net earned premium	5 865 943	5 273 773
Net commission	(679 875)	(195 329)
Net claims	(1 422 391)	(1 162 812)
	3 763 677	3 915 632

5. OPERATING EXPENDITURE

Staff costs	24 577 347	24 106 651
Administration expenses	17 814 321	14 689 728
Audit fees	249 281	281 040
Depreciation	3 348 648	2 602 087
Amortisation of intangible assets	399 206	414 577
	46 388 803	42 094 083

Remuneration of directors and key management personnel (included in staff costs)

Fees for services as directors	641 200	755 126
Pension for past and present directors	242 817	166 109
Salaries and other benefits	3 628 889	2 705 772
	4 512 906	3 627 007

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	750 001	197 929
Between 1 and 5 years	446 824	701 250
More than 5 years	2 400	-
	1 199 225	899 179

The Group leases a number of buildings from which its branches operate. The leases typically run for a period of less than 5 years with an option to renew the lease after the expiry date.

During the half year ended 30 June 2014, an amount of \$ 1 159 544 (June 2013: \$565 617) 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 statement of financial position liability method.

6.1 Analysis of tax charge in respect of the profit for the half year

Current income tax charge	4 010 629	4 660 223
Deferred income tax	(1 926 221)	(321 705)
Income tax expense	2 084 408	4 338 518

6.2 Tax rate reconciliation

	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	(14.35)	(4.38)
Temporary differences	3.43	-
Tax credit	(0.86)	-
Effective tax rate	13.97	21.37

7. 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:

	30 June 2014 US\$	30 June 2013 US\$
Earnings per share cents		
Basic	4.13	5.64
Fully diluted	4.03	5.58
Headline	4.14	5.64
Earnings		
Basic earnings (earnings attributable to holders of parent)	12 807 473	15 803 529
Fully diluted	12 807 473	15 803 529
Headline	12 840 073	15 821 284
Number of shares used in calculations (weighted)		
Basic earnings per share (weighted)	620 620 392	560 833 190
Fully diluted earnings per share (weighted)	636 127 950	565 636 886
Headline (weighted)	620 620 392	560 833 190
Reconciliation of denominators used for calculating basic and diluted earnings per share:		
Weighted average number of shares before adjustment for treasury shares	686 589 294	684 144 546
Less: Treasury shares held	(65 968 902)	(123 311 356)
Weighted average number of shares used for basic EPS	620 620 392	560 833 190
Potentially dilutive shares (Employee Share Options)	15 507 558	4 803 696
Weighted average number of shares used for diluted EPS	636 127 950	565 636 886
Headline earnings		
Profit attributable to ordinary shareholders	12 807 473	15 803 529
Adjusted for excluded re-measurements:		
Disposal loss on plant and equipment and intangibles	32 600	17 755
	12 840 073	15 821 284

UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

		30 June 2014 US\$		30 June 2013 US\$				30 June 2014 US\$		31 Dec 2013 US\$	
8.	DIVIDENDS					12.	INSURANCE ASSETS				
	Interim dividend paid		-		961 305		Reinsurance unearned premium reserve		2 043 926		1 076 997
	Interim dividend proposed		1 259 245		-		Reinsurance receivables		776 424		1 151 399
			1 259 245		961 305		Deferred acquisition cost		728 752		443 141
							Insurance premium receivables		2 028 909		1 408 104
	Dividends are paid on shares held at the record date net of treasury shares held on the same date.						Suspended premium		(107 112)		(99 518)
									5 470 899		3 980 123
9.	BALANCES WITH BANKS AND CASH		30 June 2014 US\$		31 Dec 2013 US\$	12.1	Impairment on insurance assets				
	Balance with the Reserve Bank of Zimbabwe		50 712 730		94 237 886		Opening balance		179 204		89 557
	Current accounts		50 712 730		94 237 886		Provision for doubtful insurance receivables		104 948		285 375
	Balances with other banks and cash		76 345 362		58 374 121		Amounts written off during the year		(123 425)		(195 728)
	Cash foreign		39 201 652		35 820 181		Balance at year end		160 727		179 204
	Nostro accounts		37 136 204		22 530 964	13.	OTHER ASSETS				
	Interbank clearing accounts		7 506		22 976		Land inventory		68 713 410		65 964 183
			127 058 092		152 612 007		Prepayments and deposits		1 837 746		1 669 340
10.	MONEY MARKET ASSETS						Other receivables		13 874 891		3 444 945
	AMA/Agro bills		110 000		100 000				84 426 047		71 078 468
	Call placements		81 601 092		82 244 680	14	INVESTMENTS - OTHER FINANCIAL ASSETS				
	Accrued interest		3 952 489		2 915 570		Investments in equity instruments		4 611 442		4 169 747
	Treasury bills		155 848 920		54 171 471		Investments in debenture instruments		7 628 032		7 628 031
	Bankers acceptances		57 339 381		35 700 159				12 239 474		11 797 778
			298 851 882		175 131 880	14.1	INVESTMENTS IN EQUITIES				
10.1	Maturity analysis						Listed investments		1 766 130		1 419 423
	Demand		71 456 777		85 506 749		Unlisted investments		2 845 311		2 750 324
	Between 1 and 3 months		93 366 106		24 403 863				4 611 441		4 169 747
	Between 3 months and 1 year		22 778 545		58 261 279						
	Between 1 and 5 years		111 250 455		6 959 989						
			298 851 883		175 131 880		At cost		2 845 311		2 750 324
							At fair value		1 766 130		1 419 423
	Maturity value		317 939 794		173 049 063				4 611 441		4 169 747
	Book value		298 851 883		166 359 546	14.2	Investment in subsidiaries				
11.	ADVANCES						CBZ Bank Limited		%		%
	Overdrafts		556 534 004		558 909 098		CBZ Asset Management (Private) Limited		21 839 891	100	21 839 891
	Loans		395 719 379		355 480 541		CBZ Building Society		1 987 950	100	1 987 950
	Mortgage advances		129 060 371		137 205 371		CBZ Insurance (Private) Limited		19 114 990	100	19 114 990
			1 081 313 754		1 051 595 010		CBZ Properties Limited		374 579	58.5	374 579
	Interest accrued		12 676 899		12 439 476		CBZ Life Assurance (Private) Limited		4 779 144	100	4 779 144
	Total gross advances		1 093 990 653		1 064 034 486				1 388 014	100	1 388 014
	Impairment provisions (included in interest expense)		(50 019 983)		(35 915 744)				49 484 568		49 484 568
			1 043 970 670		1 028 118 742	14.3	Investment in debentures				
							Investment in debentures are held to maturity and valued at amortised cost less impairments. Investments in debentures held by the group as at 30 June 2014 had the following features;				
11.1	Sectoral analysis						Tenure (years)		5		5
	Private		127 994 667	12	107 684 586	10	Interest rate (%)		7-10%		7-10%
	Agriculture		274 789 970	25	295 851 155	27	Value (US\$)		7 566 111		7 566 111
	Mining		13 858 171	1	16 809 125	2					
	Manufacturing		103 067 159	9	96 973 194	9					
	Distribution		273 606 613	25	245 722 483	23					
	Construction		7 748 921	1	5 299 981	1					
	Transport		19 978 464	2	25 254 808	2					
	Communication		9 920 028	1	8 911 310	1					
	Services		256 992 481	23	242 453 956	23					
	Financial organisations		6 034 179	1	19 073 888	2					
			1 093 990 653	100	1 064 034 486	100					
11.2	Maturity analysis		30 June 2014 US\$		31 Dec 2013 US\$						
	Demand		589 510 107		613 145 157		Cost				
	Between 1 and 3 months		37 572 151		13 090 851		Opening balance		5 100 094		51 637 774
	Between 3 and 6 months		38 704 961		8 986 471		Additions		-		839 385
	Between 6 months and 1 year		110 484 566		128 262 783		Revaluation surplus		-		-
	Between 1 and 5 years		183 002 912		180 355 875		Impairments		-		-
	More than 5 years		134 715 956		120 193 349		Disposals		-		-
			1 093 990 653		1 064 034 486		Transfers to non PPE assets		-		(153 854)
							Transfers/Acquisitions		-		33 115
							Closing balance		5 100 094		52 510 274
									791 888		4 316 972
							Accumulated depreciation				
							Opening balance		-		-
							Charge for the period		-		981 156
							Disposals		-		-
							Revaluation		-		-
							Impairments		-		-
							Closing balance		-		981 156
									233 063		2 340 667
									12 811 199		12 811 199
									-		16 366 085
									16 366 085		13 355 920
11.3	Loans to directors, key management and employees						Net Book Value		5 100 094		51 529 118
	Loans to directors and key management personnel								558 825		1 976 305
	Included in advances are loans to executive directors and key management personnel:-								15 418 036		5 619 824
	Opening balance		7 925 002		5 993 289				5 619 824		80 202 202
	Advances made during the period		2 552 177		2 635 763				80 202 202		76 444 894
	Repayments during the period		(233 949)		(704 050)						
	Balance at end of period		10 243 230		7 925 002						
	Loans to employees										
	Included in advances are loans to employees:-										
	Opening balance		37 838 477		38 073 520						
	Advances made during the period		4 095 742		5 160 557						
	Repayments during the period		(2 191 074)		(5 395 600)						
	Balance at end of period		39 243 145		37 838 477						
11.4	Non performing advances										
	Total advances on which interest is suspended										
11.5	Impairment provisions										
	Opening balance		35 915 744		35 455 206						
	Charge for impairment on advances		7 472 439		19 159 872						
	Interest in suspense		7 691 275		13 699 706						
	Amounts written off during the period		(1 059 474)		(32 399 040)						
	Balance at end of year		50 019 984		35 915 744						
	Comprising:										
	Specific impairments		27 627 136		17 410 620						
	Portfolio impairments		22 392 848		18 505 124						
			50 019 984		35 915 744						
11.6	Collaterals										
	Cash cover		31 675 358		31 776 798						
	Collateral (mortgage security)		701 545 033		737 233 914						
	Notarial general covering bonds		796 513 556		657 516 198						
			1 529 733 947		1 426 526 910						

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16.	INVESTMENT PROPERTIES	30 June 2014 US\$	31 Dec 2013 US\$
	Opening balance	21 849 043	20 335 977
	Additions	73 818	14 707
	Disposals	-	(232 500)
	Fair valuation gain	-	1 730 859
	Closing balance	21 922 861	21 849 043

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real 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\$721 164 (June 2013: \$634 159) and direct operating expenses amounted to US\$87 665 (June 2013: \$181 406).

17.	INTANGIBLE ASSETS	30 June 2014 US\$	31 Dec 2013 US\$
	Computer software		
	At cost	3 520 495	3 418 383
	Accumulated amortisation	(2 213 624)	(1 814 418)
		1 306 871	1 603 965
	Movement in intangible assets:		
	Opening balance	1 603 965	2 090 819
	Additions	102 112	277 721
	Transfer from property and equipment	-	50 000
	Amortisation charge	(399 206)	(814 575)
	Closing balance	1 306 871	1 603 965

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		
	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
	Fair value adjustment – Available-for-sale financial assets	-	-
		-	561 057

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

i)	Deferred tax liability		
	Fair value adjustments	(2 259)	208 886
	Prepayments	(178 891)	589 907
	Property and equipment	(762 838)	(1 042 633)
	Impairment allowance	-	-
	Other	890 438	(121 691)
		(53 550)	(365 531)
	Add:		
	Opening balance	2 579 371	2 383 845
	Closing balance	2 525 821	2 579 371

ii)	Deferred tax asset		
	Opening balance	16 050 111	7 539 322
	Assessed loss	(5 911)	161 378
	Impairments and provisions	1 735 673	657 112
	Tax claimable impairments	266 988	8 377 977
	Other	(129 991)	(685 678)
	Closing balance	17 916 870	16 050 111

19.	DEPOSITS		
	Call deposits	16 950 434	10 439 337
	Savings and other deposits	595 797 499	521 227 248
	Money market deposits	591 369 153	490 348 487
	Offshore deposits	239 277 816	299 481 272
	Accrued interest	13 786 627	11 067 911
		1 457 181 529	1 332 564 255

19.1	Deposits by source		
	Banks	60 510 160	37 647 610
	Money market	553 369 923	468 446 725
	Customers	601 242 692	522 778 226
	Offshore deposits	242 058 754	303 691 694
		1 457 1 81 529	1 332 564 255

19.2	Deposits by type		
	Retail	70 548 620	66 911 308
	Corporate	517 025 593	455 866 918
	Money market	627 548 562	506 094 335
	Offshore deposits	242 058 754	303 691 694
		1 457 181 529	1 332 564 255

19.3	Sectoral analysis		%		%
	Private	78 784 255	5	66 088 820	5
	Agriculture	40 887 165	3	33 618 095	3
	Mining	12 346 508	1	11 045 154	1
	Manufacturing	151 840 379	11	124 870 103	9
	Distribution	162 471 563	11	133 636 078	10
	Construction	28 922 610	2	23 766 879	2
	Transport	19 774 538	1	16 249 538	1
	Communication	37 939 500	3	62 095 991	5
	Services	428 326 360	29	324 718 478	24
	Financial organisations	468 527 202	32	487 294 770	37
	Financial and investments	27 361 449	2	49 180 349	3
		1 457 181 529	100	1 332 564 255	100

19.4	Maturity analysis	30 June 2014 US\$	31 Dec 2013 US\$
	Repayable on demand	853 235 835	805 831 152
	Between 1 and 3 months	255 252 470	192 584 821
	Between 3 and 6 months	117 683 295	121 254 263
	Between 6 months and 1 year	118 027 060	102 362 566
	Between 1 and 5 years	89 692 033	89 710 470
	More than 5 years	23 290 836	20 820 983
		1 457 181 529	1 332 564 255

Maturity analysis is based on the remaining period From 30 June 2014 to contractual maturity.

20.	INSURANCE LIABILITIES		
	Reinsurance payables	1 015 881	549 367
	Gross outstanding claims	639 306	635 779
	Gross unearned premium reserve	3 697 701	2 202 048
	Deferred reinsurance acquisition revenue	433 540	231 952
		5 786 428	3 619 146

20.1 Insurance contract provisions

20.1 (a) Provision for unearned premiums

	Gross US\$	Reinsurance US\$	Net US\$
Unearned premiums beginning of period	3 002 414	1 076 997	1 925 417
Written Premiums	9 466 656	3 008 897	6 457 759
Premiums earned during the period	(7 885 329)	(2 040 064)	(5 845 265)
Unearned premiums at end of period	4 583 741	2 054 830	2 537 911

Outstanding claims provision

Outstanding claims at beginning of period	1 067 185	150 917	916 268
Claims incurred	2 694 058	778 029	1 916 029
Incurred but not yet reported claims provision	(824 749)	-	(824 749)
Claims paid	(2 367 172)	(697 998)	(1 669 174)
Outstanding claims at end of period	569 322	230 948	338 374

20.1 (b) Reinsurance payables

	Gross US\$	Reinsurance US\$
Reinsurance payables at beginning of period	740 270	1 261 873
Premiums ceded during the period	2 692 089	3 829 116
Reinsurance paid	(2 416 478)	(4 541 622)
Reinsurance payables at end of period	1 015 881	549 367

(c) Commissions

Unearned at beginning of period	231 953	246 176	(14 223)
Written premiums	581 271	562 936	18 335
Earned during the period	(379 684)	(390 944)	11 260
Unearned at end of period	433 540	418 168	15 372

(d) Net claims

Gross claims incurred	975 860	4 377 900
Reinsurance claims	(575 098)	(1 882 360)
Incurred but not yet reported claims	(76 585)	459 275
Gross outstanding claims	513 411	664 930
Reinsurance share of outstanding claims	(177 636)	(122 900)
	659 952	3 496 845

(e) Net commissions

Commission received	587 364	953 886
Commission paid	(1 351 264)	(1 872 444)
Deferred acquisition costs	84 024	217 791
Net commission	(679 876)	(700 767)

21. LIFE FUND

	Unearned premium reserve	Incurred but not yet reported	Guaranteed education plan	Total
Opening balance	799 601	424 804	390 277	1 614 682
Transfer from income	20 677	323 360	340 622	684 659
Closing balance	820 278	748 164	730 899	2 299 341

22. OTHER LIABILITIES

Revenue received in advance	1 145 106	1 124 626
Sundry creditors	3 149 158	7 234 689
Other	3 892 005	2 126 201
	8 186 269	10 485 516

23. EQUITY AND RESERVES

23.1 Share capital

Authorised		
1 000 000 000 ordinary shares of US\$ 0.01 each	10 000 000	10 000 000
Issued and fully paid		
686 589 294 ordinary shares of US\$ 0.01 each	6 865 892	6 862 084

Opening balance	6 862 084	6 841 445
Exercise of share options	3 808	20 639
Closing balance	6 865 892	6 862 084

23.2 Share premium

Opening balance	26 938 904	26 708 659
Share option reserve	42 474	230 245
Closing balance	26 981 378	26 938 904

23.3 Treasury shares

Opening balance	(6 104 335)	8 195 417
Share buyback	(1 226 504)	1 711 465
Disposal of shares	-	(3 802 547)
Closing balance	(7 330 839)	6 104 335

During the half year, the Group purchased 7 330 514 shares at an average price of \$0.16 per share. The share buyback was in fulfilment of the resolution made at the AGM to purchase the company's issued share capital.

23.4 Non-distributable reserve

Opening balance	13 000 000	13 000 000
Movement for the period	-	-
Closing balance	13 000 000	13 000 000

23.5 Employee share option reserve

Opening balance	772 890	499 637
Share options to employees	61 008	273 253
Closing balance	833 898	772 890

During the half year 380 754 (June 2013: 660 042) share options were exercised after vesting on 1 June 2013 and \$33 544 (June 2013: \$58 678) was realised from the exercise.

23.6 Revenue reserve

Revenue reserves comprise:		
Holding company	17 788 036	18 745 795
Subsidiary companies	137 681 104	125 022 672
Effects of consolidation journals	(3 676 969)	(3 666 389)
	151 792 171	140 102 078

23.7 Non controlling interests

Non controlling interests comprise:		
Opening balance	669 251	486 247
Total comprehensive income	24 912	183 004
Closing balance	694 163	669 251

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24. CATEGORIES OF FINANCIAL INSTRUMENTS

	Held for Trading	Available for sale	Loans and Receivables	Financial Liabilities At amortised cost	Total carrying Amount
	US\$	US\$	US\$	US\$	US\$
June 2014					
Financial assets					
Balances with banks and cash	-	-	127 058 092	-	127 058 092
Money market assets	-	-	298 851 882	-	298 851 882
Advances	-	-	1 043 970 670	-	1 043 970 670
Insurance assets	-	-	5 470 899	-	5 470 899
Investments	4 410 672	200 770	7 628 032	-	12 239 474
Other assets	-	-	28 181 964	-	28 181 964
Current tax receivable	-	-	3 731	-	3 731
Total	4 410 672	200 770	1 511 165 270	-	1 515 776 712
Financial liabilities					
Deposits	-	-	-	1 457 181 529	1 457 181 529
Life Fund	-	-	-	2 299 341	2 299 341
Other liabilities	-	-	-	8 186 270	8 186 270
Insurance liabilities	-	-	-	5 786 428	5 786 428
Current tax payable	-	-	-	947 347	947 347
Total	-	-	-	1 474 400 915	1 474 400 915
December 2013					
Financial assets					
Balances with banks and cash	-	-	152 612 007	-	152 612 007
Money market assets	166 359 546	-	8 772 334	-	175 131 880
Advances	-	-	1 028 118 742	-	1 028 118 742
Insurance assets	-	-	3 980 123	-	3 980 123
Investments	3 968 976	200 771	7 628 031	-	11 797 778
Other assets	-	-	18 917 844	-	18 917 844
Total	170 328 522	200 771	1 220 029 081	-	1 390 558 374
Financial liabilities					
Deposits	-	-	-	1 332 564 255	1 332 564 255
Insurance liabilities	-	-	-	3 619 146	3 619 146
Other liabilities	-	-	-	10 485 516	10 485 516
Current tax payable	-	-	-	1 956 968	1 956 968
Total	-	-	-	1 348 625 885	1 348 625 885

25. CAPITAL MANAGEMENT

The Group adopted the Group Internal Capital Adequacy Assessment policy (ICAAP) which enunciates CBZ Holdings approach, assessment and management of risk and capital from an internal perspective that is over and above the minimum regulatory rules and capital requirements of Basel II. The primary objective of the Group's capital management is to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and maximise 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 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 level of risk (risk vs. return).

26. CONTINGENCIES AND COMMITMENTS

	30 June 2014 US\$	31 Dec 2013 US\$
Contingent liabilities		
Guarantees	157 882 498	155 884 234
Irrevocable letters of credit	-	-
	157 882 498	155 884 234
Capital commitments		
Authorised and contracted for	180 902	209 519
Authorised but not yet contracted for	370 000	31 685
	550 902	241 204
The capital commitments will be funded from the Group's own resources.		

27. FUNDS UNDER MANAGEMENT

Pensions	120 037 783	116 750 198
Private	11 229 423	12 697 695
Unit trusts	9 015 034	1 002 987
Money market	915 830	9 720 336
	141 198 070	140 171 216

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 AssetManagement (Private) Limited	Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.
CBZ Insurance (Private) Limited	Provides short term insurance.
CBZ Properties (Private) Limited	Property investment arm of the business.
CBZ Life (Private) Limited	Provides long term life insurance.

The following tables present revenue and profit information regarding the Group's operating segments for the half year ended 30 June 2014:-

28.1 Segment operational results

	Commercial Banking	Mortgage finance	Asset management	Insurance	Property Investment	Other operations	Elimination of inter segment amounts	Consolidated
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Income								
Total income for the period ended 30 June 2014	52 593 788	12 215 336	1 003 634	3 831 499	31 296	863 213	(971 124)	69 567 642
Total income for the period ended 30 June 2013	54 720 333	10 158 953	1 086 166	4 298 403	7 922	241 403	(1 323 887)	69 189 293
Depreciation and amortisation for the period ended 30 June 2014								
Depreciation and amortisation for the period ended 30 June 2013	2 459 591	956 003	93 715	114 114	-	66 181	58 250	3 747 854
	1 980 834	738 413	73 665	89 468	-	79 598	54 685	3 016 663
Results								
Profit before taxation for the period ended 30 June 2014	8 602 090	5 953 171	112 421	1 063 086	27 533	159 159	(1 000 667)	14 916 793
Profit before taxation for the period ended 30 June 2013	12 191 842	5 982 358	244 465	2 382 044	7 573	(587 803)	81 148	20 301 627
Cashflows:								
Used in operating activities for the period ended 30 June 2014	18 005 671	728 404	31 469	874 064	1 072 097	345 313	(36 484 909)	(15 427 891)
Used in operating activities for the period ended 30 June 2013	(7 158 318)	(1 081 138)	351 602	145 953	(31 006)	1 113 957	201 967	(6 456 983)
Used in investing activities for the period ended 30 June 2014	(6 570 745)	(459 064)	(76 881)	(144 654)	(26 131)	(501 199)	(37 010)	(7 815 684)
Used in investing activities for the period ended 30 June 2013	(23 254 820)	(282 405)	(19 881)	(84 024)	37 800	(1 513 147)	739 961	(24 376 516)
Used in financing activities for the period ended 30 June 2014	-	-	-	-	(1 000 000)	(2 310 339)	1 000 000	(2 310 339)
Used in financing activities for the period ended 30 June 2013	-	-	(330 000)	-	-	(961 305)	360 802	(930 503)
Impairment of assets for the period ended 30 June 2014	7 237 037	235 402	-	104 948	-	-	-	7 577 387
Impairment of assets for the period ended 30 June 2013	6 315 437	313 800	-	-	-	-	-	6 629 237
Reportable segment liabilities for the period ended 30 June 2014	1 432 757 818	124 801 602	553 253	8 968 419	1 368 910	2 330 236	(93 853 503)	1 476 267 735
Reportable segment liabilities for the period ended 31 Dec 2013	1 315 070 925	121 203 013	501 309	6 394 809	1 333 994	2 927 634	(94 611 745)	1 352 819 939
Total segment assets for the period ended 30 June 2014	1 552 042 253	194 661 332	2 700 306	17 621 336	10 199 011	60 468 604	(144 323 243)	1 693 369 599
Total segment assets for the period ended 31 Dec 2013	1 427 833 598	185 109 574	2 564 653	13 975 470	11 136 563	63 142 973	(145 095 820)	1 558 667 011

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.

(a) Loans and advances to other related parties

June 2014				
Type of Intra-group transaction	Gross Limit	Amount Utilised	Value of Security	% of Capital
Loans to Directors	10 119 217	8 286 424	9 172 350	5.96

December 2013				
Type of Intra-group transaction	Gross Limit	Amount Utilised	Value of Security	% of Capital
Loans to Directors	4 519 000	4 020 152	6 530 850	2.58

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		
	30 June 2014 US\$	31 Dec 2013 US\$
Interest income	293 704	569 395
Commission and fee income	15 036	53 433
Other	30	2 367
	308 770	625 195

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. CLOSING EXCHANGE RATES

	June 2014 US\$	Dec 2013 US\$
ZAR	10.59	10.43
GBP	1.70	1.65
EUR	1.36	1.38

31. CAPITAL ADEQUACY

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

	30 June 2014 CBZBank US\$	31 Dec 2013 CBZ Bank US\$
Risk weighted Assets	895 681 129	836 230 581
Total qualifying capital	126 751 982	116 138 437
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	11 198 956	11 198 956
Revenue reserves	88 009 713	81 487 951
Exposures to insiders	(3 728 468)	(7 077 119)
Total core capital	100 598 381	90 727 968
Less transfer to tier 3	(18 231 354)	(18 240 798)
	82 367 027	72 487 170
Tier 2		
Revaluation reserve	14 957 586	14 957 586
General provisions	11 196 014	10 452 862
	26 153 600	25 410 448
Tier 3		
Capital allocated for market risk	453 539	462 983
Capital allocated to operational risk	17 777 815	17 777 815
	18 231 354	18 240 798
Capital adequacy	14.16%	13.90%
-Tier 1	9.20	8.67
-Tier 2	2.92	3.04
-Tier 3	2.04	2.19

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

32. RISK MANAGEMENT

32.1 Risk Overview

CBZ Holdings Board has adopted “High Risk Management and Compliance Culture” as one of its major strategic thrusts which is embedded under clearly defined risk appetite in terms of the various key risk exposures. This approach has given direction to the Group's overall strategic planning and policies. The Group regularly carries out stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and desired risk appetite.

32.2 Group Risk Management Framework

The Group's risk management framework looks at enterprise wide risks and recognizes that for effective risk management to take effect, it has to be structured in terms of acceptable appetite, defined responsibility, accountability and independent validation of set processes. Business Units Management and staff are responsible for the management of the risks that fall within their organizational responsibilities. Group Risk Management whose function cuts across the Group is responsible for ensuring that the Business Units risk taking remain within the set risk benchmarks. The Group Internal Audit function provides independent assurance on the adequacy and effectiveness of risk management processes. Group Enterprise Wide Governance and Compliance Unit evaluates the 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 exclusively 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 Risk and Business Development Committee – oversees the harmonization, 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 and 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.

32.3 Credit Risk

This is the risk of potential loss arising from the profitability of borrowers and or counterparties failing to meet their repayment commitments within 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.

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32. RISK MANAGEMENT (Continued)

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

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

Credit mitigation

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

Non – performing loans and advances

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

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

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

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

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

32.3. (a) Credit risk exposure

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

	30 June 2014 US\$	31 Dec 2013 US\$
Balances with banks	102 313 474	116 791 825
Money market assets	298 851 882	175 131 880
Advances	1 043 970 670	1 028 118 742
Other assets	28 181 964	18 917 844
Total	1 473 317 990	1 338 960 291
Contingent liabilities	157 882 497	155 884 234
Commitments	550 903	241 204
Total	158 433 400	156 125 438

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\$102 313 474 (excluding notes and coins) as at 30 June 2014 which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

	30 June 2014 US\$	31 Dec 2013 US\$
1 to 3 months	250 540 635	139 544 237
Total	250 540 635	139 544 237

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

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

	30 June 2014 US\$	31 Dec 2013 US\$
3 to 6 months	66 088 679	44 457 363
6 to 12 months	717 817	2 528 329
Total	66 806 496	46 985 692

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

	30 June 2014 US\$	30 June 2014 US\$	31 Dec 2013 US\$	31 Dec 2013 US\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	127 994 667	33 941 313	107 684 586	26 238 122
Agriculture	274 789 970	79 245 973	295 851 156	90 836 324
Mining	13 858 171	2 932 859	16 809 125	3 361 813
Manufacturing	103 067 159	47 395 541	96 973 194	54 327 514
Distribution	273 606 613	89 450 775	245 722 483	102 533 658
Construction	7 748 921	3 712 507	5 299 981	4 255 491
Transport	19 978 464	19 978 463	25 254 806	22 327 686
Communication	9 920 029	6 366 323	8 911 310	7 297 448
Services	256 992 480	15 292 155	242 453 956	17 528 754
Financial Organisations	6 034 179	-	19 073 889	-
Gross value at 30 June	1 093 990 653	298 315 909	1 064 034 486	328 706 810

	30 June 2014 US\$	31 Dec 2013 US\$
Cash cover	31 675 358	31 776 798
Collateral (mortgage security)	796 513 556	737 233 914
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc.	701 545 033	657 516 198
	1 529 733 947	1 426 526 910

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;

	30 June 2014 US\$	31 Dec 2013 US\$
Against doubtful* and loss* grades		
Property	1 418 374	350 000
Other	-	-
Against substandard* grade		
Property	23 201 010	21 948 578
Other	35 702 476	42 113 360
Against special mention* grade		
Property	102 106 332	62 921 656
Other	61 194 051	72 182 308
Against normal* grade		
Property	669 787 840	652 013 680
Other	636 323 864	574 997 328
	1 529 733 947	1 426 526 910

*See definition on note 32.3.1

32.3 (e) Credit Quality per Class of Financial Assets

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

JUNE 2014

	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	136 944 763	124 312 031	13 208 229	324 947	274 789 970
Manufacturing	80 293 111	12 052 836	10 721 212	-	103 067 159
Commercial	229 464 658	19 302 073	8 218 088	7 661	256 992 480
Individual and households	100 003 026	19 107 525	8 607 262	276 854	127 994 667
Mining	8 750 720	4 529 925	577 526	-	13 858 171
Distribution	189 048 584	61 147 266	23 302 408	108 355	273 606 613
Construction	7 247 316	328 496	173 108	-	7 748 921
Transport	8 937 137	9 760 483	1 280 845	-	19 978 464
Communication	9 920 029	-	-	-	9 920 029
Financial services	6 034 179	-	-	-	6 034 179
	776 643 523	250 540 635	66 088 678	717 817	1 093 990 653

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\$157 882 497.

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
Individual 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\$155.9 million (June 2013: \$18.1 million)

Allowances for impairment

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

Write-offs

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment, when the relevant committees determine that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower’s/issuer’s financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For balance standardised loans, write-off decisions generally are based on a product-specific past due status.

Concentration of credit risk

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

32.3.1 Credit quality definitions

Normal grade

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

Special mention grade

- (i) if the asset in question is past due for more than 30 days but less than 90 days; or
- (ii) although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asset or inadequately protect the institution’s position at some future date, for example, where:
 - the asset in question cannot be properly supervised due to an inadequate loan agreement; or
 - the condition or control of the collateral for the asset in question is deteriorating; or
 - the repayment capacity of the obligor is jeopardised because of deteriorating economic conditions or adverse trends in the obligor’s financial position; or
 - there is an unreasonably long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset: Provided that, generally, a loan or advance shall require special mention only if its risk potential is greater than that under which it was originally granted.

Substandard grade

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

Doubtful:

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

Loss:

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

32.3.1 Credit quality definitions

- (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.

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

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

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

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

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

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

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

32.5.1 Gap analysis

Liquidity profile as at 30 June 2014

	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	561 512 449	35 764 254	142 174 630	174 685 134	129 834 203	1 043 970 670
Balances with banks and cash	127 058 092	-	-	-	-	127 058 092
Investment - other financial assets	-	-	-	7 628 032	4 611 442	12 239 474
Money market assets	71 456 777	93 366 105	22 778 545	111 250 455	-	298 851 882
Financial guarantees	-	4 424 580	19 777 917	122 000 000	11 680 000	157 882 497
Other liquid assets	628 046	27 765 333	279 524	-	-	28 672 903
Current tax receivable	-	3 731	-	-	-	3 731
Total	760 655 364	161 324 003	185 010 616	415 563 621	146 125 645	1 668 679 249
Liabilities						
Deposits	853 235 835	255 252 470	235 710 355	89 692 033	23 290 836	1 457 181 529
Current tax payable	-	937 133	10 214	-	-	947 347
Insurance liabilities	-	-	-	-	-	-
Life fund	-	-	-	-	-	-
Other liabilities	509 653	665 853	3 715 916	3 294 848	-	8 186 270
Financial guarantees	-	4 424 580	19 777 917	122 000 000	11 680 000	157 882 497
Total	853 745 488	261 280 036	259 214 402	214 986 881	34 970 836	1 624 197 643
Liquidity gap	(93 090 124)	(99 956 033)	(74 203 786)	200 576 740	111 154 809	44 481 606
Cumulative liquidity gap	(93 090 124)	(193 046 157)	(267 249 943)	(66 673 203)	44 481 606	44 481 606

32.5.1 Gap analysis

Liquidity profile as at 31 December 2013

	Demand US\$	1 to 3 months US\$	3 months to 1 year US\$	1 to 5 years US\$	Above 5 years US\$	Total US\$
Assets						
Advances	588 794 298	12 677 692	132 884 743	175 199 449	118 562 560	1 028 118 742
Balances with banks and cash	60 886 163	91 725 844	-	-	-	152 612 007
Investment in other financial assets	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
Life fund	-	-	-	-	-	-
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	390 990 572	89 710 470	20 820 983	1 504 510 119
Liquidity gap	(69 488 335)	(48 830 502)	(41 139 598)	103 930 086	97 770 141	42 241 792
Cumulative liquidity gap	(69 488 335)	(118 318 837)	(159 458 435)	(55 528 349)	42 241 792	42 241 792

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

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

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

	CBZ Bank Limited
	%
At 31 December 2013	32
At 30 June 2014	32
Average for the period	32
Maximum for the period	33
Minimum for the period	30

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

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

32.5.2(a) Interest rate repricing

June 2014

	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	127 058 092	-	-	-	-	-	127 058 092
Money market assets	71 456 777	93 366 106	22 778 545	111 250 454	-	-	298 851 882
Advances	561 512 449	35 764 254	142 174 630	174 685 134	129 834 203	-	1 043 970 670
Insurance assets	-	-	-	-	-	5 470 899	5 470 899
Other assets	-	-	-	-	-	84 426 047	84 426 047
Investment -other financial assets	-	-	-	7 628 032	-	4 611 442	12 239 474
Investment properties	-	-	-	-	-	21 922 861	21 922 861
Property and equipment	-	-	-	-	-	80 202 202	80 202 202
Deferred taxation	-	-	-	-	-	17 916 870	17 916 870
Intangible assets	-	-	-	-	-	1 306 871	1 306 871
Current tax receivable	-	-	-	-	-	3 731	3 731
Total Assets	760 027 318	129 130 360	164 953 175	293 563 620	129 834 203	215 860 923	1 693 369 599
Liabilities and Equity							
Deposits	853 235 835	255 252 470	235 710 355	89 692 033	23 290 836	-	1 457 181 529
Insurance liabilities	-	-	-	-	-	5 786 428	5 786 428
Life fund	-	-	-	-	-	2 299 341	2 299 341
Other liabilities	-	-	-	-	-	8 186 270	8 186 270
Deferred taxation	-	-	-	-	-	2 525 821	2 525 821
Current tax payable	-	-	-	-	-	947 347	947 347
Equity and reserves	-	-	-	-	-	216 442 863	216 442 863
Total Equity and Liabilities	853 235 835	255 252 470	235 710 355	89 692 033	23 290 836	236 188 070	1 693 369 599
Interest rate repricing gap	(93 208 517)	(126 122 110)	(70 757 180)	203 871 587	106 543 367	(20 327 147)	-
Cumulative gap	(93 208 517)	(219 330 627)	(290 087 807)	(86 216 220)	20 327 147	-	-

32.5.2 (a) Interest rate repricing (continued)

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 -other financial assets	-	-	-	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
Liabilities and Equity							
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	-	-

32.6 EXCHANGE RATE RISK

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

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

At 30 June 2014 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\$214 938 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 30 June 2014 is as below:

Foreign currency position as at 30 June 2014

Position expressed in US\$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	127 058 092	120 634 460	4 352 121	760 762	1 310 749
Money market assets	298 851 882	298 851 882	-	-	-
Advances	1 043 970 670	1 043 168 893	22 109	256 147	523 521
Insurance assets	5 470 899	5 470 899	-	-	-
Other assets	84 426 047	84 048 375	239 643	50 362	87 667
Investment -other financial assets	12 239 474	12 095 572	-	-	143 902
Investment properties	21 922 861	21 922 861	-	-	-
Property and equipment	80 202 202	80 119 207	6 887	-	76 108
Deferred taxation	17 916 870	17 916 870	-	-	-
Intangible assets	1 306 871	1 306 871	-	-	-
Current tax receivable	3 731	3 731	-	-	-
Total Assets	1 693 369 599	1 685 539 621	4 620 760	1 067 271	2 141 947
Liabilities and Equity					
Deposits	1 457 181 529	1 445 304 841	9 940 920	374 542	1 561 226
Insurance liabilities	5 786 428	5 786 428	-	-	-
Life fund	2 299 341	2 299 341	-	-	-
Other liabilities	8 186 270	8 154 233	1 658	11 657	18 722
Current tax payable	947 347	947 347	-	-	-
Deferred taxation	2 525 821	2 525 821	-	-	-
Equity and reserves	216 442 863	216 442 863	-	-	-
Total Equity and Liabilities	1 693 369 599	1 681 460 874	9 942 578	386 199	1 579 948

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-other financial assets	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
Liabilities and Equity					
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

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32.6 Exchange rate risk (continued)

Foreign currency position as at 30 June 2014

Underlying currency in US\$

	ZAR	GBP	Other foreign currencies
Assets			
Cash and short term assets	46 089 401	450 654	1 310 749
Advances	234 135	150 484	523 521
Money market assets	-	-	-
Investment in other financial assets	-	-	-
Investment properties	-	-	-
Other assets	2 537 845	40 517	87 670
Property and equipment	72 931	-	76 109
Total assets	48 934 312	641 655	1 998 049
Liabilities			
Deposits	105 275 333	221 664	1 561 226
Other liabilities	17 561	6 848	18 722
Total liabilities	105 292 894	228 512	1 579 948
Net position	(56 358 582)	413 143	418 101

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 -other financial assets	-	-	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

32.7 Operational Risk

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

32.7.1 Operational risk management framework

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

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

32.8 Strategic risk

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

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

32.9 Regulatory risk

Regulatory risk is defined as the failure to comply with applicable laws and regulations or supervisory requirements, or the exclusion of provisions of relevant regulatory requirements out of operational procedures. This risk is managed and mitigated through the 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 that
- Periodic compliance and awareness training targeting employees in compliance sensitive areas is carried out.

32.10 Reputation risk

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

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

32.11 Money-laundering risk

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

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

32.12 Insurance Risk

The principal risk the insurance company faces under insurance contracts is that the actual claims and benefit paymentsor the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity ofclaims, 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 or are the operations of the company substantially dependent upon any single reinsurance contract.

32.13 Risk and Credit Ratings

32.13.1External Credit Rating

Rating agent	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating (Short Term)	A1	-	-	-	-	-	-	A1	A1
Global Credit Rating (Long Term)	A+	A+	A+	A	A	A	A+	A+	A1

CBZ Group	Key			
Risk Matrix Summary				
Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit Risk	Moderate	Acceptable	Moderate	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	Moderate	Acceptable	Moderate	Stable
Foreign Exchange Risk	Low	Acceptable	Low	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Low	Acceptable	Low	Stable
Reputation Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable
Level of inherent risk				
Low- reflects a lower than average probability of an adverse impact on a banking institution’s capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution’s overall financial condition.				
Moderate- could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.				
High- reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.				
Adequacy of Risk Management Systems				
Weak – risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution’s risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written down policies and procedures.				
Acceptable - management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognized and are being addressed. Management information systems are generally adequate.				
Strong - management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the financial institution’s risk tolerance, responsibilities are effectively communicated.				
Overall Composite Risk				
Low Risk - would be assigned to low inherent risk areas. Moderate risk areas may be assigned a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.				
Moderate Risk - risk management effectively identifies and controls all types of risk posed by the relevant functional area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.				
High Risk - risk management systems do not significantly mitigate the high inherent risk. Thus the activity could potentially result in a financial loss that would have a significant impact on the financial institution’s overall condition, even in some cases where the systems are considered strong.				
Direction of Overall Composite				
Increasing - based on the current information, composite risk is expected to increase in the next twelve months.				
Decreasing - based on current information, composite risk is expected to decrease in the next twelve months.				
Stable - based on the current information, composite risk is expected to be stable in the next twelve months.				
CBZ Bank Limited				
Risk Matrix Summary				
Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit Risk	Moderate	Acceptable	Moderate	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	Moderate	Acceptable	Moderate	Stable
Foreign Exchange Risk	Low	Acceptable	Low	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Low	Acceptable	Low	Stable
Reputation Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable
CBZ Asset Management				
Risk Matrix Summary				
Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Low	Low	Stable
Financial Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

32.13.2 Reserve Bank Ratings

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

Key

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

OUR APPROACH TO CORPORATE GOVERNANCE

CBZ Holdings Limited recognises the need to conduct the affairs of the company with integrity and in line with best corporate governance practices. To demonstrate this commitment to sound corporate governance the company applies the best practice in corporate governance in managing the affairs of the Group.

The governance of the company is guided by internal policies and external laws, rules, regulations and best practice guidelines including the King Reports, the Reserve Bank of Zimbabwe Corporate Governance Guidelines and the Banking Act (chapter 24:20). The Group is cognizant of its duty to conduct business with due care and in good faith in order to safeguard all stakeholders’ interests and adheres to the corporate governance structure detailed below:

Corporate governance structure as at 30 June 2014

BOARD OF DIRECTORS	
NON-EXECUTIVE DIRECTORS Mr. Wilde* Mrs. Pasi Mr. Lowe Mr. Mugamu Mr. Bere Mr. Dernawi Mrs. Nhamo Mr. Taputaira	EXECUTIVE DIRECTORS Mr. Nyemudzo Mr. Chimutsa
*CHAIRMAN	

BOARD COMMITTEES			
AUDIT & FINANCE	RISK MANAGEMENT & COMPLIANCE	HUMAN RESOURCES & REMUNERATION	IT & BUSINESS DEVELOPMENT
Mr. Mugamu** Mr. Bere Mr. Lowe Mrs. Nhamo Mrs. Pasi Mr. Chimutsa Mr. Nyemudzo	Mrs. Pasi** Mr. Bere Mr. Lowe Mr. Dernawi Mrs. Pasi Mr. Chimutsa Mr. Nyemudzo	Mrs. Nhamo** Mr. Wilde Mr. Bere Mr. Nyemudzo	Mr. Taputaira** Mr. Dernawi Mr. Bere Mr. Chimutsa Mr. Nyemudzo
**COMMITTEE CHAIRPERSON Mr. Nyemudzo and Mr. Chimutsa attend by invitation			

THE MAKING OF AN EFFECTIVE BOARD

Appointment of directors

The Board is authorized by the company’s Articles of Association to appoint new directors based on recommendations by the Human Resources and Remuneration Committee. Eligibility for appointment as a director is guided by the Director’s Fit and Proper test, requirements of the Banking Act, Companies Act and best practice.

The Board’s role is to foster effective decision making processes and policies, the eight individuals who are appointed have expertise sufficient to allow the Board to add value to the Group’s policies and processes. The Board thus has broad knowledge and has skills in finance, law, human resources, marketing and information technology.

The Board’s Commitment to Diversity and Inclusion

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

Director Induction, Training and Development Programmes

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

The Group has in place continuous development programmes that are tailored to the needs of the Directors. Development programmes are arranged for the Board that focus on their duties, responsibilities, powers and potential liabilities as well as governance and the financial services industry. Training is scheduled throughout the year and may be provided internally or by external service providers. The Group legal services division team plays a pivotal role in assisting the non-executive directors to achieve their development plans and this is tracked and reviewed by the Board.

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 interests. The directors are empowered to obtain independent professional advice at the Group’s expense, should they consider it necessary.

UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

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.

Performance Assessment

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and each director. The Board, 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.

Succession Planning

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

Our Board contains 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 of two executive directors and eight independent non-executive directors as at 30 June 2014.

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

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

Board Oversight of Risks and Performance

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

Internal Financial Control

It is the responsibility of the Board to ensure that effective financial controls are implemented in the Group. Internal controls focus on critical risk areas and are based on established policies and procedures. Adequate segregation of duties are in place to enhance the effectiveness of these controls. The Board monitors the effectiveness of these controls through reviews by the Audit 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 building society subsidiaries are subject to regulation by the Reserve Bank of Zimbabwe and the Registrar of Banks and Financial Institutions whilst the asset management arm is registered by the Securities Commision of Zimbabwe. Where appropriate, the Group participates in industry consultative committees and discussion groups aimed at enhancing the business environment.

As at 30 June 2014 the Group was not involved in any material litigation, disputes or arbitration proceedings which may have had a significant effect on its financial position.

Shareholders

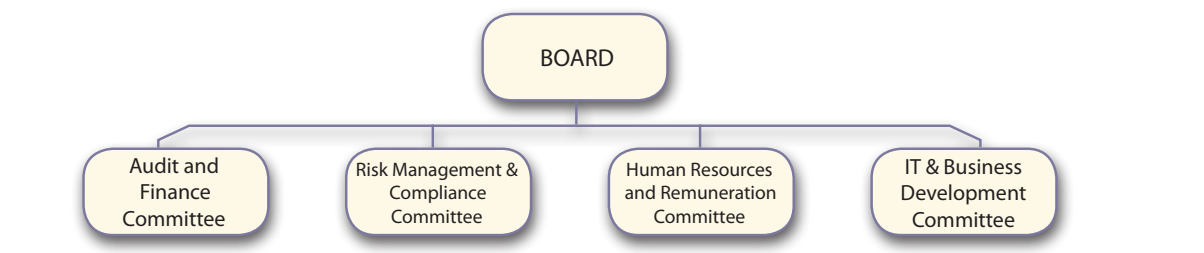
The Board's primary role is to promote the success of the Company and the interests of shareholders. The Board is accountable to shareholders for the performance and activities of the Group. The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance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

BOARD COMMITTEES

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

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

Board Structure



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 timeliness 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 has implemented programmes to strengthen safety, health and a wellness culture and has approved the Human Resources and Remuneration Philosophy of the Group.

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.

The Boards of Directors of the various units as at 30 June 2014 were constituted as tabulated below:

CBZ Holdings Limited	CBZ Bank Limited	CBZ Asset Management	CBZ Insurance	CBZ Life Limited
Wilde, R V*	Mugamu, E*	Zirobwa, R*	Nhamo, R*	Dawes, R W*
Mugamu, E	Harnden, S G R	Naik, B S	Muchenje, W (Dr)	Masunda, V (Dr)
Bere, T	Mabeza-Chimedza R	Harris, I H	Mundangepfupfu P	Zizhou, F B
Dernawi, F M	Pasi, R	Bere, T	Mangudya, J P***	Mutambara, D**
Lowe, A	Chirimuta, F B	Nyemudzo, N	Nyemudzo, N	Mangudya, J P***
Nhamo, R	Wilde, R V	Chimutsa, C	Chimutsa, C	Nyemudzo, N
Pasi, R	Madzonga, P S	Smith, J F****	Mureriwa, N****	Chimutsa, C
Taputaira, G	Whata, P S	Mangudya, J P***		Mureriwa, N****
Mutambara, D**	Mangudya, J P***	Muzadzi, T****		
Mangudya, J P***	Nyemudzo, N			
Nyemudzo, N****	Chimutsa, C			
Chimutsa, C****	Zimunya, P****			
	Mudondo, M T****			

KEY_ * Board Chairman **Retired as at 31 May 2014 *** Retired as at 30 April 2014 **** Executive Director

The detailed attendance of members of the Board at board meetings is disclosed in the table below;

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to June 2014)

	Audit & Finance	Risk Management & Compliance	Human Resources & Remuneration	It & Business Development	Main Board
Wilde, R V	**	**	2	**	2
Mugamu, E	2	**	**	**	2
Bere, T	**	2	2	**	2
Dernawi, F M	**	2	**	2	2
Lowe, A	1	1	**	**	1
Nhamo, R	**	**	2	**	2
Pasi, R	2	2	**	**	2
Taputaira, G	**	**	**	2	2
Mutambara, D***	**	**	1	1	0
Mangudya, J P****	1	1	1	1	1
Nyemudzo, N****	2	2	1	2	2
Chimutsa, C****	1	1	**	1	1

KEY_ o Did not attend **Not a Member *** Retired as at 31 May 2014 **** Retired as at 30 April 2014 ***** Executive Director

Committee	Number of Meetings Held
Audit and Finance	2
Risk Management & Compliance	2
Human Resources & Remuneration	2
IT & Business Development	2
Main Board	2

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to June 2014)

	Asset, Liability and Audit Committee	Loans Review Committee	Lending Committee	Main Board
Mugamu, E	**	2	**	2
Harnden, S G R	**	2	**	2
Mabeza-Chimedza R	2	**	1	1
Pasi, R	2	**	1	1
Chirimuta, F B	**	**	1	2
Madzonga, P S	**	2	**	2
Whata, P S	2	**	**	2
Wilde, R V	2	**	1	2
Mangudya, J P***	1	1	0	1
Nyemudzo, N	2	1	1	2
Chimutsa, C	1	2	1	2
Zimunya, P****	2	2	1	2
Mudondo, M T****	1	1	**	1

KEY_ ** Not a Member *** Retired as at 30 April 2014 **** Executive Director

Committee	Number of Meetings Held
Asset, Liability and Audit	2
Loans Review	2
Lending	1
Main Board	2

CBZ ASSET MANAGEMENT BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to June 2014)

	Audit and Compliance	Investments and Risk	MainBoard
Zirobwa, R	**	**	2
Naik, B S	1	2	2
Harris, I H	1	2	2
Bere, T	**	2	2
Nyemudzo, N	1	2	2
Chimutsa, C	**	1	1
Smith, J F****	1	2	2
Mangudya, J P***	1	1	2
Muzadzi, T****	**	2	2

KEY_ ** Not a Member *** Retired as at 30 April 2014 **** Executive Directors

Committee	Number of Meetings Held
Audit and Compliance	1
Investments and Risk	2
Main Board	2

CBZ INSURANCE LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to June 2014)

	MainBoard
Nhamo, R	2
Muchenje, W (Dr)	2
Mundangepfupfu P	2
Mangudya, J P***	1
Nyemudzo, N	2
Chimutsa, C	1
Mureriwa, N****	2

KEY_ *** Retired as at 30 April 2014 **** Executive Directors

Committee	Number of Meetings Held
Main Board	2

ADDITIONAL SUPPORT TO THE BOARD

Subsidiary Boards

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

Group Legal Corporate Secretary
All directors have access to the qualified and experienced Group Legal Corporate Secretary. The Group Legal Corporate 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 Group Chairman and the Group Chief Executive to determine the board agendas, as well as to formulate governance and Board-related issues.

STATEMENT OF COMPLIANCE

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

By order of the Board



R.A. JAKANANI
GROUP LEGAL CORPORATE SECRETARY

CBZ LIFE BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to June 2014)

	Main Board
Dawes, R W	2
Masunda, V (Dr)	2
Zizhou, F B	2
Mutambara, D**	2
Mangudya, J P***	1
Nyemudzo, N	2
Chimutsa, C	1
Mureriwa, N***	2

KEY_ ** Retired as at 31 May 2014 *** Retired as at 30 April 2014 **** Executive Directors

Committee	Number of Meetings Held
Main Board	2

UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

Statement of profit or loss and other comprehensive income

For the half year ended 30 June 2014

	Notes	30 June 2014 US\$	30 June 2013 US\$
Interest income	2	82 085 803	71 214 67 2
Interest expense	2	(49 221 782)	(34 186 651)
Net interest income		32 864 021	37 028 021
Non-interest income	3	19 729 766	17 692 312
Total income		52 593 787	54 720 333
Operating expenditure	4	(36 754 660)	(36 213 054)
Operating income		15 839 127	18 507 279
Charge for impairment	10.5	(7 237 038)	(6 315 437)
Profit before taxation		8 602 089	12 191 842
Taxation	5	(2 080 328)	(4 184 916)
Profit for the half year after taxation		6 521 761	8 006 926
Other comprehensive income		-	-
Total comprehensive income for the half year		6 521 761	8 006 926
Profit for the year attributable to:			
Equity holders of parent		6 521 761	8 006 926
		6 521 761	8 006 926
Total comprehensive income attributable to:			
Equity holders of parent		6 521 761	8 006 926
		6 521 761	8 006 926
Earnings per share (cents):			
Basic		1.27	3.13
Fully diluted		1.27	3.13
Headline		1.28	3.13

Statement of Financial Position

As at 30 June 2014

	Notes	30 June 2014 US\$	31 Dec 2013 US\$
ASSETS			
Balances with banks and cash	8	122 861 072	148 325 373
Money market assets	9	334 820 988	231 111 785
Advances	10	923 941 218	898 988 379
Other assets	11	91 999 613	76 946 779
Investments - other financial assets	12	7 800 238	7 800 238
Property and equipment	13	52 293 180	47 910 102
Investment properties	14	2 718 600	2 718 600
Intangible assets	15	490 770	777 176
Deferred taxation	16	15 116 574	13 255 167
TOTAL ASSETS		1 552 042 253	1 427 833 599
LIABILITIES			
Deposits	17	1 428 137 436	1 303 981 360
Other liabilities	18	3 683 249	9 187 466
Current tax payable		937 133	1 902 099
TOTAL LIABILITIES		1 432 757 818	1 315 070 925
EQUITY AND RESERVES			
Share capital	19	5 118 180	5 118 180
Share premium	19.1	11 198 956	11 198 956
Non-distributable reserve	19.2	5 522 755	5 522 755
Revaluation reserve	19.3	9 434 831	9 434 831
Revenue reserves	19.4	88 009 713	81 487 952
TOTAL EQUITY & RESERVES		119 284 435	112 762 674
TOTAL LIABILITIES, EQUITY AND RESERVES		1 552 042 253	1 427 833 599

Statement of Changes in Equity

For the half year ended 30 June 2014

	Share Capital US\$	Share premium US\$	NDR US\$	Revaluation reserve US\$	Revenue reserve US\$	Total US\$
2013						
Balance at the beginning of the year	5 118 180	11 198 956	5 522 755	8 191 449	65 260 266	95 291 606
Total comprehensive income	-	-	-	-	8 006 926	8 006 926
Balance at 30 June 2013	5 118 180	11 198 956	5 522 755	8 191 449	73 267 192	103 298 532
2014						
Balance at 1 January 2014	5 118 180	11 198 956	5 522 755	9 434 831	81 487 952	112 762 674
Total comprehensive income	-	-	-	-	6 521 761	6 521 761
Balance at 30 June 2014	5 118 180	11 198 956	5 522 755	9 434 831	88 009 713	119 284 435

Statement of Cash Flows

For the half year ended 30 June 2014

	30 June 2014 US\$	30 June 2013 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8 602 089	12 191 842
Non-cash items:		
Depreciation	2 173 184	1 693 971
Amortisation	286 406	286 863
Impairment on advances	7 237 038	6 315 437
Loss on sale of property and equipment	14 482	3 190
Unrealised gain on foreign currency position	(307 530)	(550 072)
Operating cash flows before changes in operating assets and liabilities	18 005 669	19 941 231
Changes in operating assets and liabilities		
Deposits	124 463 606	120 810 489
Advances	(32 189 877)	(55 764 449)
Money market assets	(103 709 203)	(99 044 592)
Other assets	(15 052 834)	21 295 728
Other liabilities	(5 504 217)	(5 508 815)
	(31 992 525)	(18 211 639)
Corporate tax paid	(4 906 701)	(8 887 910)
Net cash outflow from operating activities	(18 893 557)	(7 158 318)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	-	(16 578 208)
Proceeds on disposal of property and equipment	363 856	352 215
Purchase of property and equipment	(6 934 600)	(7 028 827)
Net cash outflow from investing activities	(6 570 744)	(23 254 820)
NET DECREASE IN BALANCES WITH BANKS AND CASH	(25 464 301)	(30 413 138)
Balances with banks and cash at the beginning of the period	148 325 373	175 932 794
Balances with banks and cash at end of the period	122 861 072	145 519 656

Notes to the Financial Results

For the half year ended 30 June 2014

1. INCORPORATION AND ACTIVITIES

The financial statements of the company for the half year ended 30 June 2014 were authorized for issue in accordance with a resolution of the Board of Directors on 4 August 2014. The Company offers retail banking, corporate banking, mortgage finance, commercial banking, investment banking and structured finance, small to medium enterprise financing, treasury management, wealth management, agribusiness and custodial services and is incorporated in Zimbabwe.

2. NET INTEREST INCOME

Interest income
Bankers acceptances
Overdrafts
Loans
Staff loans
Mortgage Interest

Short-term money market assets
Other investments

Interest expense
Savings deposits
Call deposits
Money market deposits
Other offshore deposits

Net interest income

3. NON-INTEREST INCOME

Net income from foreign currency dealings
Unrealised gain on foreign currencies
Commission and fee income
Loss on sale of property and equipment
Other operating income

4. OPERATING EXPENDITURE

Staff costs
Administration expenses
Audit fees
Depreciation
Amortisation of intangible assets

Included in staff costs is pension contributions under the National Social Security Authority, a defined contribution fund and the Bank's separate trustee administered fund of US\$ 1 836 751 (2013: US\$3 147 586).

Remuneration of directors and key management

Personnel
Fees for services as directors
Pension for past and present directors
Salaries and other benefits

Operating Leases

The following is an analysis of expenses related to operating leases
Non-cancellable leases are paid as follows:

Less than 1 year
Between 1 and 5 years
More than 5 years

5. TAXATION

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

Analysis of tax charge in respect of the profit for the period

Current income tax charge
Deferred income tax
Income tax expense

Tax rate reconciliation

Notional Tax
Aids levy
Permanent differences
Temporary differences
Tax credits
Effective rate

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 bank 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 Bank by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into the ordinary shares.

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

	30 June 2014 US\$	30 June 2013 US\$
EARNINGS		
Basic earnings	6 521 761	8 006 926
Diluted earnings	6 521 761	8 006 926
Headline earnings	6 536 243	8 010 116
Number of shares used in calculations (weighted)		
Basic	511 817 951	511 817 951
Fully diluted	511 817 951	511 817 951
Headline	511 817 951	511 817 951
6.2 Reconciliation of denominators used for calculating Basic and diluted earnings per share:		
Weighted average number of shares used for basic earnings per share	511 817 951	511 817 951
Potential dilutive shares	-	-
Weighted average number of shares used for dilutive EPS	511 817 951	511 817 951
6.3 Reconciliation of earnings used for calculating basic and headline earnings per share:		
Profit attributable to shareholders	6 521 761	8 006 926
Adjusted for excluded re-measurements:		
Disposals losses on property and equipment	14 482	3 190
-	6 536 243	8 010 116
6.3 Earnings per share US (cents)		
Basic	1.27	3.13
Diluted	1.27	3.13
Headline	1.28	3.13

UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

	30 June 2014 US\$	30 June 2013 US\$	
7. DIVIDENDS			
Interim dividend proposed/paid	2 350 000	1 300 000	
8. BALANCES WITH BANKS AND CASH			
Balance with the Reserve Bank of Zimbabwe	50 712 730	94 237 886	
Cash	30 299 162	37 876 479	
Nostro accounts	41 841 675	16 188 032	
Interbank clearing accounts	7 505	22 976	
	122 861 072	148 325 373	
9. MONEY MARKET ASSETS			
Call placements	136 836 642	139 992 744	
Treasury bills and placements	155 848 921	54 171 471	
Bankers acceptances	38 596 874	34 635 628	
Accrued interest	3 538 551	2 311 942	
	334 820 988	231 111 785	
Maturity analysis			
Demand	133 217 039	84 536 796	
Between 1 and 3 months	70 479 635	17 500 000	
Between 3 months and 1 year	19 873 859	122 115 000	
Between 1 and 5 years	111 250 455	6 959 989	
	334 820 988	231 111 785	
Maturity value	356 617 874	237 801 302	
Book value	334 820 988	231 111 785	
10. ADVANCES			
Overdrafts	532 166 452	536 211 484	
Loans	385 956 768	345 489 958	
Mortgage advances	41 075 485	39 009 054	
	959 198 705	920 710 496	
Interest accrued	11 833 497	11 752 605	
Total gross advances	971 032 202	932 463 101	
Impairment	(47 090 984)	(33 474 722)	
	923 941 218	898 988 379	
10.1 Sectorial analysis			
		%	%
Private	69 078 911	7	49 964 036
Agriculture	251 298 216	26	277 240 784
Mining	13 121 782	1	16 140 238
Manufacturing	101 528 542	10	95 131 867
Distribution	250 988 587	26	210 383 005
Construction	6 978 145	1	4 409 858
Transport	16 021 930	2	21 218 603
Communication	9 920 028	1	8 752 982
Services	246 256 912	25	230 149 664
Financial organisations	5 839 149	1	19 072 064
	971 032 202	100	932 463 101
10.2 Maturity analysis			
Demand	565 292 007	589 456 884	
Between 1 and 3 months	36 998 427	12 254 011	
Between 3 and 6 months	32 706 226	7 736 867	
Between 6 months and 1 year	107 584 056	121 711 411	
Between 1 and 5 years	160 485 159	152 935 886	
More than 5 years	67 966 327	48 368 042	
	971 032 202	932 463 101	
Maturity analysis is based on the remaining period from 30 June 2014 to contractual maturity.			
10.3 Loans to directors and key management personnel and employees			
Loans to directors and key management personnel			
Included in advances are loans to directors and key management:-			
Opening balance	7 680 011	5 751 072	
Advances made during the period	1 590 406	2 375 256	
Repayment during the period	(195 010)	(446 317)	
Closing balance	9 075 407	7 680 011	
Loans to employees			
Included in advances are loans to employees:-			
Opening balance	34 462 137	34 914 128	
Advances made during the year	3 403 007	2 961 325	
Repayments during the year	(1 831 117)	(3 413 316)	
Closing balance	36 034 027	34 462 137	
10.4 Non performing advances			
Total advances on which interest is suspended	64 183 952	45 764 666	
10.5 Impairment of advances			
Opening balance	33 474 722	33 444 651	
Charge for impairment	7 237 038	18 339 069	
Interest in suspense	7 420 139	14 090 042	
Amounts written off during the period	(1 040 914)	(32 399 040)	
Balance at end of year	47 090 985	33 474 722	
Comprising:			
Specific impairments	26 718 757	17 073 712	
Portfolio impairments	20 372 228	16 401 010	
	47 090 985	33 474 722	
10.6 Collaterals			
Cash cover	17 676 489	19 156 999	
Notarial general covering bonds and cessions	701 545 033	657 516 198	
Mortgage bonds	687 214 861	607 135 229	
	1 406 436 383	1 283 808 426	
11. OTHER ASSETS			
Land inventory	60 063 385	58 253 810	
Prepayments and deposits	1 692 420	1 492 828	
Short term receivables	30 243 808	17 200 141	
	91 999 613	76 946 779	
12. INVESTMENTS IN OTHER FINANCIAL ASSETS			
Investments in equity instruments	172 206	172 206	
Investments in debenture instruments	7 628 032	7 628 032	
	7 800 238	7 800 238	
At cost	7 800 238	7 800 238	
12.1 Investments in equities			
Listed investments	-	-	
Unlisted investments	172 206	172 206	
	172 206	172 206	
At cost	172 206	172 206	
12.2 Investment in debentures			
Investment in debentures are held to maturity and valued at amortised cost less impairments. Investments in debentures held by the bank as at 30 June 2014 had the following features;			
Tenure (years)	5 years	5 years	
Interest rate (%)	7-10%	7-10%	
Value (US\$)	7 566 111	7 566 111	

13.	PROPERTY AND EQUIPMENT							
			Leasehold	Motor	Computer and	Work in		
Cost	Land	Buildings	improvements	vehicles	equipment	progress	30 June 2014	31 Dec 2013
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Opening balance	3 187 290	28 828 000	506 203	2 979 555	19 429 222	1 761 203	56 691 473	52 579 801
Additions	-	804 360	93 708	602 150	1 024 044	4 410 338	6 934 600	8 188 559
Revaluation reserve	-	-	-	-	-	-	-	1 089 454
Impairment	-	-	-	-	-	-	-	(711 553)
Disposals	-	-	-	(139 754)	(160 655)	(310 971)	(611 380)	(898 999)
Transfers to non PPE	-	-	-	-	-	-	-	(3 555 789)
Transfers/Acquisitions`	-	33 115	3 006	-	207 545	(243 666)	-	-
Closing balance	3 187 290	29 665 475	602 917	3 441 951	20 500 156	5 616 904	63 014 693	56 691 473
Accumulated depreciation								
Opening balance	-	-	175 015	1 739 512	6 866 844	-	8 781 371	5 881 652
Charge for the year	-	518 830	26 752	232 621	1 394 981	-	2 173 184	3 603 458
Disposals	-	-	-	(112 657)	(120 385)	-	(233 042)	(90 305)
Revaluation	-	-	-	-	-	-	-	(613 434)
Closing balance	-	518 830	201 767	1 859 476	8 141 440	-	10 721 513	8 781 371
Net Book Value (30 June 2014)	3 187 290	29 146 645	401 150	1 582 475	12 358 716	5 616 904	52 293 180	47 910 102

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

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

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

With regards to the market values for residential properties, the comparison method was used. This method entails carrying out a valuation by directly comparing the subject property, which have been sold or rented out. The procedure was performed as follows:

- Surveys and data collection on similar past transactions;
- Analysis of the collected data; and
- Comparison of the analysis with the subject properties and then carrying out the valuation of the subject properties.

- Adjustments were made to the following aspects:

- Age of property – state of repair and maintenance
- Aesthetic quality – quality of fixtures and fittings
- Structural condition – location
- Accommodation offered – size of land

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

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

The carrying amount of buildings would have been US\$21 405 084 had they been carried at cost.

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

	30 June 2014 US\$	31 Dec 2013 US\$
14. INVESTMENT PROPERTIES		
Opening balance	2 718 600	2 745 000
Fair valuation gain	-	(26 400)
Closing balance	2 718 600	2 718 600
Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2013 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The basis of valuation is consistent with that detailed in note 13 to the financial statements.		
The rental income derived from investments properties amounted to US\$nil, with direct operating expenses amounting to US\$12 360.		
15. INTANGIBLE ASSETS		
At cost	1 893 438	1 893 438
Accumulated amortisation	(1 402 668)	(1 116 262)
	490 770	777 176
Movement in intangible assets:		
Opening balance	777 176	1 175 445
Additions	-	125 000
Transfer from property and equipment	-	50 000
Amortisation charge	(286 406)	(573 269)
Closing balance	490 770	777 176
Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets are amortised over a useful life of 3 years.		
16. DEFERRED TAXATION		
Deferred tax related to items charged or credited to statement of comprehensive income during the period is as follows:		
Revaluation of property and equipment	-	(459 506)
Fair value adjustment – Available-for-sale financial assets	-	-
--	-	(459 506)
The deferred tax included in the statement of financial position and changes recorded in the income tax expenses are as follows:		
Deferred tax asset		
Fair value adjustments	-	(1 320)
Prepayments	(190 576)	(575 460)
Impairment allowance	1 724 410	645 778
Property and equipment	(744 026)	960 655
Tax claimable impairments	266 988	8 377 977
Other	804 611	(610 147)
	1 861 407	8 797 483
Add:		
Opening balance	13 255 167	4 917 190
Closing deferred tax balance	15 116 574	13 255 167

UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

17.	DEPOSITS	30 June 2014		31 Dec 2013	
		US\$		US\$	
	Call deposits	16 948 978		10 437 881	
	Savings and other deposits	565 304 798		506 385 630	
	Money market deposits	599 858 936		484 174 802	
	Offshore deposits	232 649 227		292 418 180	
	Accrued interest	13 375 497		10 564 867	
		1 428 137 436		1 303 981 360	
17.1	Deposits by source				
	Banks	74 178 639		37 647 610	
	Money market	548 191 228		461 792 904	
	Customers	570 337 405		507 916 828	
	Offshore deposits	235 430 164		296 624 018	
		1 428 137 436		1 303 981 360	
17.2	Deposits by type				
	Retail	54 162 755		51 899 397	
	Corporate	516 174 650		456 017 431	
	Money market	622 369 867		499 440 514	
	Offshore deposits	235 430 164		296 624 018	
		1 428 137 436		1 303 981 360	
17.3.	Sectoral Analysis		%		%
	Private	62 567 125	4	50 068 090	4
	Agriculture	40 885 098	3	33 596 940	3
	Mining	12 345 935	1	10 145 154	1
	Manufacturing	151 390 379	11	124 403 603	10
	Distribution	161 697 778	11	132 873 610	10
	Construction	28 922 610	2	23 766 879	2
	Transport	19 774 538	1	16 249 538	1
	Communication	36 952 143	3	61 554 955	5
	Services	411 021 891	29	306 563 443	23
	Financial organisations	475 218 491	33	495 578 799	37
	Financial and investments	27 361 448	2	49 180 349	4
		1 428 137 436	100	1 303 981 360	100

17.4	Maturity analysis	30 June 2014		31 Dec 2013	
		US\$		US\$	
	Repayable on demand	836 408 898		790 916 957	
	Between 1 and 3 months	255 250 570		192 580 921	
	Between 3 months and 6 months	117 683 295		121 254 263	
	Between 6 months and 1 year	117 709 059		102 362 566	
	Between 1 year and 5 years	88 998 033		88 603 470	
	More than 5 years	12 087 581		8 263 183	
		1 428 137 436		1 303 981 360	
	Maturity analysis is based on the remaining period From 30 June 2014 to contractual maturity.				
18.	OTHER LIABILITIES				
	Revenue received in advance	1 068 154		1 061 483	
	Sundry creditors	2 585 521		7 207 258	
	Other suspense accounts	29 574		918 725	
		3 683 249		9 187 466	
19.	SHARE CAPITAL				
	Authorised				
	600 000 000 ordinary shares of US\$ 0.01each	6 000 000		6 000 000	
	Issued and fully paid				
	511 817 951 ordinary shares of US\$ 0.01each	5 118 180		5 118 180	
19.1	Share premium				
	Opening balance	11 198 956		11 198 956	
	Movement for the period	-		-	
	Closing balance	11 198 956		11 198 956	
19.2	Non-distributable reserve				
	Opening balance	5 522 755		5 522 755	
	Movement for the period	-		-	
	Closing balance	5 522 755		5 522 755	
19.3	Revaluation reserve				
	Opening balance	9 434 831		8 191 449	
	Revaluation adjustments made during the half year	-		1 243 382	
	Closing balance	9 434 831		9 434 831	
19.4	Revenue reserve				
	Opening balance	81 487 952		65 260 266	
	Profit for the half year	6 521 761		17 527 686	
	Dividend paid	-		(1 300 000)	
	Closing balance	88 009 713		81 487 952	

20.

Categories of Financial Instruments						
June 2014	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	-	-	122 861 072	-	122 861 072	
Money market assets	-	-	334 820 988	-	334 820 988	
Advances	-	-	923 941 218	-	923 941 218	
Investments in other financial assets	-	172 206	7 628 032	-	7 800 238	
Other assets	-	-	26 759 667	-	26 759 667	
Total	-	172 206	1 416 010 977	-	1 416 183 183	
Financial liabilities						
Deposits	-	-	-	1 428 137 436	1 428 137 436	
Other liabilities	-	-	-	3 683 249	3 683 249	
Current tax payable	-	-	-	937 133	937 133	
Total	-	-	-	1 432 757 818	1 432 757 818	
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	-	-	148 325 373	-	148 325 373	
Money market assets	-	-	231 111 785	-	231 111 785	
Advances	-	-	898 988 379	-	898 988 379	
Investments in other financial assets	-	172 206	7 628 032	-	7 800 238	
Other assets	-	-	18 315 481	-	18 315 481	
Total	-	172 206	1 304 369 050	-	1 304 541 256	
Financial liabilities						
Deposits	-	-	-	1 303 981 360	1 303 981 360	
Other liabilities	-	-	-	9 187 466	9 187 466	
Current tax payable	-	-	-	1 902 099	1 902 099	
Total	-	-	-	1 315 070 925	1 315 070 925	

21.	CONTINGENCIES AND COMMITMENTS	30 June 2014 US\$	31 Dec 2013 US\$
	Contingent liabilities		
	Guarantees	157 433 970	155 582 869
		157 433 970	155 582 869
	Capital commitments		
	Authorised and contracted for	156 972	167 537
	Authorised and uncontracted for	370 000	26 625
		526 972	194 162

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

22.	RELATED PARTIES
The ultimate controlling party of the Bank is CBZ Holdings Limited. The Bank 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 Bank or have the power to exercise controlling influence over the management or financial and operating policies of the Bank. The Bank 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.	

22. RELATED PARTIES (Continued)

(a) Loans and advances to other related parties

June 2014

Type of Intra-group transaction	Gross Limit	Amount Utilised	Value of Security	% of Capital
Loans to Directors	3 953 000	3 606 798	6 150 850	3.59

December 2013

Type of Intra-group transaction	Gross Limit	Amount Utilised	Value of Security	% of Capital
Loans to Directors	6 773 217	6 517 172	8 465 350	7.51

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

	30 June 2014 US\$	31 Dec 2013 US\$
Interest income	251 453	738 173
Commission and fee income	4 659	5 211
Other	30	2 367
	256 142	745 751

Compensation of key management personnel of the Bank

As required by IAS 24: Related Party Disclosure, the Board’s view is that non-executive and executive directors constitute the management of the Bank. Accordingly, key management remuneration is disclosed under note 4 to the financial statements.

23. CAPITAL MANAGEMENT

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

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

24. CAPITAL ADEQUACY

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

	30 June 2014 US\$	31 Dec 2013 US\$
Risk weighted Assets	895 681 129	836 230 581
Total qualifying capital	126 751 981	116 138 437
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	11 198 956	11 198 956
Revenue reserves	88 009 713	81 487 952
Exposures to insiders	(3 728 468)	(7 077 119)
Total core capital	100 598 381	90 727 969
Less transfer to tier 3	(18 231 354)	(18 240 798)
	82 367 027	72 487 171
Tier 2		
Revaluation reserve	14 957 586	14 957 586
General provisions	11 196 014	10 452 882
	26 153 600	25 410 468
Tier 3		
Capital allocated for market risk	453 539	462 983
Capital allocated to operational risk	17 777 815	17 777 815
	18 231 354	18 240 798
Capital adequacy	14.15%	13.89%
-Tier 1	9.19	8.67
-Tier 2	2.92	3.04
-Tier 3	2.04	2.18

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

25. RISK OVERVIEW

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

25.1 Bank risk management framework

The Bank’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. Bank 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 Bank’s risk taking remain within the set risk benchmarks. The CBZ Group Internal Audit function continuously provides an independent assurance on the adequacy and effectiveness of the deployed risk management processes. The CBZ Group Enterprise Wide Governance and Compliance Unit evaluates on the quality of compliance with policy, processes and governance structures.

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

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

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

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

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

25.2 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 Bank 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 Bank. Credit origination and approval roles are segregated.

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

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

The Bank 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 deemed impossible.

Credit risk mitigation

Credit risk mitigation is employed in the Bank through taking collateral, credit insurance and other guarantees. The Bank 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 & advances

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

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for the Half Year Ended 30 June 2014

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

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

25.2 (a) Credit risk exposure

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

	30 June 2014 US\$	31 Dec 2013 US\$
Balances with banks	92 561 910	110 425 918
Money market assets	334 820 988	231 111 785
Advances	923 941 218	898 988 379
Other assets	26 759 667	18 315 481
Total	1 378 083 783	1 258 841 563

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

The Bank held cash equivalents of US\$92 561 910 (excluding notes and coins) as at 30 June 2014 which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

	30 June 2014 US\$	31 Dec 2013 US\$
1 to 3 months	235 468 754	130 861 868
Total	235 468 754	130 861 868

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

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

	30 June 2014 US\$	31 Dec 2013 US\$
3 to 6 months	63 757 725	43 236 337
6 to 12 months	426 227	2 528 329
Total	64 183 952	45 764 666

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

	30 June 2014 US\$	30 June 2014 US\$	31 Dec 2013 US\$	31 Dec 2013 US\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	69 078 911	19 942 444	49 964 036	22 859 184
Agriculture	251 298 216	79 245 973	277 240 784	90 836 324
Mining	13 121 782	2 932 859	16 140 238	3 361 813
Manufacturing	101 528 542	47 395 541	95 131 867	54 327 514
Distribution	250 988 587	89 450 775	210 383 005	102 533 658
Construction	6 978 145	3 712 507	4 409 858	4 255 491
Transport	16 021 930	19 478 763	21 218 603	22 327 686
Communication	9 920 028	6 366 323	8 752 982	7 297 448
Services	246 256 912	15 292 155	230 149 664	17 528 754
Financial organisations	5 839 149	-	19 072 064	-
Gross value at 31 December	971 032 202	283 817 340	932 463 101	325 327 872

	30 June 2014 US\$	31 Dec 2013 US\$
Collateral (mortgage security)	687 214 861	607 135 229
Cash cover	17 676 489	19 156 999
Other forms of security including Notarial General Covering Bonds (NGCBs),cessions, etc	701 545 033	657 516 198
	1 406 436 383	1 283 808 426

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

	30 June 2014 US\$	31 Dec 2013 US\$
Against loss* grades	1 152 250	350 000
Property	-	-
Other	-	-
Against substandard*and doubtful* grade	22 228 830	20 300 192
Property	35 702 476	42 113 360
Other	-	-
Against special mention* grade	99 847 755	51 200 459
Property	61 194 051	72 182 307
Other	-	-
Against normal* grade	563 986 026	535 284 578
Property	622 324 995	562 377 530
Other	-	-
	1 406 436 383	1 283 808 426

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

25.3 (e) Credit Quality per Class of Financial Assets

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

June 2014	*Normal grade US\$	*Special mention grade US\$	*Doubtful and *Sub- standard grade US\$	*Loss grade US\$	Total US\$
Loans and Advances to Customers					
Agriculture	116 336 002	121 796 821	12 840 446	324 947	251 298 216
Manufacturing	79 107 917	11 699 413	10 721 212	-	101 528 542
Commercial	220 375 381	18 569 392	7 312 140	-	246 256 913
Individual and households	49 226 914	11 671 832	8 180 165	-	69 078 911
Mining	8 014 330	4 529 925	577 526	-	13 121 781
Distribution	170 774 136	57 440 888	22 672 283	101 280	250 988 587
Construction	6 805 037	-	173 108	-	6 978 145
Transport	4 980 602	9 760 483	1 280 845	-	16 021 930
Communication	9 920 028	-	-	-	9 920 028
Financial services	5 839 149	-	-	-	5 839 149
	671 379 496	235 468 754	63 757 725	426 227	971 032 202

The Bank has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Bank, assuming all guarantees are called on, is \$157 433 969.

December 2013	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful and *Loss grade US\$	Total US\$
Loans and Advances to Customers					
Agriculture	202 925 240	67 688 639	4 098 576	2 528 329	277 240 784
Manufacturing	76 274 779	6 501 954	12 355 134	-	95 131 867
Commercial	214 232 536	10 319 948	5 597 180	-	230 149 664
Individual and households	36 560 453	6 486 626	6 916 957	-	49 964 036
Mining	13 614 177	2 517 508	8 553	-	16 140 238
Distribution	167 593 605	31 922 800	10 866 600	-	210 383 005
Construction	4 258 578	-	151 280	-	4 409 858
Transport	12 552 153	5 424 393	3 242 057	-	21 218 603
Communication	8 752 982	-	-	-	8 752 982
Financial services	19 072 064	-	-	-	19 072 064
	755 836 567	130 861 868	43 236 337	2 528 329	932 463 101

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

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

25.3 Liquidity risk

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

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

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

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

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

25.3.1 GAP ANALYSIS

LIQUIDITY PROFILE AS AT 30 June 2014

	Demand US\$	1 to 3 months US\$	3 months to 1 year US\$	1 to 5 years US\$	Above 5 years US\$	Total US\$
Assets						
Loans and advances	537 877 718	35 204 159	133 486 792	152 702 303	64 670 246	923 941 218
Balances with banks and cash	122 861 072	-	-	-	-	122 861 072
Investments- other financial assets	-	-	-	7 628 032	-	7 628 032
Money market assets	133 217 039	70 479 635	19 873 859	111 250 455	-	334 820 988
Other liquid assets	-	26 759 667	-	-	-	26 759 667
Financial guarantees	-	4 212 652	19 541 318	122 000 000	11 680 000	157 433 970
Total	793 955 829	136 656 113	172 901 969	393 580 790	76 350 246	1 573 444 947

Liabilities						
Deposits	836 408 898	255 250 570	235 392 354	88 998 033	12 087 581	1 428 137 436
Other liabilities	-	-	3 683 249	-	-	3 683 249
Financial guarantees	-	4 212 652	19 541 318	122 000 000	11 680 000	157 433 970
Current tax payable	-	937 133	-	-	-	937 133
Total	836 408 898	260 400 355	258 616 921	210 998 033	23 767 581	1 590 191 788

Liquidity gap	(42 453 069)	(123 744 242)	(85 714 952)	182 582 757	52 582 665	(16 746 841)
Cumulative liquidity gap	(42 453 069)	(166 197 311)	(251 912 263)	(69 329 506)	(16 746 841)	(16 746 841)

LIQUIDITY PROFILE AS AT 31 DECEMBER 2013

	Demand US\$	1 to 3 months US\$	3 months to 1 year US\$	1 to 5 years US\$	Above 5 years US\$	Total US\$
Assets						
Loans and advances	567 547 047	11 840 852	125 083 767	147 779 460	46 737 253	898 988 379
Balances with banks and cash	56 599 529	91 725 844	-	-	-	148 325 373
Investment – other financial assets	-	-	-	7 628 032	-	7 628 032
Money market assets	84 536 796	17 500 000	122 115 000	6 959 989	-	231 111 785
Other assets	-	18 315 481	-	-	-	18 315 481
Financial guarantees	-	-	155 582 869	-	-	155 582 869
Total	708 683 372	139 382 177	402 781 636	162 367 481	46 737 253	1 459 951 919

Liabilities						
Deposits	790 916 957	192 580 921	223 616 829	88 603 470	8 263 183	1 303 981 360
Current tax payable	-	1 902 099	-	-	-	1 902 099
Other liabilities	-	-	9 187 466	-	-	9 187 466
Financial guarantees	-	-	155 582 869	-	-	155 582 869
Total	790 916 957	194 483 020	388 387 164	88 603 470	8 263 183	1 470 653 794

Liquidity gap	(82 233 585)	(55 100 843)	14 394 472	73 764 011	38 474 070	(10 701 875)
Cumulative liquidity gap	(82 233 585)	(137 334 428)	(122 939 956)	(49 175 945)	(10 701 875)	(10 701 875)

The table above shows the undiscounted cash flows of the Bank’s non-derivative on and off balance sheet financial assets and liabilities on the basis of their earliest possible contractual maturity and the related period gaps. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. The Bank carries out static statement of financial position analysis to track statement of financial position growth drivers, the pattern of core banking deposits, statement of financial position structure, levels and direction of the Bank’s maturity mismatch and related funding or liquidity gap. The Asset and Liability Management Committee (ALCO) of the Bank comes up with strategies through its monthly meetings to manage these liquidity gaps.

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

	CBZ Bank Limited	%
At 31 December 2013	31.73	
At 30 June 2014	32.29	
Average for the period	31.80	
Maximum for the period	33.02	
Minimum for the period	30.37	

25.4 Interest rate risk

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

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

(a) INTEREST RATE REPRICING

30 June 2014	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	122 861 072	-	-	-	-	-	122 861 072
Money market assets	133 217 039	70 479 635	19 873 859	111 250 455	-	-	334 820 988
Advances	537 877 718	35 204 159	133 486 792	152 702 303	64 670 246	-	923 941 218
Other assets	-	-	-	-	-	91 999 613	91 999 613
Investment in equities	-	-	-	7 628 032	-	172 206	7 800 238
Investment properties	-	-	-	-	-	2 718 600	2 718 600
Property and equipment	-	-	-	-	-	52 293 180	52 293 180
Deferred taxation	-	-	-	-	-	15 116 574	15 116 574
Intangible assets	-	-	-	-	-	490 770	490 770
Total Assets	793 955 829	105 683 794	153 360 651	271 580 790	64 670 246	162 790 943	1 552 042 253

Liabilities and Equity							
Deposits	836 408 898	255 250 570	235 392 354	88 998 033	12 087 581	-	1 428 137 436
Other liabilities	-	-	-	-	-	3 683 249	3 683 249
Current tax payable	-	-	-	-	-	937 133	937 133
Equity and reserves	-	-	-	-	-	119 284 435	119 284 435
Total Equity and Liabilities	836 408 898	255 250 570	235 392 354	88 998 033	12 087 581	123 904 817	1 552 042 253

Interest rate repricing gap	(42 453 069)	(149 566 776)	(82 031 703)	182 582 757	52 582 665	38 886 126	-
Cumulative gap	(42 453 069)	(192 019 845)	(274 051 548)	(91 468 791)	(38 886 126)	-	-

31 December 2013	Demand	1 to 3	3 months	1 to 5	Above	Non-interest	Total
	US\$	months	to 1 year	years	5 years	bearing	US\$
		US\$	US\$	US\$	US\$	US\$	
Assets							
Balance with banks and cash	56 599 529	91 725 844	-	-	-	-	148 325 373
Money market assets	84 536 796	17 500 000	122 115 000	6 959 989	-	-	231 111 785
Advances	567 547 047	11 840 852	125 083 767	147 779 460	46 737 253	-	898 988 379
Other assets	-	-	-	-	-	76 946 779	76 946 779
Investment – other financial assets	-	-	-	7 628 032	-	172 206	7 800 238
Investment properties	-	-	-	-	-	2 718 600	2 718 600
Property and equipment	-	-	-	-	-	47 910 102	47 910 102
Deferred taxation	-	-	-	-	-	13 255 167	13 255 167
Intangible assets	-	-	-	-	-	777 176	777 176
Total Assets	708 683 372	121 066 696	247 198 767	162 367 481	46 737 253	141 780 030	1 427 833 599



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for any setting**

At CBZ Holdings, we believe in customer centricity and the provision of a convenient and standardised quality service for all your banking, life assurance, short term insurance, investment and asset management needs.

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modern systems that make your life easier.**

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UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

Statement of profit or loss and other comprehensive income

for the half year ended 30 June 2014

Notes	30 June 2014 US\$	30 June 2013 US\$
Gross premium income	4 511 911	3 941 752
Reinsurance	(125 905)	(96 879)
Net written premium	4 386 006	3 844 873
Net commission	(668 615)	(406 504)
Net claims	(1 179 493)	(679 502)
Technical profit	2 537 898	2 758 867
Operating expenditure	(1 244 612)	(1 076 534)
Underwriting profit	1 293 286	1 682 333
Other income	410 159	271 928
Transfer to life fund	(684 659)	(164 346)
Profit before taxation	1 018 786	1 789 915
Taxation	(6 559)	(7 210)
Profit for the year after tax	1 012 227	1 782 705
Other comprehensive income	-	-
Total comprehensive income	1 012 227	1 782 705

Statement of Financial Position

as at 30 June 2014

	30 June 2014 US\$	31 Dec 2013 US\$
ASSETS		
Balances with banks and cash	472 533	516 270
Money market assets	8 330 791	6 924 898
Insurance assets	310 289	344 996
Other receivables	126 426	130 402
Property and equipment	329 153	304 606
Intangible assets	253 931	152 548
Taxation	3 731	-
TOTAL ASSETS	9 826 854	8 373 720
LIABILITIES		
Life fund	2 299 341	1 614 683
Other liabilities	547 277	789 137
Current tax payable	-	1 891
TOTAL LIABILITIES	2 846 618	2 405 711
EQUITY AND RESERVES		
Share capital	2	2
Share premium	1 388 012	1 388 012
Revenue reserves	5 592 222	4 579 995
TOTAL EQUITY & RESERVES	6 980 236	5 968 009
TOTAL LIABILITIES, EQUITY AND RESERVES	9 826 854	8 373 720

Statement of Changes in Equity

for the half year ended 30 June 2014

	Share Capital US\$	Share Premium US\$	Revenue Reserves US\$	Total US\$
2013				
Balance at 1 January 2013	2	1 388 012	1 315 170	2 703 182
Total comprehensive income	-	-	1 782 705	1 782 705
Balance at 30 June 2013	2	1 388 012	3 097 875	4 485 887
2014				
Balance at 1 January 2014	2	1 388 012	4 579 995	5 968 009
Total comprehensive income	-	-	1 012 227	1 012 227
Balance at 30 June 2014	2	1 388 012	5 592 222	6 980 236

Statement of Cash Flows

for the half year ended 30 June 2014

	30 June 2014 US\$	30 June 2013 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1 018 786	1 789 914
Non cash items:		
Depreciation	36 500	18 343
Amortisation	728	2 277
Transfer to life fund	684 659	164 742
Operating cash flows before changes in operating assets and liabilities	1 740 673	1 975 276
Changes in operating assets and liabilities		
Insurance assets	34 707	(615 386)
Other receivables	3 977	4 244
Other liabilities	(241 860)	36 925
Money market assets	(1 405 893)	(1 356 204)
	(1 609 069)	(1 930 421)
Corporate tax paid	(12 181)	(8 280)
Net cash inflow from operating activities	119 423	36 575
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	-	-
Purchase of property and equipment	(61 048)	(52 793)
Purchase of intangible assets	(102 112)	-
Net cash outflow from investing activities	(163 160)	(52 793)
CASHFLOWS FROM FINANCING ACTIVITIES		
Rights Issue proceeds	-	-
Dividends paid	-	-
Net cash flow to/from financing activities	-	-
NET DECREASE IN BALANCES WITH BANKS AND CASH	(43 737)	(16 218)
Balances with banks and cash at the beginning of the year	516 270	257 793
Balances with banks and cash at end of the year	472 533	241 575

UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

Statement of profit or loss and other comprehensive income

for the half year ended 30 June 2014

	30 June 2014 US\$	30 June 2013 US\$
Gross premium income	4 954 746	4 913 719
Reinsurance	(2 882 992)	(3 136 529)
Net written premium	2 071 754	1 777 190
Unearned premium	(591 816)	(348 290)
Net earned premium	1 479 938	1 428 900
Net commission	(11 260)	100 155
Net Claims	(659 952)	(483 310)
Technical result	808 726	1 045 745
Operating expenditure	(734 194)	(675 479)
Underwriting profit	74 532	370 266
Other income	74 717	84 490
Impairment allowance	(104 948)	26 352
Profit before taxation	44 301	481 108
Taxation	15 729	(96 581)
Profit for the year after tax	60 030	384 527
Other comprehensive income	-	-
Total comprehensive income	60 030	384 527

Statement of Financial Position

As at 30 June 2014

	30 June 2014 US\$	31 Dec 2013 US\$
ASSETS		
Non- current assets		
Investment properties	150 000	150 000
Property and equipment	173 800	185 348
Intangible assets	75 221	122 053
Listed Investments	274 800	288 076
Deferred taxation	154 835	143 571
Total non-current assets	828 656	889 048
Technical assets		
Reinsurance unearned premium reserve	1 980 069	1 076 232
Deferred acquisition costs	418 169	246 176
Reinsurance outstanding claims	177 636	122 900
Reinsurance receivables	598 788	994 917
Insurance receivables	1 987 854	1 166 450
Total technical assets	5 162 516	3 606 675
Current assets		
Inventory	2 816	3 935
Other receivables	208 597	39 849
Money market assets	1 426 833	782 905
Balances with banks and cash	165 066	250 886
Total current assets	1 803 312	1 077 575
TOTAL ASSETS	7 794 484	5 573 298
EQUITY AND RESERVES		
Share capital	50 500	50 500
Share premium	589 807	589 807
Retained earnings	1 032 374	972 344
Total equity and reserves	1 672 681	1 612 651
LIABILITIES		
Non-current liabilities		
Deferred taxation	44 491	57 789
Total non-current liabilities	44 491	57 789
Technical liabilities		
Gross unearned premium reserve	3 697 701	2 202 048
Gross outstanding claims	539 948	459 835
Unearned commission reserve	433 541	231 953
IBNR	99 358	175 943
Reinsurance payables	1 015 881	549 367
Total technical liabilities	5 786 429	3 619 146
Current liabilities		
Other payables	290 883	220 348
Taxation	-	63 364
Total current liabilities	290 883	283 712
TOTAL LIABILITIES	6 121 803	3 960 647
TOTAL LIABILITIES, EQUITY AND RESERVES	7 794 484	5 573 298

Statement of Changes in Equity

for the half year ended 30 June 2014

	Share capital US\$	Share premium reserve US\$	Revenue reserve US\$	Total US\$
2013				
Balance at 1 January 2013	50 500	589 807	531 374	1 171 680
Total comprehensive income	-	-	384 527	384 527
Balance at 31 December 2013	50 500	589 807	915 901	1 556 208
2014				
Balance at 1 January 2014	50 500	589 807	972 344	1 612 651
Total comprehensive income	-	-	60 030	60 030
Balance at 30 June 2014	50 500	589 807	1 032 374	1 672 681

Statement of Cash Flows

for the half year ended 30 June 2014

	30 June 2014 US\$	30 June 2013 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	44 301	481 108
Non cash items:		
Depreciation	30 054	22 017
Amortisation	46 832	46 832
Fair value adjustment	13 277	(61 219)
Profit on sale of equities	-	(7 897)
Net commission movement	11 260	(100 155)
Unearned premium	591 816	348 290
Claims incurred but not yet reported	(76 585)	(52 613)
Impairment allowance	(18 477)	(26 352)
Premium receivables written off	123 425	-
Operating cash flows before changes in operating assets and liabilities	765 903	650 011
Changes in operating assets and liabilities		
Decrease/(increase) in inventory	1 119	(9 066)
Increase in receivables	(1 840 798)	(319 045)
(Increase)/decrease in money market investments	(643 928)	253 943
Increase/(Decrease) in payables	1 722 587	(275 223)
	(761 020)	(349 391)
Corporate tax paid	(72 197)	(198 369)
Net cash inflow from operating activities	(67 314)	102 251
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18 506)	(24 102)
Purchase of intangible assets	-	-
Net cash outflow from investing activities	(18 506)	(24 102)
NET (DECREASE)/INCREASE IN BALANCES WITH BANKS AND CASH	(85 820)	78 149
Balances with banks and cash at the beginning of the year	250 886	314 776
Balances with banks and cash at end of the year	165 066	392 925

UNAUDITED FINANCIAL RESULTS

for the Half Year Ended 30 June 2014

Statement of profit or loss and other comprehensive income

For the half year ended 30 June 2014

	Notes	30 June 2014 US\$	30 June 2013 US\$
Revenue	2	1 003 634	1 086 166
Operating expenditure	3	(891 213)	(827 918)
Operating income		112 421	258 248
Finance costs		-	(13 783)
Profit before taxation		112 421	244 465
Taxation	4	(28 712)	(62 669)
Profit for the year after tax		83 709	181 796

Statement of Financial Position

As at 30 June 2014

	Notes	30 June 2014 US\$	31 Dec 2013 US\$
ASSETS			
Balances with banks and cash	5	262 813	308 225
Money market assets	6	1 282 142	1 064 531
Loans and advances	7	11 432	17 012
Other assets	8	628 046	637 967
Investment securities	9	20	20
Investment properties	10	97 000	97 000
Property and equipment	11	269 592	219 487
Intangible assets	12	149 261	214 500
Current taxation		-	15 800
TOTAL ASSETS		2 700 306	2 574 542
LIABILITIES			
Other liabilities		259 106	246 208
Provisions		234 804	196 981
Current tax payable		10 214	-
Deferred taxation		49 129	68 009
TOTAL LIABILITIES		553 253	511 198
EQUITY AND RESERVES			
Share capital	13	63 005	63 005
Share premium		1 924 944	1 924 944
Accumulated profit		159 104	75 395
TOTAL EQUITY & RESERVES		2 147 053	2 063 344
TOTAL LIABILITIES, EQUITY AND RESERVES		2 700 306	2 574 542

Statement of Changes In Equity

For the half year ended 30 June 2014

	Share capital US\$	Share premium US\$	Revenue reserve US\$	Total US
30 June 2013				
Balance at 1 January 2013	62 005	1 361 425	(286 452)	1 136 978
Total comprehensive income	-	-	181 796	181 796
Rights Issue	1 000	563 519	-	564 519
Balance at 31 December 2013	63 005	1 924 944	(104 656)	1 883 293
30 June 2014				
Balance at 1 January 2014	63 005	1 924 944	75 395	2 063 344
Total comprehensive income	-	-	83 709	83 709
Rights Issue	-	-	-	-
Balance at 30 June 2014	63 005	1 924 944	159 104	2 147 053

Statement of Cash Flows

For the half year ended 30 June 2014

	30 June 2014 US\$	30 June 2013 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	112 421	244 465
Non cash items:		
Depreciation and amortisation	93 715	73 665
Rights issue	-	564 519
Fair value adjustment	1	(129 860)
Profit on sale of property and equipment	(1 701)	-
Operating cash flows before changes in operating assets and liabilities	204 436	752 789
Changes in operating assets and liabilities		
Advances	5 580	318 095
Money market assets	(217 611)	(378 195)
Other assets	9 921	(41 818)
Net change in investment	(1)	206 246
Other liabilities	12 898	(554 596)
Provisions	37 823	49 081
	(151 390)	(401 187)
Corporate tax paid	(21 578)	-
Net cash inflow from operating activities	31 468	351 602
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	2 051	-
Purchase of property and equipment	(78 931)	(18 099)
Purchase of intangible assets	-	(1 782)
Net cash outflow from investing activities	(76 880)	(19 881)
CASHFLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-	(330 000)
Net cash flow to financing activities	-	(330 000)
NET (DECREASE)/INCREASE IN BALANCES WITH BANKS AND CASH	(45 412)	1 721
Balances with banks and cash at the beginning of the year	308 225	217 927
Balances with banks and cash at end of the year	262 813	219 648

Notes to The Financial Statements

For the half year ended 30 June 2014

1. INCORPORATION AND ACTIVITIES CBZ Asset Management (Private) Limited, incorporated in Zimbabwe, is a registered asset management company which is governed by the Companies Act [Chapter 24:03], Collective Investments Schemes Act [Chapter 24:19] (1997), Asset Management Act [Chapter 24:26] (2004) and Securities Act [Chapter 24:25] (2004). The main activity is fund management and the provision of unit trusts. The Company is a wholly owned subsidiary of CBZ Holdings Limited, incorporated in Zimbabwe.	30 June 2014 US\$	30 June 2013 US\$
2. REVENUE Interest Income Net income from trading securities Fair value adjustments on investments Commission and fee income Profit / (loss) on sale of assets Other operating income	78 532 - (1) 918 306 1 701 5 096	29 360 68 357 129 860 848 416 - 10 173
3. OPERATING EXPENDITURE Staff costs Administration expenses Audit fees Depreciation Amortisation of intangible assets Remuneration of directors and key management personnel (included in staff costs) Salaries and other benefits	494 056 273 442 30 000 28 476 65 239 264 769 264 769	473 048 258 705 22 500 8 426 65 239 111 774 111 774
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.		
4.1 Analysis of tax charge in respect of the profit for the year Current income tax charge Deferred income tax Income tax expense	53 503 (24 791) 28 712	- 62 669 62 669

4.2 Tax rate reconciliation Notional Tax Aids levy Permanent differences Effective tax rate	% 25.00 0.75 (0.21) 25.54	% 25.00 0.75 (0.11) 25.64
5. BALANCES WITH BANKS AND CASH Cash Current accounts	1 530 261 283 262 813	653 307 572 308 225
6. MONEY MARKET ASSETS Fixed deposits	1 282 142	1 064 531
7. ADVANCES Loans	11 432	17 012
7.1 Maturity analysis Demand Between 3 months and 1 year Between 1 and 5 years	11 432 - - 11 432	- 12 595 4 417 17 012
Maturity analysis is based on the remaining period from 30 June 2014 to contractual maturity.		
7.2 Loans to directors, key management and employees Loans to directors and key management Included in advances are loans to executive directors and key management:- Opening balance Advances made during the year Repayment during the year Balance at end of year	11 432 - - 11 432	127 243 32 109 (147 920) 11 432
Loans to employees Included in advances are loans to employees: - Opening balance Advances made during the year Repayments during the year Balance at end of year	5 580 - (5 580) -	190 852 6 348 (191 620) 5 580
8. OTHER ASSETS Prepayments Management fees receivables Sundry debtors	135 687 211 345 281 014 628 046	176 512 194 755 266 700 637 967
9. INVESTMENT SECURITIES Listed Investments At cost At fair value	 20 20	 20 20
Portfolio analysis Trading	20 20	20 20
10. INVESTMENTS PROPERTY Opening balance Additions Fair value adjustments Closing balance	97 000 - - 97 000	85 000 - 12 000 97 000

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. A valuation was carried out at the year ended 31 December 2013. The rental income derived from the investment property amounted to US\$5 100 without direct operating expenses.

11. PROPERTY AND EQUIPMENT Opening balance Additions Disposals Impairment Closing balance Accumulated depreciation Opening balance Charge for the year Disposals Impairment Closing balance Net Book Value	Motor vehicles US\$ 49 110 78 931 (3 500) - 124 541 14 098 11 552 (3 150) - 22 500 102 041	Computer and equipment US\$ 287 507 - - - 287 507 103 032 16 924 - - 119 956 167 551	30 June 2014 US\$ 336 617 78 931 (3 500) - 412 048 117 130 28 476 (3 150) - 142 456 269 592	31 Dec 2013 US\$ 174 225 177 612 (5 200) (10 020) 336 617 99 184 30 035 (4 680) (7 409) 117 130 219 487
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12. INTANGIBLE ASSETS Computer software At cost Accumulated amortisation Movement in intangible assets: Opening balance Additions Amortisation charge Closing balance	30 June 2014 US\$ 401 125 (251 864) 149 261 214 500 - (65 239) 149 261	31 Dec 2013 US\$ 401 125 (186 625) 214 500 343 196 1 782 (130 478) 214 500
13. SHARE CAPITAL Authorised 1 000 000 000 ordinary shares of US\$ 0.0001 each Issued and fully paid 630 050 000 ordinary shares of US\$ 0.0001 each	100 000 63 005	100 000 63 005
14. NOMINEE STATEMENT OF FINANCIAL POSITION Assets Balance with banks/ call deposits Money market Equity investments Investment property Total assets Liabilities Unit trust funds Portfolio management funds Total liabilities	2 937 476 61 113 681 75 302 202 2 512 000 141 865 359 894 897 140 970 462 141 865 359	2 135 873 66 383 343 69 716 800 2 252 000 140 488 016 1 002 987 139 485 029 140 488 016