Partners for Success

CBZ HOLDINGS
Partners for Success

INTEGRATED ANNUAL REPORT 2015

CBZ HOLDINGS

Partners For Success

CBZ BANK — Partners For Success | CBZ LIFE — Partners For Success | CBZ INSURANCE — Partners For Success | DATVEST — Investing with confidence. A member of the CBZ Holdings Group

Vision

To be the preferred provider of financial solutions in Zimbabwe, with a global reach.

Mission

To bring convenience to our clients through innovation, efficient service delivery, competence and flexibility whilst adhering to principles of integrity, transparency and fairness.

Core Values

- Integrity
- Customer Focus
- Staff focus
- Innovation
- Corporate Citizenship
- Team work

Value Proposition

We offer customer convenience and customer satisfaction by providing innovative low cost products utilising state of the art technology efficiently and effectively processing high speed and high volume transactions.

Pay off line

Partners For Success

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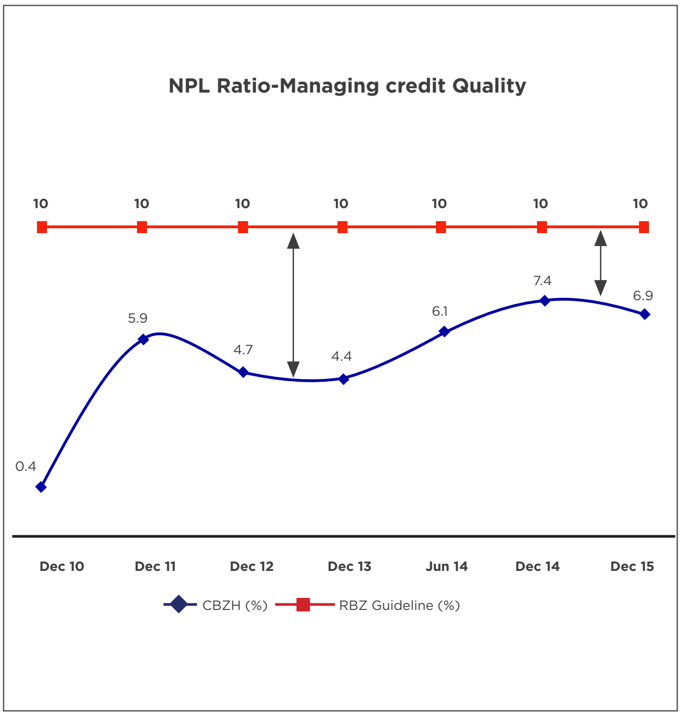
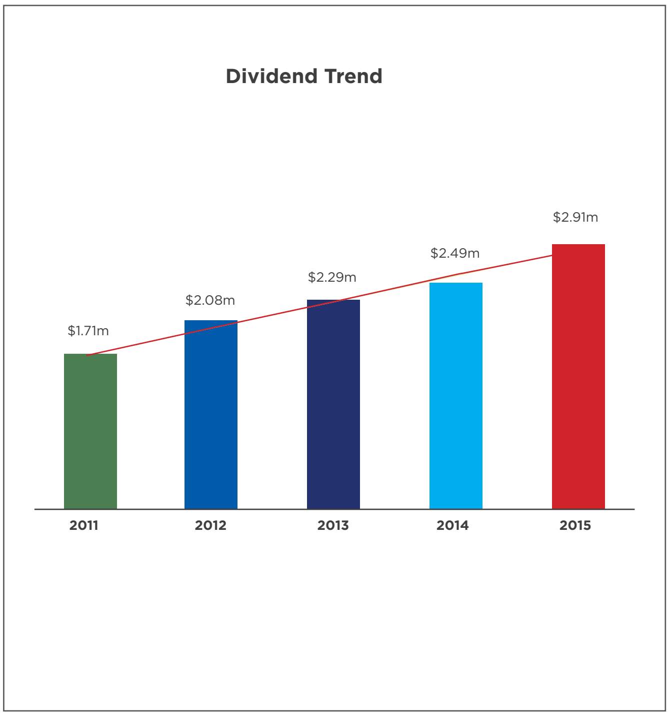
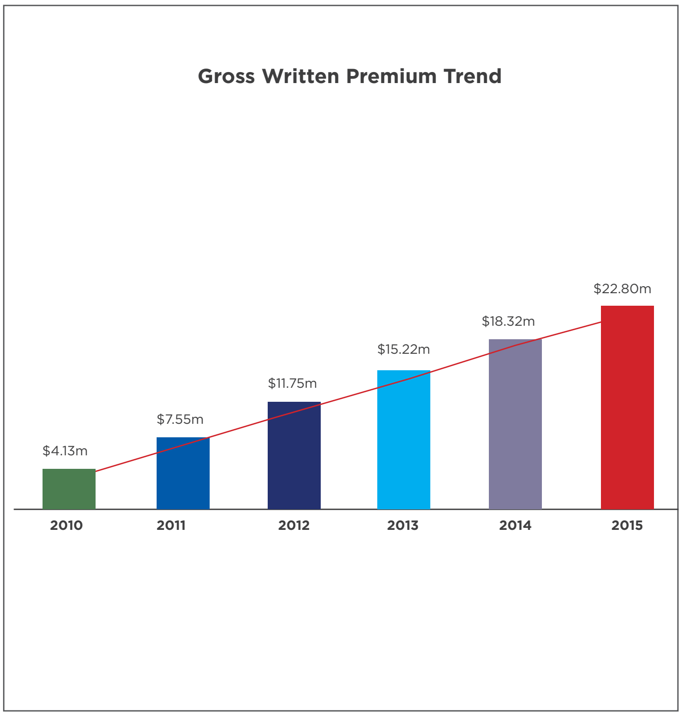
Group Salient features

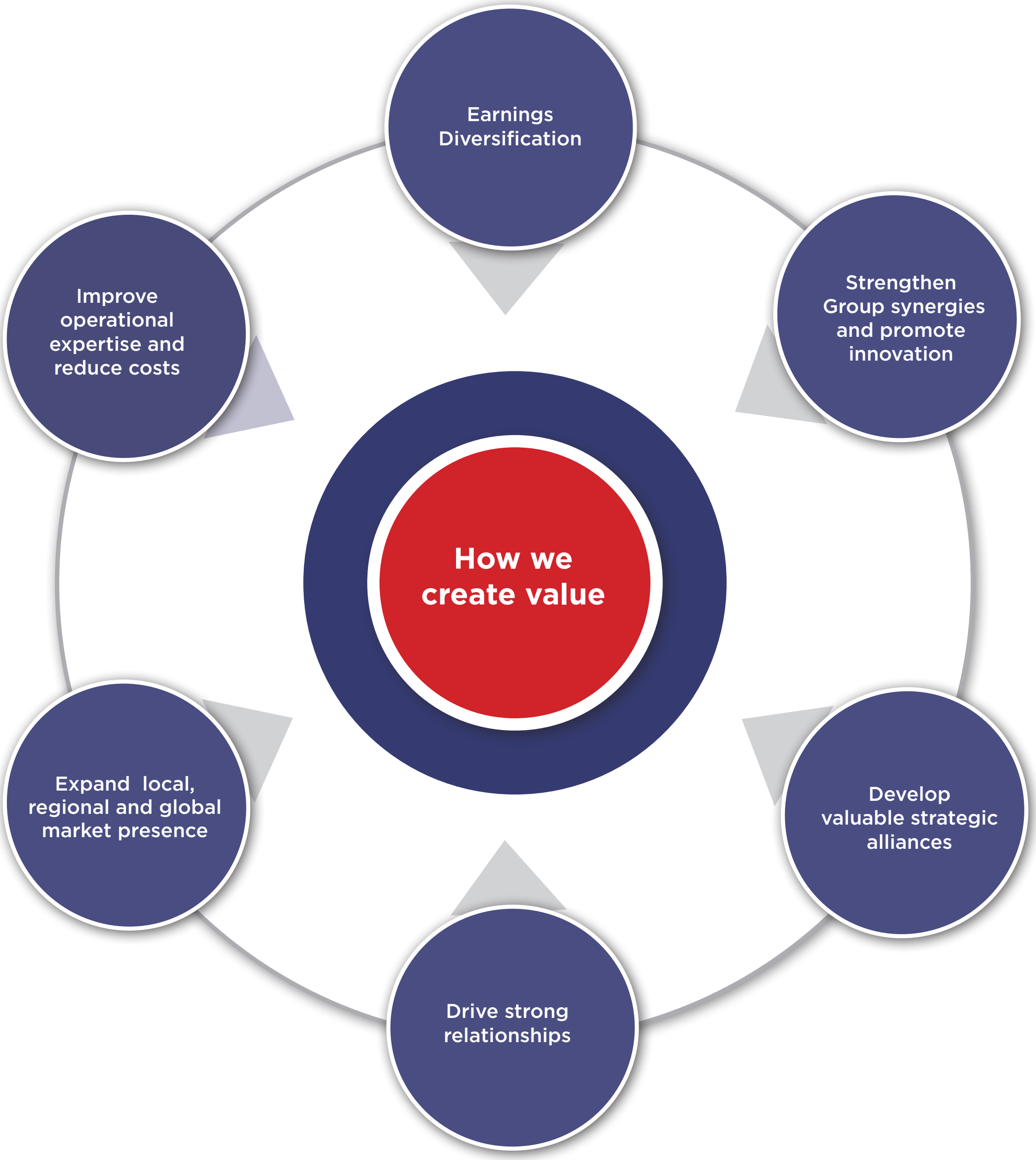
	2015	2014
Total assets ($m)	1 974.4	1 670.4
Gross advances ($m)	1 095.9	1 191.8
Impairment loss on advances ($m)	23.5	18.0
Total net advances ($m)	1 021.0	1 125.9
Total deposits ($m)	1 684.3	1 416.9
Profit after taxation ($m)	35.2	33.0
Capital adequacy (%) - CBZ Bank Limited	16.3	14.0
Funds under management -CBZ Asset Management ($m)	131.3	136.4
Total insurance assets - CBZ Insurance (Private) Limited ($m)	9.9	7.8
Life Fund - CBZ Life Limited ($m)	4.7	2.3
Basic earnings per share (cents)	6.5	5.6
Return on assets (%)	2.2	2.3
Return on equity (%)	14.3	15.1
Non-interest income as a % of total income	40.8	42.8
Advances/Deposits ratio (including offshore) (%)	65.1	79.5
Cost to income ratio (%)	64.0	63.8
Permanent staff compliment	1 359	1 380







How We
create value



In conducting our business, the Group identifies key value pillars which drive current and future growth. Effective implementation of our value drivers, has seen the Group operating profitably over the years. We highlight in the following pages, how these pillars have contributed to Group success by creating stakeholder value.

How we create value

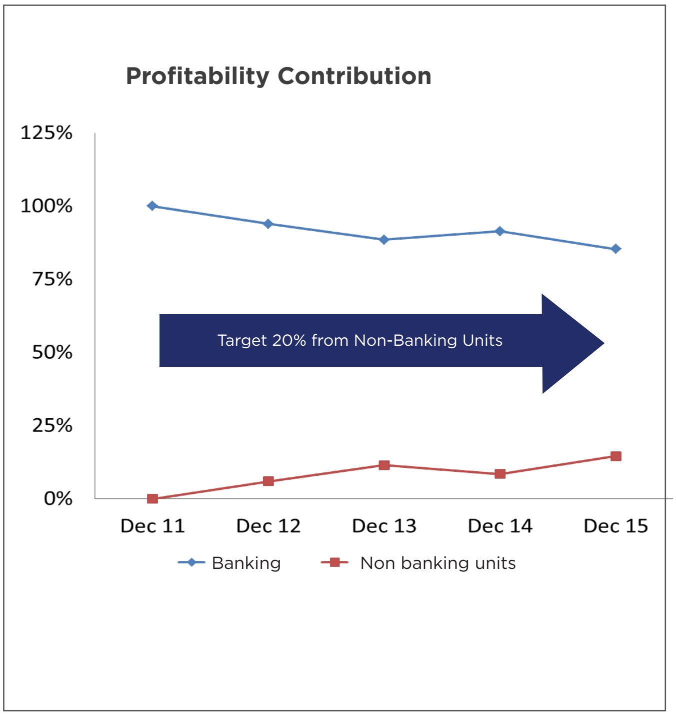
Earnings Diversification

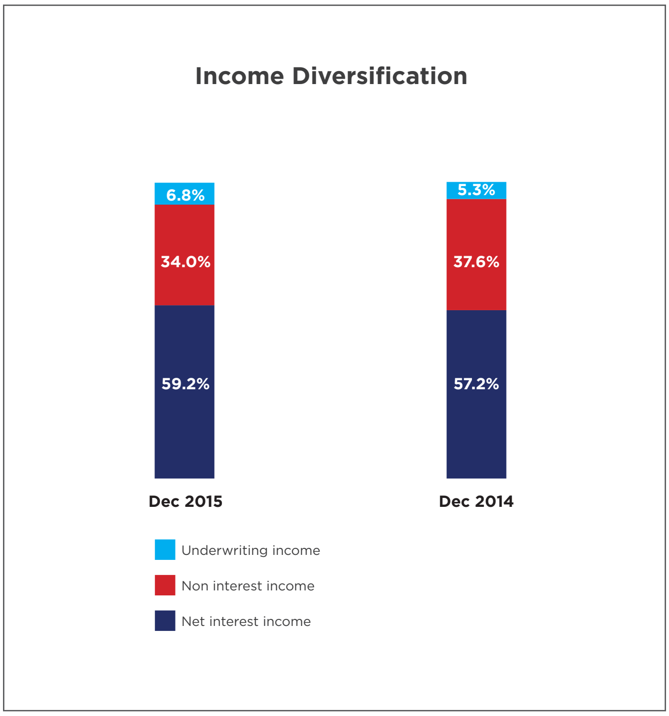
Our drive to diversify the Group's earnings mix continued to bear fruits during the year 2015. The contribution of non-banking subsidiaries to the Group's profit after tax increased from 9% in 2014 to 15% in 2015, reflecting our successful efforts to underwrite more business in the insurance segment, as well as the preservation of clients' Funds Under Management (FUM) amid depressed capital markets performance.

This sterling performance was achieved through a combination of new and enhanced individual and business risk management products including well thought out investment strategies in the Group.

Our strategic target is to increase the contribution of non-banking units to 20% by 2019, and we are confident that ongoing efforts to strengthen our value proposition to the markets we serve will see us achieving this earnings mix.

Further, the Group encourages its subsidiary companies to ensure that product concentration risk is kept to a minimum. In this regard, a Group wide Innovation Committee is in place to ensure product and delivery channel innovation. The Group has elevated the culture of innovation by ensuring that cyber platforms are available to all staff to contribute their innovative ideas to the Committee.





How we create value

Strengthen Group synergies and promote innovation

Having strategically made innovation one of our six core values, the others being staff focus, customer focus, integrity, teamwork and corporate citizenship, we devoted the greater part of the first half of 2015 towards putting in place the necessary infrastructure that supports the building of an innovation culture within the organisation. The Group also moved from developing products and pushing them to customers, into the new norm of utilising customer insights and research to develop and commercialise products.

The results of our initiatives began to be felt from the second half of the year, through a marked increase in the number of ideas submitted by both our internal and external clients. Additionally, the quality of ideas submitted was also demonstrated through the spectacular conversion rate of about 8%. Thus, supported by a well-timed investment in Research & Development, culture transformation and staff development, the Group introduced the following major innovations during the year 2015.

1. The CBZ Agency Banking and CBZ Shopassurance – a channel of innovation meant to create convenience for our customers as well as partnerships with our stakeholders.
2. The CBZ Mi-Life Combo, a 5-in-1 funeral assurance product.
3. Innovative financing solutions that focus on transformative partnerships and solutions for example the CBZ SMEs Credit Line.
4. A Know Your Client (KYC) light account aimed at deepening financial inclusion in the country through less tedious account opening requirements, the CBZ Smart Cash Account.
5. The CBZ Mobile App – We take pride in the CBZ Touch, channel of innovation, which was released from the innovation lab in the 4th quarter following 3 months of intensive development. Having worked with the intended users of the mobile app during the development phase, the Group is confident that the CBZ Touch will bring significant convenience to its transacting clients. Further enhancements will continue to be guided by feedback obtained from the actual user experience. Launch of the Mobile App is expected in April 2016.

In terms of synergies, the Group continued to take advantage of the One CBZ Model by strengthening its bancassurance drive and transforming the Group's Shared Services into stronger enablers for the business units. Our efforts were well supported by the strengthening of internal policies and procedures, observance of corporate governance principles and capacitating our staff.

We have no doubt that the excitement created out of the innovations launched in 2015, together with ongoing initiatives to strengthen the Group's Innovation strategy, will continue to boost the Group's innovative approach to doing business. The Group will continue to strengthen its innovation management and business development approach in line with the demands of the markets.

We have a clear ambition of becoming the most innovative financial services institution in the markets we serve.

> "Our efforts were well supported by the strengthening of internal policies and procedures, observance of corporate governance principles and the capacitating of our staff."

How we create value

Develop valuable strategic alliances

Our guiding principle is that alliances created out of mutual understanding result in greater value for the customer, the stakeholders and the alliance partners in general. It is against this background that we created strong strategic alliances in the retail sector in order to fulfill our value proposition of bringing convenience and satisfaction to our customers.

Strategic alliances with Truworths, Chicken Slice, Total Zimbabwe, and MoneyGram, were created for the distribution of our banking and insurance products.

As part of our drive towards transformative partnerships, we created funding and product development alliances with non-governmental organisations and developmental agencies that are specifically focused on some of our key markets such as SMEs, youths, women and the marginalised. Our wide physical distribution network (63 Branches and 58 ATMs), together with our strategic investment in tech-driven solutions and the introduction of the CBZ Business Banking Centres, remain evidently indispensable instruments in serving our market segments.

We note with pride our successful alliances with the Food & Agriculture Organisation (FAO), CARE International, SIDA, CARITAS YEP, and the Zimbabwe Agriculture Development Trust (ZADT), amongst others. We have no doubt that the continued positioning of our Business Banking as an SMEs and Microfinance dedicated unit will enhance our ability to create more valuable alliances and financial solutions for these growing markets.

Our focus for 2016 is to continue to lead on collaboration and innovation.

> “Our wide physical distribution network, together with our strategic investment in tech-driven solutions and the introduction of the CBZ Business Banking Centres, remain indispensable instruments in serving our market segments.”

How we create value

Drive strong investor relationships

The Group strives to maintain strong relationships with its investors and all stakeholders at large. Thus, as part of our efforts to increase value for our stakeholders , we strengthened our Investor Relations strategy by setting ourselves the following objectives.

1. Establish and update relevant disclosure policies and practices , being aware of developments in corporate governance and disclosure regulations locally and internationally;
2. Communicate clear, accurate, credible and consistent information about CBZ Holdings to the financial community, with the aim of ensuring all investors have access to material and non-material information, enabling them to make well informed decisions which should result in the entity's security trading at fair value;
3. Building relationships with buy and sell side analysts, portfolio managers, regulators, rating agencies, the media and the community at large;
4. Build a high quality shareholder base to ensure long term access to diversified and low risk sources of capital and;
5. Develop trust and credibility in the capital markets.

How did we perform?

1. CBZ Holdings continued to ensure that its policies and procedures were compliant with local and international regulations and standards such as International Financial Reporting Standards, disclosure requirements set out by our regulators, codes, as well as best international best practice.
2. As part of our efforts to provide accurate, credible consistent and relevant information, we have been developing and improving our Annual Report to achieve full compliance with Sustainability and Integrated Reporting standards. We remain committed to providing consistent information to stakeholders through various media channels outside the mandatory reporting times to ensure our stakeholders keep abreast with the operations of the Group;
3. Our credibility in the capital markets remains strong, as evidenced by the continued support of our local and multi-national financiers as well as an increase in our local deposit base;
4. Our shareholder base has remained stable and committed to the Group. Shareholders have received value through our financial performance and returns on investment through an increasing dividend yield and a stable share price against a negative return on the overall bourse;
5. Senior management held three analysts briefings during the year, complimented by a number of local and international road shows. We continued to engage our regulators on issues of importance and relevance contributing to the formation of regulations and codes of practice. For the first time in 2015, all our Group entities were rated by Global Credit Rating and we shall continue to develop on this with a view to excell on our current ratings.

“Our credibility in the capital markets remains strong, as evidenced by the continued support by our local and multi-national financiers as well as an increase in our local deposit base.”

How we create value

Expand local, regional and global market presence

In line with our Vision **"to be the preferred provider of financial solutions in Zimbabwe, with a global reach"**, we set ourselves an ambitious plan to expand our market presence both locally and regionally.

Although we devoted much of our efforts during the year 2015 towards laying the foundation for our local and regional market presence initiatives, we established the CBZ Business Banking Unit and CBZ Business Banking centres as part of the drive towards creating SME and Microfinance oriented products and services. In fact, the Group prioritised entry into the SMEs sector in order to take advantage of the ongoing transitional opportunities in this market. These efforts were buttressed by the CBZ US$10 million credit line for SMEs and the US$5 million Zimbabwe Agriculture Development Trust (ZADT) CREATE Fund lines for financing SMEs oriented value chains.

Through the Business Banking unit, we also increased our efforts towards promoting Financial Inclusion, thereby expanding our market presence to previuosly uncovered segments such as the the informal sector. Our local and regional advisory services opportunities will continue to be anchored on the CBZ Mauritius Global Fund as the funding hub.

Our internationalisation efforts have been structured in a way that takes into account the risks that are posed by such strategies. As such, a phased approach has been taken, commencing with the export of services that we believe represent our core strengths and are also customer segment specific.

Investment, Insurance and selected banking products are already being packaged for the diaspora market.

Market scouting activities were undertaken during the year by senior management with South Africa and the UK ranking high in terms of geographic focus.

We are confident that the other strategic initiatives to export our products to the regional and international markets that are dominated by Zimbabweans will be concluded in time for launch during the year 2016.

"We set ourselves an ambitious plan to expand our market presence both locally and regionally."

How we create value

Improve operational expertise and reduce costs

The continued deterioration in the operating environment during the year 2015 meant that the Group had to improve its operational expertise otherwise it would be left with very limited levers to improve on performance and simultaneously finance its growth strategies. Subsequently, the Group embarked on multi-pronged operational strategies aimed at positioning the organisation to preserve shareholder value and realign cost structures, but without constraining the Group's ability to maintain its competitiveness and underwrite more business.

The Group thus embarked on a strategy to Reduce, Re-organise and Optimise (RRO) its cost structures, with the aim of reducing the Cost to Income ratio to the strategic range of between 55-60% by 2019.

Specific initiatives undertaken during the year included:

(i) Renegotiating of suppliers' costs downwards,

(ii) Rationalisation of Branches (merging Branches) to gain operational efficiency,

(iii) Revision of the procurement strategy and moving towards "green meetings" to reduce our carbon print. Meanwhile, reflecting the effect of the modest start to the RRO project, the Group's Cost to Income ratio increased slightly from 63.8% in 2014 to 64% in 2015. However, we remain confident that the ratio will gradually reduce towards the strategic target range as the Group gains more operational efficiencies.

"The Group embarked on a strategy to Reduce, Re-organise and Optimise its cost structures, with the aim of reducing the Cost to Income ratio to the strategic range of 55-60% by 2019."


CBZ

Group Communication statements

Group Chairman's Statement

Richard Victor Wilde

It gives me great pleasure to present to you the financial results of CBZ Holdings Limited for the year ended 31 December 2015. The Group operated profitably against increasing economic headwinds.

Operating Environment

The Government continued to engage the International Monetary Fund "IMF" on the successor Staff Monitored Program "SMP", which ran from October 2014 to December 2015. It was encouraging to note that the SMP's quantitative & qualitative benchmarks were consistently met.

Economic growth however, slowed from 3.1% in 2014 to 1.5% in 2015, due to the absence of an immediate economic stimulus package and compounded by unfavourable climatic conditions, low international commodity prices, weakening sectoral linkages and the unintended consequences of a strengthening United States (US) Dollar. The aggregate impact of the above was the weakening of economic activity as evidenced by key measures especially within the equities markets.

Financial Markets

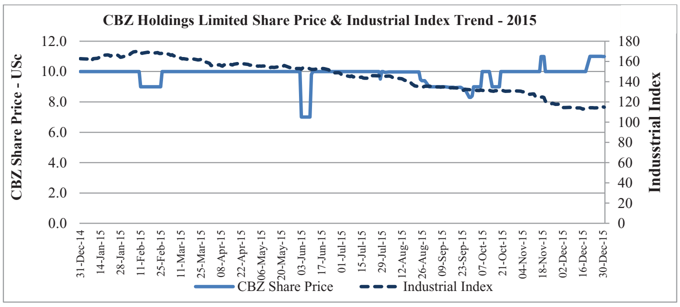
The introduction of the interest rate framework, the purchase of Non-Performing Loans (NPLs) by Zimbabwe Asset Management Company (ZAMCO), completion of the Zimbabwean dollar (ZWD) demonetisation program and resumption of the interbank market were some of the major highlights during the period under review. Reflecting sustained depositor confidence in the financial system, broad money supply (M3) increased by 8% from US$4.4 billion in 2014 to US$4.8 billion in 2015.

However, the growth was largely driven by demand deposits reflecting the need for the country to have a holistic approach towards rebuilding the culture of saving. CBZ Holdings Limited continued to look into this area and launched some investment linked products as well as those targeted at enhancing financial inclusion.

Equities Market

Activity on the Zimbabwe Stock Exchange "ZSE", a key barometer of investor confidence in the economy, was generally depressed in 2015. The industrial and mining indices fell by 29.4% and 66.9% to close at 114.9 and 23.7, respectively. Annual turnover also fell by 49.5% from US$452.9 million in 2014 to US$228.6 million in 2015, owing to reduced investor participation. However, despite the sluggish market performance, significant progress was made towards the incorporation and complete automation of the ZSE, a move that is expected to improve the capital markets' corporate governance and simultaneously promote greater investor participation in the medium term.

The CBZ Holdings Limited share price registered a 9.8% growth in 2015, closing the year at 10.99 cents from an opening price of 10.01 cents. Market capitalisation closed the year at US$75.5 million from US$68.2 million at the beginning of the year. The following graph shows the performance of the CBZH share price against the industrial index in 2015.



Overview of the Group's Performance

Below are the key highlights of the Group's performance for the year and the comparative period.

	Audited Year Ended 31 December 2015 US$m	Audited Year Ended 31 December 2014 US$m
Key Financial Performance Highlights		
Profit before taxation	40.9	37.0
Profit after taxation	35.2	33.0
Total comprehensive income	35.6	35.7
Total assets	1 974.4	1 670.4
Total equity and reserves	261.9	231.7
Total deposits	1 684.3	1 416.9
Total advances (net)	1 021.0	1 125.9
Other statistics		
Basic earnings per share (cents)	6.5	5.6
Non- interest income to total income %	40.8	42.8
Cost to income ratio %	64.0	63.8
Return on assets %	2.2	2.3
Return on equity %	14.3	15.1
Growth in deposits (YTD)%	18.9	6.3
Growth in advances (YTD)%	(9.3)	9.5
Growth in PBT (YOY)%	10.5	(12.4)
Growth in PAT (YOY)%	6.7	(9.9)

The Board

Andrew Lowe and Tinoziva Bere retired from the Board of Directors on 24 February 2015 and 6 August 2015 respectively, to pursue personal interests. We thank them for the support and contribution they made during their tenure as Members of the CBZ Holdings Limited Board. Richard Dawes, Richard Zirobwa and Ian Harold Harris were appointed and welcomed to the Board of Directors of CBZ Holdings Limited in January 2015.

The board welcomed discussions around the Banking Ammendment Bill during the course of the year and we expect to adopt its provisions within the Group.

After two years as Chairman of CBZ Holdings Limited Board and 17 years as Independent Non-Executive Director of CBZ Bank Limited, I am retiring from the Board at the AGM in April 2016. It has been a priviledge to chair a Board of such diverse and rich experience and to help steer the Group through the challenges of a dynamic industry and an uncertain economic environment.

I am delighted to welcome Elliot Mugamu as CBZ Holdings Limited new Group Chairman. The Group is certain to make continued progress under his stewardship. I wish him, and the Group all the best for the future.

Governance

The Group has continued to strengthen its corporate governance practices in order to safeguard and grow shareholder value and enhance stakeholder interests, given the challenges posed by the operating environment. It was therefore quite contenting when the Group received top accolades for the "Overall Best Governed Company" and the "Best Board Practices" by the Institute of Chartered Secretaries and Administrators (Zimbabwe) (ICSAZ) during the year.

Increasing Shareholder returns

In line with the Group's dividend growth policy and considering the need for prudent capitalisation and liquidity management, the Board has proposed the declaration of a final gross dividend of US$1 456 504. Having declared an interim dividend of US$1 456 505, this translates to an annual dividend of $2 913 009, a 10% growth from the prior year.

Outlook

The global economy is expected to remain fragile, characterised by weak commodity prices and volatile exchange rates. In Zimbabwe, these global weaknesses will, in the short term, be compounded by the adverse effects of the El Nino weather conditions and US dollar appreciation. It is, therefore, hoped that the successful completion of the IMF SMP and resolution of the country's external debt situation will result in a new, comprehensive economic program that will drive activity from stabilisation to growth.

It is important to note that policy consistency and coherence, investment in infrastructure and promotion of new and old markets are key initiatives for economic growth. In this regard CBZ Holdings will continue to scout for opportunities to invest in economically developmental assets where the attendant risk-return profile is deemed acceptable to the shareholders.

Appreciation

My appreciation goes to our valued clients, who have continued to partner with us successfully. I also thank the Group Board, Boards of the Group companies, Management and Staff for their continued dedication to the attainment of such remarkable results.

RV Wilde

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Richard Victor Wilde
Chairman

25 February 2016

Group Chief Executive Officer's Report

Never Nyemudzo

Once again, I am pleased to report on the performance of CBZ Holdings Limited for the period ended 31 December 2015. The Group achieved another commendable set of financial and strategic results, inspite of the challenges within the operating environment. Economic growth in Zimbabwe, our predominant market, was downgraded from the initially projected 3.1% to just 1.5% for the year 2015, as growth momentum faltered on the back of the adverse effects of a strong currency and external factors such as low commodity prices. The Group's solid set of financials, however, continue to affirm its strength as a leader within the Zimbabwean financial services industry.

Strategic Overview

The Group's financial results were buttressed by its strategic focus on building a diversified business portfolio, developing innovative products, establishing an international presence through the product export strategy and utilising Group synergies.This allowed us to grow all our businesses, increase our profitability and advance key strategic initiatives. We thus improved our competitiveness and created value for our shareholders through the following strategic initiatives :

STRATEGIC FOCUS AREA	ACHIEVEMENTS
Building a diversified business portfolio	During the year 2015, CBZ Group introduced the CBZ Business Banking Division as part of efforts to diversify and position the banking subsidiary to take advantage of the opportunities in the SMEs and microfinance sector. The contribution of non-banking subsidiaries to the Group's profit after tax increased from 9% in 2014 to 15% in 2015, The target is to reach 20% by 2019.
Developing innovative products and delivery channels.	Supported by the Research & Development Division , and our open innovation strategy, the Group expanded existing, and introduced new products, services and channels as part of its strategy to bring convenience to customers. These include: **Channels** • CBZ Mobile App • CBZ Agency Banking • CBZ Shopassurance • 24 Hour Contact Centre **Products** • CBZ Mi-Life Combo • CBZ Smart Cash • CBZ Whole Life Insurance • CBZ US$10 million SMEs credit facility • ZADT US$5 million credit facility
Establishing an international presence through a "product export" strategy	During the year 2015, the Group laid the foundation for its product export strategy. The first major achievement was the successful conclusion of remittances partnership with MoneyGram, which is expected to boost our transactional income strategy. We aim to expand our footprint in emerging markets while leveraging our strong postion in Zimbabwe. More initiatives will be launched in 2016 as the efforts of yesteryear begin to bear fruits.
Utilisation of Group synergies	During the year 2015, the Group began initiatives aimed at positioning the Group as an organisation for the future. These include business efficiency and culture transformation programs, both of which are expected to strengthen the drive towards full exploitation of synergies. We are confident that the successful conclusion of these initiatives will also further strengthen the Group's earnings potential.

Group Performance

The table below summarises the Group perfomance as well as that of its respective subsidiaries.

Unit	Total Assets US$m	Net Profit Before Tax US$m	Shareholders' Funds US$m
CBZ Bank	1 814.1	31.4	147.8
CBZ Life	17.2	4.5	12.3
CBZ Insurance	9.9	1.6	4.2
CBZ Asset Management	3.0	0.2	2.6
Group (Consolidated)	1 974.4	40.9	261.9

The Group's strategy to balance risk and return in arriving at investment decisions saw all the subsidiaries closing the year 2015 well capitalised and compliant with the regulatory benchmarks. Whilst demonstrating the consistent shareholder support that the Group enjoys, the capitalisation levels also show the Group's earnings generation potential as well as its ability to preserve earned capital.

In addition to concluding a number of strategic projects and initiatives, aimed at unlocking customer convenience and customer satisfaction, the Group also embarked on further initiatives to strengthen the entity as an organisation for the future. This will see the Group seamlessly adapting to the continuous changes in the operating environment, especially the growing influence and use of technology amongst most customer groups.

The Group remains hopeful that its efforts will continue to unlock value, preserve shareholder value and generate new business which will continue to bear positive results for all our stakeholders. Our underlying performance over the year shows the strength and potential of our business.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an integral part of the Group's business activities. CBZ Holdings, therefore, takes responsibility for the impact of its decisions and activities on society and the environment; through transparent and ethical behaviour, by embracing CSR approaches that are progressive and consistent with the ISO 26000:2010.

The Group's CSR efforts are guided by the seven key pillars of CSR namely: Organisational Governance, Human Rights, Labour Practices, Fair Operating Practices, Consumer Issues, The Environment and Community Involvement & Development (also referred to as Corporate Social Investment).

Community Involvement

The Group's effective strategic Corporate Social Investment (CSI) framework continues to align community efforts and donations with core business strategy, company expertise and market needs, thus ensuring mutual benefits. It encompasses volunteerism at individual employee level, which then fosters high level of awareness and ownership amongst the employees. CBZ Holdings will support initiatives for creating shareholder value. Our strategic target is to reserve 1.0% of our profit after tax for our community driven initiatives in the areas of philanthropy, education, health, sports and the environment. A full CSI report is on page 44.

Governance

The Group recognises the need to conduct its business with integrity and in line with best corporate governance practices.

The Group continues to apply high corporate governance standards aimed at ensuring the ongoing sustainability of the business and the creation of long-term shareholder value . The CBZ Holdings Limited Board is responsible for ensuring that the Group has a clearly defined governance and compliance framework.

I would like to extend my gratitude to Richard Wilde, our Chairman and Director who has been with the Group for 17 years and who retires at the AGM in April 2016. Richard has led the Group in the delivery of strong financial results which is a great testament of his skills and commitment. We wish him all the best for the future.

Dividend

The Group maintains a strong shareholder reward framework, supported by a consistent dividend growth policy. In line with this policy, at our Annual General Meeting in April 2016 we will propose to our shareholders a dividend payment of 0.424 cents per share, which translates to a 10% growth from the prior year's declaration.

Our Staff

The Group believes that its success lies in a highly capable, innovative, motivated and empowered workforce that is geared to add value to its business by fully applying their valueable knowledge, talents and skills. The Group's Human Resources strategies, polices and practices are therefore carefully designed and implemented to ensure that they align talent initiatives with sustainable long term business performance.

Our staff are absolutely committed to serving our customers and I must highlight the extraordinary dedication shown in 2015 towards maintaining excellent service to our customers. The dedication and clear focus of our staff were critical to our delivery of strong perfomance despite a highly volatile and challenging environment.

Outlook

Although economic growth remains constrained by the adverse effects of global economic rebalancing, the Government's continued engagements with the international community, particularly through the International Monetary Fund (IMF) Staff Monitored Program, remains a source of hope for an economic turnaround beyond 2015. Cognisant of these prospects, we will continue with ongoing initiatives to position the organisation to take advantage of opportunities as they arise, whilst at the same time minimising on the adverse effects posed by the same environment.

In 2016, we will specifically focus on enhancing the organisation's responsiveness to customer needs, markets and stakeholder requirements through investment in our staff, whilst cementing a culture of service excellence and innovation. Customer focus, innovation, staff focus, corporate citizenship, teamwork and integrity will remain watchwords at CBZ Holdings Limited. We are well prepared and looking forward to the exciting opportunities that lie ahead.

Appreciation

I would like to thank our valued clients for their continued confidence in our Company. The Group Boards' continued invaluable leadership and support goes without mentioning. I would also like to thank all our staff members for the hard work and commitment to the common objectives evidenced by the solid set of results. To our shareholders, we appreciate their continued trust and support.

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Never Nyemudzo
Group Chief Executive Officer

25 February 2016


CBZ

Corporate Profile

Business overview

Group Overview

Established in 1980, as the Bank of Credit and Commerce Zimbabwe Limited (BCCZ) - a joint venture between the Government of Zimbabwe and the Bank of Credit and Commerce International Holdings Limited (BCCIH) –CBZ Holdings Limited has grown through diversification, organic growth and acquisitions to become a diversified financial services Group.

Group Business Model

Our ultimate intent is to become a client centric business that creates Partners for Success in all the market segments that we operate in. Our diversified business portfolio, which incorporates banking, Asset management, Properties, Assurance and Insurance, is well supported by a wide range of tailor made financial solutions. Our strategy to invest in Research and Development (R&D), innovation and human capital development, and simultaneously integrate customer input and feedback into the product development processes, ensures that we continuously offer products and services that address and anticipate the unique needs of our customers. Our financial strength and scale of operations, built through years of active participation in financial inclusion, community development and investment in sectors of national strategic importance, enables us to play a bigger role in national development.

We will continue to build a business model that is driven by the "one stop shop" concept, single view of the customer, cross selling, common processes and effective and modern distribution channels. Application of our preferred business model yielded the following outcomes during the year 2015:

- Well capitalised Group and business units.
- Profitable business units.
- Creation of shareholder value through dividend declaration.
- Transformational partnerships in the SMEs and microfinance sector.
- Contributions towards the fiscus as evidenced by various awards from the tax authorities. See page 22
- Enhanced financial inclusion through affordable products.
- Community development as evidenced by the various Corporate Social Responsibilty (CSR) initiatives. See page 44

Markets Analysis

Our corporate and business strategy is determined by economic trends, demographics, regulatory requirements, shareholder risk preference and social impact. Zimbabwe is our predominant market and the economy is relatively diversified with mining, agriculture, manufacturing and tourism contributing immensely to both growth and foreign currency earnings. In addition to continuously support the national strategic and commercially oriented sectors, we have also designed our financial solutions to suit the requirements of each sector.

The Diaspora community continues to play a significant role in supporting private consumption through remittances. Our product development and distribution channels are therefore inclined to take advantage of this important market, hence our conclusion of a new remittances partnership with MoneyGram.

Subsequent to the adoption of the multicurrency system in 2009, the economy has also continued with transition towards Small to Medium Enterprises "SMEs". Our response to these transitional opportunities saw the Group launching the CBZ Business Banking Center in 2015, in order to strengthen our transformative partnerships initiatives with the SMEs sector.

The greater part of the population is educated as evidenced by the country's trend setting literacy levels. We continuously invest in research and development in order to support our drive to provide innovative financial solutions for this important segment of our markets. Our Smart Cash, a Know Your Client (KYC) light account, is specifically designed to cater for the unique needs of this category of clients. The coming in of the CBZ Mobile App will also help in transforming our clients' banking into a lifestyle, at the same time giving them unprecedented control over their transactions and financial decisions.

Group structure

CBZ HOLDINGS LIMITED

CBZ Holdings Limited is a diversified financial services Group listed on the Zimbabwe Stock Exchange (ZSE) and operates throughout Zimbabwe, employing 1 359 staff. The Group has subsidiaries in Banking, Insurance (long and short term) and Asset Management. In addition, the Group has a significant property portfolio managed by its subsidiary, CBZ Properties (Private) Limited.

CBZ BANK LIMITED
100%
Commercial banking and mortgage financing

CBZ LIFE LIMITED
100%
Long term insurance

CBZ INSURANCE (PVT) LTD
86.63%
Short term insurance

CBZ ASSET MANAGEMENT (PVT) LTD t/a DATVEST
100%
Fund management and advisory services

CBZ ASSET MANAGEMENT MAURITIUS
100%
Fund management and advisory services

CBZ PROPERTIES (PVT) LTD
100%
Property ownership, development and management

Our
success

BUSINESS PERFORMANCE

- Highest ZIMRA Compliant Growth (Domestic Taxes) - CBZ Bank Limited
- Second Prize - ZIMRA: Compliant Contributors-Income Tax - CBZ Bank Limited
- The European's Global Business Awards 2015: Investment Bank of the year - CBZ Bank Limited
- VISA: Most Agile Acquiring Bank in Zimbabwe - CBZ Bank Limited

CORPORATE GOVERNANCE

- 1st Place - ZSE Listed Companies Awards Category: Best Board Practices - CBZ Holdings Limited
- 1st Place - ZSE Listed Companies Awards Category: Overall Best Corporate Governance Practices - CBZ Holdings Limited

Banking sector Category

- 2nd Place - Best Banking Governance Practices – CBZ Bank Limited
- 2nd Place - Best Banking Corporate Governance Practices - CBZ Bank Limited

CUSTOMER SERVICES

- ZNCC National Business Awards: Top Bank Supporting Private Sector Initiatives - CBZ Bank Limited
- Marketers Association of Zimbabwe: Superbrand of the year-Banking Sector - CBZ Bank Limited
- 7th position, Marketers Association of Zimbabwe: overall Business to Business Superbrand
- Contact Centre Association of Zimbabwe: Customer Service Excellence Awards - First Place Banking Sector

CORPORATE SOCIAL RESPONSIBILITY

- Best Bank-Corporate Social Responsibility - CBZ Bank Limited: ZNCC Manicaland Chapter
- Best Bank Supporting SMEs - CBZ Bank Limited: ZNCC Manicaland Chapter
- 1st Runner Up-Best Bank Supporting farmers - CBZ Bank Limited: ZNCC Manicaland Chapter
- Buy Zimbabwe: Bank of the Year - CBZ Bank Limited
- 1st Runner up, Buy Zimbabwe: CSR category - CBZ Bank Limited

Stakeholder overview

SHAREHOLDERS

OUR PROMISE

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

Results

- Continuous interaction through road shows and briefings
- Continued progress towards full implementation of intergrated reporting.
- Growth in dividend payout of 70.2% since 2011
- 16.6% increase in earnings per share to 6.52 cents.

CLIENTS

OUR PROMISE

"To develop a mutually beneficial relationship with our clients by listening and understanding their needs in order to provide them with a range of financial solutions that exceed their expectations"

Results

- Launch of 24/7 client contact centre
- New money transfer channel through alliance with MoneyGram
- Launched Business Banking centre
- Conducted SME training to enhance business resilence and arranged a US$10 million line of credit for this cluster,
- Grew Agency banking to a network of 110 quality agencies.

STAFF

OUR PROMISE

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

Results

- Improved the staff safety and health environment by training 164 employee first aiders,
- 465 employees attended retirement planning training,
- 206 staff members were provided educational assistance to help enhance themselves and their contribution to the Group,
- 31 management development training courses were conducted during 2015.
- The Group has 28 Graduates being trained.

REGULATORS AND GOVERNMENT

OUR PROMISE

"To ensure compliance with statutory requirements through open, honest and transparent relationships. To minimise operational risk and participate in the development of the markets we operate in and the economy as a whole"

Results

- Awarded the prize for overall Best Corporate Governance Practices of all listed companies on the ZSE in 2015, ICSAZ
- Highest Compliant Growth (Domestic taxes), ZIMRA,
- Continued support to Regulators and Government through proactive engagement and contribution to regulatory and policy framework.

COMMUNITIES

OUR PROMISE

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

Results

- A total of 66 university students were offered industrial attachment within the Group during 2015,
- Assisted in the refurbishment and donated equipment to Harare Hospital
- Kit sponsorship for the Zimbabwe Wheel chair racing paralympic team,
- Continued investment in young entrepeneurs through support of the BOOST Fellowship Program.
- Details of our impact on the communities is in the CSR report (see page 44)


CBZ

Shareholder Information

Shareholder information

SHARE BUY BACK

At the 2013 Annual General Meeting, a Special Resolution was passed which authorised the Directors of CBZ Holdings Limited to buy back the Company's shares, and this mandate was further extended at the Company's AGM held on 30 April 2014. The authority to purchase the Company's own shares was granted in terms of Article 11(b) of the Company's Articles and subject to sections 78 to 79 of the Companies Act [Chapter 24:03].

The decision to buy back the Company's own shares was necessitated by the need to enhance shareholder's value through reducing administrative and transaction costs. An analysis of the Group's Share Register revealed that 92.72% of the aggregate issued shares are held by the top 52 shareholders whilst the remaining balance are held by 10 841 shareholders. This has resulted in limited value for the minority shareholders due to associated administrative costs.

Rationale

The Share Buy back was mooted with the following objectives in mind:

- The need to contain the share register maintenance costs, which costs are related to the size of the share register in order to create value for the minority shareholders.
- To address logistical challenges encountered during the payment of dividends as well as those faced by the minority shareholders on the receipt of the dividend pay outs.
- To save shareholders on transaction costs so that they can maximise on the benefit.

Results

During the year ended 31 December 2015, the Group acquired 33 537 016 shares for treasury purposes. The Group held a total of 161 494 686 treasury shares as at 31 December 2015.

SHARE OPTION SCHEME

In a bid to empower staff, the Group launched a share option scheme on 1 June 2012. Employees were allocated share options, with the first batch for those with three or more years in service vesting on 1 July 2013. The table below shows the scheme's statistics as at 31 December 2015.

Description	Number
Total shares in scheme	40 000 000
Number of options accepted	32 345 000
Number of shares paid for to date	2 608 611
Number of shares paid for during the year	162 358
Total amount received during the year	US$14 303
Shares bought as % to date	6.52%

The uptake and exercise of share options is envisaged to increase as the scheme progresses and approaches expiration.

Analysis
of shareholders

Size of Shareholding	No. of Holders	% of Total Holders	No of shares	% of Total shares
1 - 5 000	9 822	90.17	7 731 262	1.13
5 001 - 10 000	474	4.36	3 454 473	0.50
10 001 - 25 000	271	2.49	5 147 663	0.75
25 001 - 100 000	175	1.60	9 066 125	1.32
100 001 - 200 000	49	0.45	9 202 876	1.34
200 001 - 500 000	50	0.46	15 382 497	2.24
500 001 and over	52	0.47	636 784 047	92.72
TOTAL	**10 893**	**100.00**	**686 768 943**	**100.00**

ANALYSIS BY SHAREHOLDER TYPE

Category	No. of Holders	% of Total Holders	No of shares	% of Total shares
Individuals	10 191	93.57	36 555 975	5.18
Companies	438	4.0	305 293 672	44.47
Non Resident Transferable	31	0.28	166 040 112	24.18
Pension Funds	130	1.20	100 612 691	14.65
Directors	2	0.02	187 570	0.013
Nominee Company	60	0.55	71 783 305	10.45
Investment, Trust and Property Companies	27	0.25	1 907 400	0.28
Insurance Companies	14	0.13	5 388 218	0.78
TOTAL	**10 893**	**100.00**	**686 768 943**	**100.00**

TOP TEN SHAREHOLDERS AS AT 31 DECEMBER 2015

Shareholder's name	No of Shares	Shareholding %
CBZ Holdings Limited	161 494 686	23.50
Government of Zimbabwe	110 000 000	16.01
Libyan Foreign Bank (New Non Resident)	96 609 470	14.06
National Social Security Authority	73 768 563	10.73
P I M Nominees (Pvt) Limited	55 328 009	8.05
Stanbic Nominees (Pvt) Ltd - NNR - A/C 110008180010	30 974 736	4.51
Krohne Fund LP - NNR	13 530 248	1.97
Stanbic Nominees (Pvt) Ltd - NNR - A/C 110008430002	10 515 453	1.53
Stanbic Nominees (Pvt) Ltd - NNR - A/C 130043040031 - NNR	9 913 533	1.44
Stanbic Nominees (Pvt) Ltd - NNR - A/C 120024430098	9 425 459	1.37
Total	**571 560 157**	**83.17**
Others	**115 208 786**	**16.83**
Total	**686 768 943**	**100.00**

Shareholder's calendar

Financial year end	31 December 2016

ANTICIPATED DATES

Half year's results to 30 June 2016	August 2016
Full year's results to 31 December 2016	February 2017
Annual Report and Annual General Meeting	April 2017

Subsidiaries Communication statements

CBZ Bank Limited
Managing Director's Report

Peter Zimunya

It is my pleasure to present to you the results for CBZ Bank Limited for the year ended 31 December 2015. The year 2015 was another successful year for CBZ Bank Limited. We achieved strong financial performance, continued to successfully implement our strategy and laid a strong foundation for our future.

Performance Overview

The Bank's profit after tax grew by 61% to US$26.2 million compared to the previous year. The growth in profit after tax was mainly driven by a 26% growth in net interest income, 10% growth in non-interest income and a reduction in cost to income ratio from 68% to 62%. The reduction in the cost to income ratio was due to the various cost reduction strategies implemented by the Bank as part of its cost reduction drive.

The Bank's total assets increased by 20% from the 2014 figure of US$1.5 billion to US$1.8 billion. This was based on the strength of the Bank's deposit mobilisation efforts which resulted in an increase in deposits by 20% to close the year at US$1.7 billion. Deposit mobilisation efforts have centered on improved customer service, efficient and accessible distribution channels and the financial inclusion drive.

The Bank's loans to deposit ratio improved from the 2014 ratio of 74% to 58% as at 31 December 2015. The reduction is due to sustained efforts to improve quality of earnings. Asset quality improvement initiatives centered mainly around enhanced collection efforts. Consequently, there has been a growth in money market assets by 122%. The growth in money market assets has thus contributed positively to the liquidity and capital adequacy.

Divisional Performance

Retail

The division continues to be the leader in providing innovative financial solutions to the retail needs of the Bank's customers. During the year under review a number of innovative products were launched and received positively by the market. These products are aimed at enhancing financial inclusion in the country, making banking easily accessible and bringing convenience to the customer. During the year products introduced were:

- CBZ Agency Banking;
- CBZ CashPlus student account;
- CBZ SmartCash Extra account;
- Debit card for SME's;
- ZINARA Car radio licensing;
- Visa credit card upgrade to chip and pin;
- Private school fees loans;
- CBZ mobile application;
- 24 Hour CBZ Contact centre.

Business Banking (Microfinance & Small to Medium Enterprises)

During the year the Bank incorporated a new division, Business Banking. The Business Banking Division plays a pivotal role in sourcing affordable lines of credit for onward lending to microfinance and small to medium enterprises. The Division offers innovative financial solutions such as credit, savings, business training, medical insurance, remittances, and mobile banking products country wide. The geographical coverage is urban, peri urban and rural. The roll out of the Agency Banking model will see the Division penetrating some remote areas in line with our financial inclusion drive. The Division opened two Business Banking centres in Harare and in Bulawayo and plans are under way to open two more centres in Masvingo and Mutare respectively.

To fulfill its mandate, the Division secured a US$ 10 million line of credit from PTA Bank for onward lending to viable Small to Medium Enterprises throughout Zimbabwe. The fund is intended to boost production capacity in industry, create employment and increase exports targeting the following sectors in all the country's ten administrative districts:

- Manufacturing;
- Transport;
- Distribution;
- Agro processing;
- Services;
- Agriculture;
- Tourism;
- Poultry.

Mortgage Finance

In an effort to compliment Government's initiatives in the reduction of the national housing backlog, provision of decent accommodation and to eliminate informal settlements in urban areas, the Bank commenced development of projects in Nehosho in Gweru (1 095 stands), Kwekwe (415 stands), Chikanga (279 stands) and various projects in Victoria Falls namely Bufferzone Mkhosana (540 stands), BC847 Scheme (411 stands), Bufferzone Chinotimba (57 stands) and Labor of Longlands in Marondera (3 800 stands).

These projects have made it possible for the previously excluded low income earners and the informally employed to own decent low cost houses. Going forward the Division will continue to seek opportunities to unlock value in the property and land portfolio whilst contributing to the improved welfare and wellbeing of the country's citizens through decent and affordable housing. Furthermore the CashPlus Housing Saving Account allows a customer to save towards the purchase of their own house, with the bank providing a mortgage loan on a dollar for dollar basis with what has been saved by the client.

Treasury

The Division reduced the Bank's cost of funding as seen by the 7% decrease in the interest expense from the December 2014 figure of US$100 million to US$94 million in 2015. This was achieved through the retirement of expensive term deposits and substitution thereof by lower cost retail deposits.

Custodial Services

The Division registered tremendous growth in assets under custody. Total assets under custody for both Institutional investors and Retail clients grew by 51% from the prior level of US$127 million in December 2014 to US$192 million by December 2015. Going forward, the Division seeks to gradually move away from the low cost strategy to a mixed cost strategy, employ aggressive business development initiatives and increase visibility to grow the business.

Corporate Banking

The Division was instrumental in the growth of deposits from corporate clients during the year. Total corporate banking deposits contributed 21% to the total Bank deposits. Further the Division worked tirelessly to improve the quality of the Bank's advances book which culminated in a decline in the loans to deposit ratio from 74% to 58%.

Performance awards

In line with the Bank's vision of being **"the preferred provider of financial solutions in Zimbabwe with a global reach"**, the Bank won various awards during the year as highlighted on page 22. We take pride in our achivements.

Compliance Ratios

Over the past years, the regulatory and supervisory environment for Banks in Zimbabwe has changed, a necessary reaction to the parlous state of the environment in which the Bank operates. The Bank has responded to the vast changes and remains firmly committed to be a strongly capitalised entity meeting regulatory requirements. The Bank's Capital Adequacy ratio as at 31 December 2015 was 16.3% which was above the minimum required by the Central Bank of 12%. Total core capital base for the Bank was US$133 million against the minimum required by the Central Bank of US$25 million. Our liquidity ratio was 51.8% which was also above the regulatory minimum of 30%.

Credit rating

The Bank had a long term credit rating of A and short term rating of A1 as rated by the Global Credit Rating of South Africa. These ratings provide further evidence of the strength and soundness of the Bank and its future prospects.

Corporate Social Responsibility

The Bank continues to invest in corporate social activities which is one of our core values. The CBZ Bank staff have also embarked on self-initiated philanthropic social activities, with staff members contributing many hours of volunteering in their respective communities as well as providing resources to assist the needy.

Appreciation

I extend my appreciation to our valued clients, the Board, Management, staff and all other stakeholders, for the continued support that has enabled us to achieve this performance.

....

Peter Zimunya

25 February 2016

Nobert Mureriwa

CBZ Insurance Operations Managing Director's Report

It is my pleasure to report that the CBZ Insurance Operations posted yet another commendable performance in spite of challenges in the operating environment.

Operating environment and market analysis

The Non-Life insurance industry witnessed growth of 3.2% in Gross Premium Written (GPW) from US$208.0 million for the year ended 31 December 2014 to US$214.7 million for the year ended 31 December 2015. Comparatively, the Life industry registered a growth of 11% for the year to 31 December 2015 from US$300 million to US$332 million.

The short term insurance industry premium written remained mainly skewed towards motor, fire and accident insurance products, with these accounting for a total of 80% of total gross premium written during the year. On the other hand Employee Benefits products constituted 61% of the Life business written for the same period whilst the balance of 39% was from individual life related products.

The growth of the insurance sector in particular has been stifled by the myriad of challenges stemming from liquidity challenges. This resulted in low capacity utilisation, which affected premium collection and starved the sector of the much needed premium revenue.

During the year, the regulator revised the minimum capital levels for Insurance industry players. This has seen the minimum capital for short term players increasing to US$2.5 million from US$1.5 million whilst that for Life business has been increased from US$2 million to US$5 million. Compliance with the new capital levels is expected by 31 December 2016. These new levels have already been achieved.

Business operations

To complement the exploration of synergies within the CBZ Group in pursuit of Gross Premium Income, the Insurance Operations have built a strong agency distribution force to source for insurance business. The diversification of the company's product lines has also helped cushion the impact of the harsh operating environment to continuously create value for stakeholders.

PERFORMANCE SUMMARY

CBZ Life (Private) Limited

The company operated profitably, recording a 78% growth in profit after tax compared to prior year. Below are the key highlights of the company's performance for the year and comparative period.

	Dec-15	Dec-14	% change
	US$m	US$m	%
Gross Written Premium	13.2	9.2	43
Reinsurance expense	(0.6)	(0.3)	86
Net Written Premium	12.6	8.9	42
Investment & other income	1.1	0.8	28
Total Income	13.7	9.8	42
Net Claims	(2.4)	(2.3)	5
Operating Expenditure	(3.2)	(2.6)	23
Transfer to life fund	(2.0)	(0.9)	128
Profit after tax	4.5	2.6	78
Shareholders' equity	12.3	8.5	44
Total assets	17.2	11.4	51

CBZ Insurance (Private) Limited

The company operated profitably, recording a 123% growth in profit after tax compared to the prior year. Below are the key highlights of the company's performance for the year and comparative period.

	Dec-15	Dec-14	% change
	US$m	US$m	%
Gross Written Premium	9.6	9.1	6
Reinsurance expense	(4.7)	(4.4)	6
Net Written Premium	4.9	4.7	5
Net earned premium	4.9	3.9	25
Investment & other income	0.3	0.2	69
Total Income	5.2	4.1	26
Net Claims	(1.9)	(1.8)	7
Operating Expenditure	(1.6)	(1.7)	(3)
Profit after tax	1.1	0.5	123
Shareholders' equity	4.2	2.1	96
Total assets	9.9	7.8	27

Information Technology

The Insurance business seeks to employ relevant technology with a view to improve productivity and efficiency in line with the strategy on improving the overall customer experience. Platforms are designed to handle high customer and transaction volumes. In this view the company continues to invest in information technology in line with this strategy.

Credit Rating

The Insurance Operations were rated by the Global Credit Rating Company (GCR) during the year for the first time. CBZ Life (Private) Limited was awarded a Financial Strength Rating of BBB+ with a stable outlook, while CBZ Insurance (Private) Limited received Claims Paying Ability Rating of BBB, with a positive outlook. These ratings indicate that the entities have strong financial security characteristics and adequate claims paying ability respectively.

Customer focus

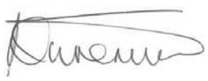
Policyholders are essential for the success of our business. We have up scaled our efforts in product development and delivery channel diversity, to provide seamless service to our clients. In this light, as part of the CBZ Group, we have launched a 24 hour Contact Centre for enhanced convenience to our customers.

Outlook

We continue to look at ways to simplify the organisation so as to enhance the speed of executing our service to our valued customers. The Operations' distribution channels, type of business, marketing, reinsurance and retention of already acquired business, continue to be reviewed with a view of strengthening the business underwriting position. Confidence is high that the strategies lined up for the year 2016, will once again yield the desired results.

Appreciation & Acknowledgment

I would like to thank our valued customers for their continued loyalty. I also wish to extend my gratitude to the CBZ Insurance and CBZ Life Boards, management and staff, for their performance and support to the organisation. My appreciation also goes to fellow subsidiary companies of the Group and the Group's Executives for their unwavering support.



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Nobert Mureriwa

25 February 2016

CBZ Life Limited
Actuary`s Report
as at 31 December 2015

STATUTORY INSTRUMENT 183 OF 2009
INSURANCE (AMENDMENT) REGULATIONS, 2009 (No. 14)

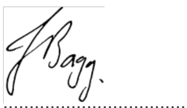
Certificate as to the solvency of an insurer, which carries on life insurance business only

The following table shows the results of the actuarial valuation of CBZ Life Limited on the published reporting basis in respect of the year ended 31 December 2015.

	31-Dec-15 US$	31-Dec-14 US$
Total assets	17 237 722	11 435 806
Current and other liabilities	(310 296)	(599 712)
Technical liabilities	(4 675 401)	(2 311 493)
Excess Assets	**12 252 025**	**8 524 601**

The minimum capital requirement is US$2 000 000 at 31 December 2015 (US$2 000 000 at 31 December 2014) and thus CBZ Life's ratio of excess assets to the minimum requirement is 6.1 times (4.3 times in December 2014).

I hereby certify that, to the best of my knowledge and belief, at 31 December 2015, the value of the assets in respect of all classes of life business carried out by CBZ Life Limited exceeded the amount of liabilities in respect of those classes of insurance by more than US$2 000 000.



Jonathan Bagg
Fellow of The Institute of Actuaries
Fellow of The Actuarial Society of South Africa

In my capacity as:
Actuary to CBZ Life (Private) Limited

25 February 2016

CBZ Insurance (Private) Limited
Actuary`s Report
as at 31 December 2015

STATUTORY INSTRUMENT 183 OF 2009

INSURANCE (AMMENDMENT) REGULATIONS, 2009 (NO.14)

I, James Olubayi, of Atchison Actuarial Valuation for CBZ Insurance Limited issued by the Insurance and Pensions Commission in Zimbabwe, as well as generally accepted actuarial principles.

I further certify that, as at 31 December 2015, CBZ Insurance (Private) Limited:

- Had solvency capital above the minimum regulatory requirement in accordance with the Insurance Act and IPEC guidelines;
- Disclosed technical provisions that were calculated in accordance with the prevailing guidelines and generally accepted acturial principles;
- Had appropriate assets in terms of the profile of its liabilities.

....

James Olubayi

Appointed Actuary: CBZ Insurance (Private) Limited

25 February 2016

Mi-Life

COMBO PACKAGE

- Funeral Cash
- Grocery Cash
- School Fees
- Tombstone
- Accident Cover

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Tel: +263 4 796010, +263 4 702133, +263 4 701221
Email: cbzlifemarketing@cbz.co.zw **Website:** www.cbz.co.zw

CBZ Asset Management t/a Datvest
Managing Director's Report

Jack Francis Smith

It is my pleasure to present to you CBZ Asset Management's performance for the year ended 31 December 2015. The Company's financial performance was strong against the back drop of the difficult operating environment.

Industry developments

The Capital Markets returned negative performances during 2015. The stock market, as in the previous year performed poorly and was extremely volatile during the year. The industrial index fell by 29.5% for the twelve months ended 31 December 2015. There are key elements to this contraction that must be highlighted. Firstly it appears that the fall was driven by a drop in foreign investments during the year. Secondly, a significant portion of this under-performance occurred in the blue chip companies. This movement in the equity markets was clearly very detrimental to the performance of funds under management. The Fixed Income market experienced significant reductions in the general level of interest rates with interest rates falling to levels below 5% for most of the Company's counterparties.

Performance

The Company's funds under management fell slightly during the year from US$ 136.4 million to just over US$ 131.3 million. This represented a decrease of 3%, which was commendable under the circumstances. Consequently, a total of US$ 1.9 million in fees was earned by the Company in 2015. The Company's proprietary investments also delivered a good performance in 2015 with an amount of US$ 192 401 being earned during the year. The Company's greatest victory in 2015 came in the area of cost containment where through a raft of measures the Company was able to contain its costs at US$ 1.9 million. Consequently, the Company achieved a profit before taxation of US$ 216 097.

The Company continued to diversify its portfolio with the fixed income investments and the property portion of the portfolio successfully achieving their investment performance targets.
Cost containment will continue to be a key focus area in the year ahead and the management team is already in the process of putting in place measures to closely monitor and control the Company's cost base.

The Company's capital position remains strong with total equity of over US$ 2.6 million against the required Capital of US$ 500 000.

Our Clients

The Company's client base was largely stable during 2015 in spite of the significant negative performance on the investment markets, a testament to the strength of the brand and its recognition in the market. The Company's portfolios performed relatively well during the year returning a performance of 8.9%. This compared favorably with the industrial index benchmark of 29.5 %.

The Company's investment philosophy is premised on delivering positive investment performance on a rolling three-year period and to remain in the upper quartile of performance during such periods. We believe that this allows portfolio decision making to be done with a long-term view and thus not be distorted by short-term volatility. Our client portfolios have achieved a performance of 177.6% during the 81 months since dollarisation allowing us to remain in the upper quartile of investment performance for this period. Diversification and product development remains a core part of our investment strategy in the year ahead.

Risk management

Risk management is a key consideration in our daily transactions especially with the significant volatility being experienced in the country's capital markets. The Company's flat organisational structure has meant that the management team has been intimately involved in all key Company transactions reducing the overall level of risk.

The Company's two Board committees; - the Investment and Risk Management Committee and the Audit Committee have played a vital moderating role in ensuring our overall systems are compliant in all respects. The Company is currently conducting an internal review of systems to improve overall efficiency.

Capital adequacy

The Company is in compliance with Securities Exchange Commission Zimbabwe (SECZ's) 3 tier capital requirements and had a core tier 2 capital of US$2.6 million.

The Outlook

The Company returned a strong performance for 2015 under the circumstances. This performance hinged on a disciplined approach to the Company's key strategic objectives as well as a recognition of the importance of our clients to us. As such all key actions carried out during the year were aimed at delivering strong returns to our clients whilst ensuring risk was kept to appropriate levels.

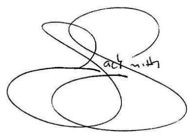
The company is optimistic about the year ahead and will continue to safeguard and build on those funds placed with us. The same matters raised in the introduction will continue to be topical and therefore affect the investment climate as before. The Company's goal is to ensure that its clients' portfolios continue to show real growth in 2016. It is only through the success of our clients that we will succeed and so all our efforts will be directed to ensuring our client goals are achieved. I am confident that the Company is firmly moving forward and will continue to do so in 2016.

Appreciation

I would like to take this opportunity to thank our clients who allowed us the great privilege of participating in the management of their assets.

I thank the Board of Directors who have been very supportive of all our initiatives during the year and have given the Company direction and leadership during these challenging times.

My appreciation goes to our staff, who have worked tirelessly through the year showing tremendous loyalty and belief in the Company.



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Jack Francis Smith

25 February 2016


CBZ

Corporate Social Responsibility

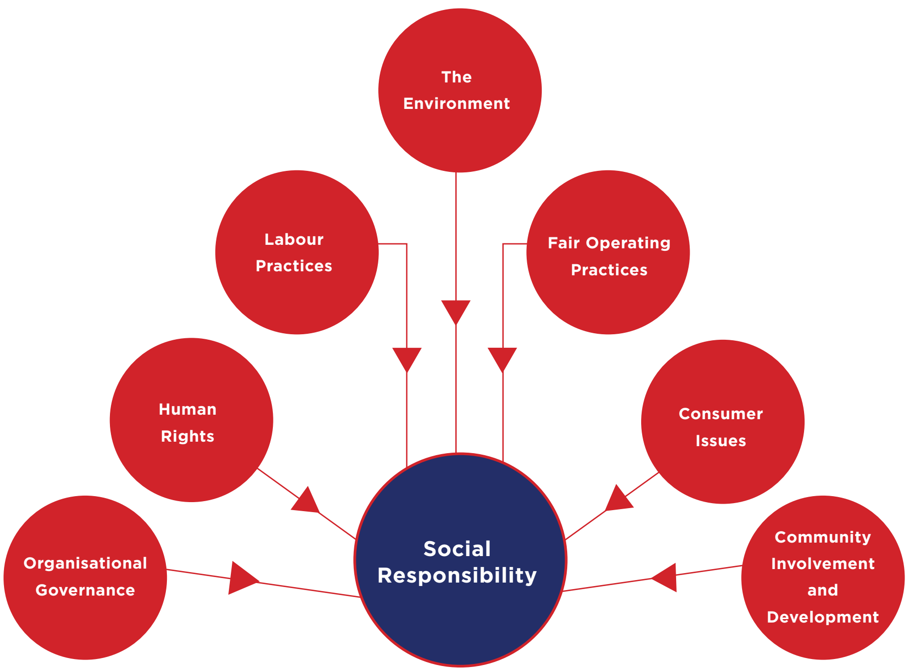
Corporate Social responsibility report

CBZ Holdings Limited and its Subsidiaries take Corporate Social Responsibility (CSR) as an important and integral part of its business activities and incorporates the diverse components of CSR into the Group's systems and processes that impact on its various stakeholders. The Group also takes responsibility for the impact of its decisions and activities on society and the environment; through transparent and ethical behavior by endeavouring to embrace CSR approaches that are progressive and consistent with the ISO 26000:2010.

In driving the Corporate Social Responsibility agenda, the Group's CSR efforts are guided by the seven key pillars of CSR namely: Organisational Governance, Human Rights, Labour Practices, Fair Operating Practices, Consumer Issues, The Environment and Community Involvement & Development (also referred to as Corporate Social Investment).

"CBZ Holdings therefore takes responsibility for the impact of its decisions and activities on society and the environment; through transparent and ethical behavior by endeavoring to embrace CSR approaches that are progressive and consistent with the **ISO 26000:2010.**"

The seven core subjects at a glance



OUR ENVIRONMENTAL RESPONSIBILITY

CBZ Holdings takes cognisance of the impact of its operations on the environment. This entails us crucially examining our operations with regards the following:

- Use of resources
- Location of our activities
- Waste management
- Impact of our activities on natural habitats

Housing Projects.
CBZ Holdings has been actively participating in the development of low-cost housing; a key area of the Government's 5 year developmental framework, ZIMASSET (Zimbabwe Agenda for Sustainable Socio-Economic Transformation); that identified a deficit of 1.2 million housing units. CBZ is developing housing units and stands and to date has housing developments in Gweru, Mutare, Marondera and Kwekwe. Environmental Impact assessments are carried out before these projects commence and certification is sought and granted by the Environment Management Authority (EMA).

Housing Units Part Of Nehosho Housing Scheme

Reducing Environmental Impact
We continue to scale up efforts to protect the environment through the introduction of innovative delivery channels for our services. The CBZ Agency Banking Model has seen us taking our services to retail outlets; driven largely Point of Sale and Laptops. The Agencies are located in various local neighborhoods enabling clients to transact without any need to visit the banking halls; bringing convenience. Paperless withdrawals have taken root in our banking halls whilst usage of our ATMs, Internet and mobile banking platforms has increased. Internally, the culture of paperless meetings as well as recycling paper is now entrenched in CBZ staff.

The Group through its Branch network participated in various clean up campaigns around the country. In addition to this, various CBZ Staff have participated in clean-up activities around their branches to deal with the scourge of littering in the respective areas. A consignment of large bins was donated to the Harare City Council to reduce the levels of littering in the Central Business District. CBZ Holdings partnered with Miracle Missions, the Italian Embassy and Friends of the Gallery in adopting some bins in the City Centre, to revamp 10 concrete bins and paint them with messages that promote proper Waste Management in the City Centre. Through this partnership 18 young budding artists were enlisted to paint the bins for a small fee, indirectly supporting the development of their artistic talents.

Refurbished concrete bins in the City Centre

OUR ECONOMIC RESPONSIBILITY

Business Banking (Microfinance & Small to Medium Enterprises)

Our Business Banking Division is playing a pivotal role in getting affordable lines of credit for onward lending to this key sector in Zimbabwe. The Division offers innovative financial solutions such as credit, savings, business training, facilitated medical insurance, remittances, and mobile banking products country wide. The geographical coverage is both urban, peri urban and rural. The roll out of the Agency Banking model will see the Division penetrating some remote areas in line with our financial inclusion drive.

PTA Fund

The 3rd quarter of 2015 saw CBZ Business Banking Division having secured US$ 10 million for onward lending to viable Small to Medium Enterprises throughout Zimbabwe. The fund was intended to boost production capacity in industry, create employment and increase exports targeting the following markets in all the country's ten administrative districts:

- Manufacturing
- Transport
- Distribution
- Agro processing
- Services
- Agriculture
- Tourism
- Poultry

Insurance Operations

CBZ Life and CBZ Insurance have over the years developed innovative insurance solutions that have gone a long way in changing the landscape of the sector in Zimbabwe. Some of the products that have impacted the community at large include the following:

(i) Motor Third Party Insurance – the product adds value to the communities by making sure that all motorists buy an insurance that will compensate other road users for any accidents involving their vehicles. CBZ Insurance pays policy benefits in relation to injury or death to pedestrians or other road users, damage to property and passenger liability. This product is available in over 60 CBZ Bank branches throughout the country as a way of making sure that all motorists have access to this product and citizens can claim from the motorist should a vehicle insured by CBZ gets involved in an accident.

(ii) Funeral Cash Plan& Credit Life Cover – The product assist benefeciaries to deal with loss through the cash benefit associated with the product. Claims paid in 2015 amounted to US$1.9 million covering funeral cash, grocery benefit and School Fess benefit. CBZ Life team members did not just pay cash to the bereaved families but also carried out condolence visits to the bereaved families.

(iii) Education Plan - The product has enabled parents and guardians to save for the future educational needs of their children and also carried a Life cover guarantee which kicks in the event of the parent or guardian passing on. CBZ takes over payment of premiums for the duration of the policy thereby guaranteeing the education of the beneficiaries.

(iv) Public Liability – CBZ Insurance also has a public liability product which is aimed at protecting communities and citizens against any form of danger posed by business activities. The insurance is sold to all businesses including mines, churches, hotels and tour operators. The policy ensures that if the business activity injures citizens or any members of the public, CBZ Insurance pays compensation to the affected communities.

Low Cost Housing Schemes Impact

Provision of affordable housing

In an effort to compliment Government's initiatives in the reduction of the national housing backlog, provision of decent accommodation and also to eliminate informal settlements in urban areas , CBZ embarked on low cost housing developments in the following cities namely Gweru- Nehosho project(1095 stands) and Mutare- Chikanga project (283 stands). This thrust is not only limited to Gweru and Mutare as CBZ has already commenced development of projects in Kwekwe (415 stands) and various projects in Victoria Falls namely Bufferzone Mkhosana (540 stands), BC847 Scheme (411 stands), Bufferzone Chinotimba (57 stands) and Labor of Longlands in Marondera (3800 stands). These projects have extended opportunities to the previously excluded low income earners and the informally employed.

Job Creation and Spending:

The development of the low cost housing schemes has created jobs in the construction industry through engagement of local workforce and suppliers of building materials amongst others. Even more importantly, long after the homes are occupied, the ripple effect from residents of these new units can support as many new jobs in a wide array of industries including retail, healthcare, and local authorities. Similarly it is expected that the new projects which CBZ has already commenced on will also create jobs and other opportunities for the local communities.

Savings and Banking culture

CBZ projects have gone a long way in creating a savings and banking culture as beneficiaries are required to have a bank account and to raise a deposit through savings in various products offered by the Group. This has positively embedded a culture of saving in our customers' lifestyles.

Positive Fiscal Impacts for State and Local Authorities:

Our housing projects are also benefitting the local authorities and through revenue generation in the form of VAT, property taxes payments and fees such as permitting, and zoning. In addition such developments come with more educational, health, and public amenities benefits such as provision of both on and offsite infrastructure.

Improving Worker and Employer relations, attraction and retention

Through our Employee Assisted Housing Scheme, employers have been assisting their employees to purchase property from our projects in an effort to improve worker employer relations and improving staff retention rates.

Diversity and Financial Inclusion

We are committed to promoting and living within a culture of diversity and we understand that we are able to make our services available to a broader customer base throughout our extensive Branch network. We strive to deliver financial services at affordable costs, focusing on where those services are not available or affordable. We take cognisance of the fact that an estimated 2.5 billion working-age adults globally have no access to formal financial services delivered by regulated financial institutions. For example in Sub-Saharan Africa only 24% of adults have a bank account even though Africa's formal financial sector has grown in recent years. We believe that the the availability of banking and payment services to our entire population without discrimination is our prime objective as we strive towards the financial inclusion of our general populace.

As leading financial services providers, CBZ Bank launched SmartCash, an instant account for those that were previously excluded. One simply needs to walk into any of our 60 Branches with their ID or valid passport, opening deposit of at least US$5 and in 5 minutes they will walk away with a bank account, a CBZ SmartCash debit card as well as instant activation to the CBZ mobile banking platform. A total of 50 136 SmartCash accounts were opened in 2015.

Agency Banking

In June 2015 CBZ launched its Agency Banking Model with the following objectives:

- Bring Customer convenience
- Promote financial inclusion
- To increase our geographical footprint
- To enhance our product distribution channels
- Decongest our banking halls

Over 110 agents have been signed up. In addition over 200 agents were also signed up to distribute pre-paid electricity tokens through the CBZ gateway.

YOUTH ENTREPRENEURSHIP

We continued to support the CBZ/BOOST Entrepreneurship challenge whose strategy is to transform the problem of youth unemployment and underemployment into an opportunity for wealth creation and social improvement by helping promising young people start viable social businesses backed by manageable microloans. To date a total of 1,200 BOOST Fellows have benefitted from the Entrepreneurs Suite initiative with more than 10% starting their own business enterprises. The sectors of these businesses range from technology, agricultural production, clothing and textiles and manufacturing. The Entrepreneurs Suite initiative has provided BOOST Fellows (the youth) with training in areas related to generating a business idea, articulating the business idea into a business plan, identification of possible sources of funding, financial literacy and general business management skills. The BOOST Fellowship is excited to bring the Entrepreneurs' Suite Challenge Initiative to a higher level, where we go beyond the prize money and provides valuable support to see these small businesses grow further for the benefit of the youth as well as their communities.

In 2015 a Business Incubator model was introduced to assist the youth entrepreneurs from the challenge. As an organisation we accelerated and systematised the process of creating successful enterprises by providing a comprehensive and integrated range of support, including: business support services, and clustering and networking opportunities. By providing our services on a 'one-stop shop' basis and enabling overheads to be reduced by sharing costs, we significantly improved the survival and growth prospects of new start-ups.

Boost fellows undergoing Boost fellowship training

ETHICAL RESPONSIBILITY

CBZ Holdings is highly acclaimed for its seamless integration of corporate governance practices in its day to day operations. This did not go unnoticed at the country's highly acclaimed corporate governance awards, the Institute of Chartered Secretaries of Zimbabwe (ICSAZ) recognised CBZ Holdings through the following awards:

ZSE Listed Companies Awards Category

- 1st Place - Best Board Practices-CBZ Holdings
- 1st Place - Overall Best Corporate Governance Practices-CBZ Holdings

Banking sector-CBZ Bank

- 2nd Place - Best Banking Governance Practices –CBZ Bank
- 2nd Place - Best Banking Corporate Governance Practices-CBZ Bank

Zimbabwe Revenue Authority Tax Payers Appreciation Awards 2015

- Highest Compliant Growth (Domestic Taxes)-CBZ Bank Limited
- Second Prize-Compliant Contributors-Income Tax- CBZ Bank Limited

Ms Marape receiving one of the Group's awards.

Bank of the year awards 2015

INTERNAL STAKEHOLDERS

The Group believes that its success lies in a highly capable, innovative, motivated and empowered workforce that is geared to add value to the Group's business by fully applying its knowledge, talents and skills. The Group's Human Resources Strategies, Polices and Practices are therefore carefully designed and implemented to ensure that they align talent initiatives with sustainable long term business performance.

The Group Human Resources policies cover a wide spectrum of workplace issues which include the Employment relationship, Conditions of work, Worker-Management engagement and collaboration, Safety, Health and Wellness, and Learning and Development.

The following key initiatives were therefore undertaken in 2015 to strengthen the People, Skills and Culture strategic pillar and to ensure the Group remains an Employer of choice.

- Talent acquisition and development
- Talent retention
- Skills Development
- Communication and Information sharing
- Productivity and Performance Management
- Safety, Health and Wellness
- National Manpower Development participation

The details of the above are contained in the Group Human Resources report. See page 53

STAFF VOLUNTEERING

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

Mr Gijima handing over books to Tariro Hope in Epworth

CIVIC RESPONSIBILITY-COMMUNITY INVOLVEMENT

CBZ Holdings is strongly dedicated to community involvement and development. Our most significant contribution to social development is to manage a profitable business through which many people will benefit as we allocate resources towards community development initiatives.

Opportunities to improve the lives of the underprivileged in society were actively sought by the Group and resources were allocated accordingly. Our dedication to being a responsible and good corporate citizen goes beyond merely providing assistance. Rather, we strive for greatness, to raise our flag high and develop the vast potential that is in Zimbabwe. Our focus areas are

- Human Welfare
- Health
- Education
- The Environment
- Sporting Development

The following initiatives were carried out in 2015:

HUMAN WELFARE

The welfare of vulnerable members of our society is an area that we pay attention to with special emphasis on the disabled.

Jairos Jiri Waterfalls

Jairos Jiri Centre in Waterfalls received a cash injection towards their mushroom, piggery and chicken projects. The rationale behind the donation was to ensure that the centre which caters for children living with disabilities becomes self sustainable through these income generating projects.

The Group CEO, Mr Never Nyemudzo presenting a cheque to Jairos Jiri

EDUCATION

The future of our country is largely dependent on laying a solid foundation for the education of our children. The orphaned and vulnerable children continue to bear the brunt of the economic downturn hence CBZ Holdings played its part in creating a conducive learning environment for them.

Matthew Rusike Children's Home

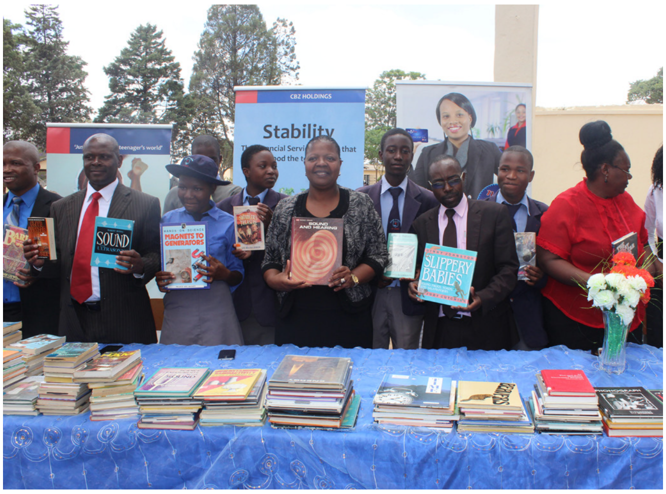
Matthew Rusike Children's Home is situated in Epworth a township located just outside the capital city of Harare. Matthew Rusike Children's Home is the parent organisation for Matthew Rusike College. The college was established as a way of complimenting Government's efforts of providing affordable secondary education to the Epworth community. Matthew Rusike College caters for many underprivileged children who cannot afford the fees at formal schools. We have been assisting the children's home for the past few years and in 2012 donated bricks, bags of cement, door frames and paint towards the construction of a classroom block. In 2015 the classroom block was presented to the organisation.

The completed block at Mathew Rusike

Academic Excellence

One of the key focus areas for CBZ in the education sector is to support and promote academic excellence. The year under review saw the Group donating Academic excellence floating trophies & shields as well as book prizes to over 200 primary, secondary, colleges and universities. Some of the beneficiaries are:

(i) NUST University
(ii) Mandedza High School
(iii) Kwekwe High School
(iv) Tsatse High School
(v) Ngolongolo Primary School
(vi) Budiriro High School

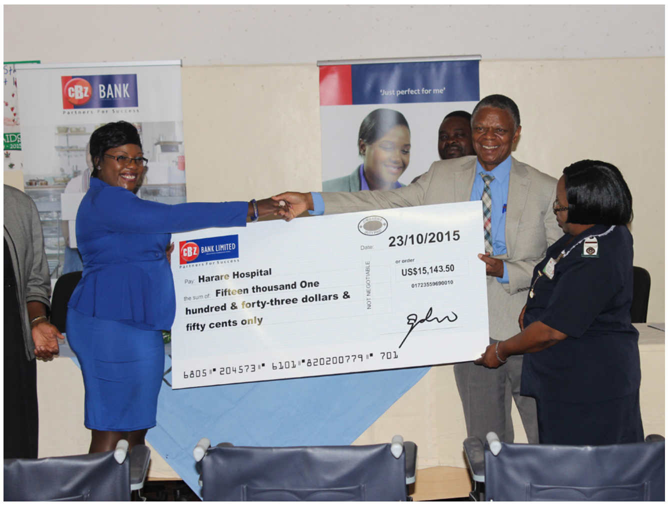


Presentation of books to St Mary's High school in Chitungwiza

HEALTH

Harare Hospital is the largest referral hospital in Zimbabwe. The economic downturn has had adverse effects on its operations. As part of our commitment to enhance the health sector, we made donations of the following to assist in the operations of the hospital:

- Partitioning of the Maternity wing
- Pediatric Ward Kitchen equipment
- Cupboards
- Emergency Ward – 10 Wheelchairs,
- 10 Stretcher Beds,
- Total donation was worth   US$15, 143.50



Cheque presentation to Harare Hospital

Danhiko

Danhiko houses people living with disabilities and provides vocational training to them with the objective of empowering them to start income generating projects. CBZ Holdings donated the following equipment to the centre- Tilt table, static bicycle, treadmill, foldable stretcher beds, fixed wheelchairs, standard wheelchairs, recliner wheelchairs, auxiliary crutches, ring elbow crutches, standard walking frames and foldable walking frames, school reading books and sporting t/shirts. The donation will provide mobility to the disabled members of our communities and will enable them to exercise for their physical wellbeing.

Wheel chairs Donated to Danhiko

Great Zimbabwe University Clinic

The newly established Great Zimbabwe University in Masvingo is located about 7km from the Masvingo city center. The institution embarked on a project to build a campus clinic to provide health services to students as well as other stakeholders. CBZ Holdings stepped in to assist by donating clinic equipment that will help kick start operations at the clinic.

Cancer Association

The Cancer Association of Zimbabwe's vision is to raise cancer awareness as well as improve the quality of life of cancer patients and their families.

Sandringham Girls who participated in the Cancer awareness campaign

CBZ partnered the association by providing resources towards the production of IEC material for use by the organization with particular focus on Breast Cancer awareness campaigns.

The awareness is being done to schools to educate students on the need to be constantly for checked for breast cancer. We had an awareness campaign at Sandringham High School where all girls had the opportunity of being tested for breast cancer.

SPORTING DEVELOPMENT

Paralympic Games

The Paralympic games are aimed at promoting sports involving athletes with a range of physical disabilities. CBZ continued to support the following events aimed at promoting the games.

- Kit sponsorship for the Zimbabwe Wheel Chair racing Paralympic Team which competed at the annual games in South Africa
- Hosting of the Danhiko Centre Paralympic annual games which brings together the highest number of Paralympic people in Zimbabwe.

Rugby

CBZ Holdings was the official kit sponsors of the Zimbabwe Rugby National Team 'The Sables' during the Africa Cup tourney which involved Kenya and Tunisia in June and July 2015.

Post match prize giving to winners of the Africa Cup Tourney

COMMUNICATION ON SOCIAL RESPONSIBILITY

CBZ Holdings has a clearly defined Corporate Social Responsibility policy which was signed off by the Group Executive Committee and communicated to all staff members. The policy together with other group policies are uploaded on the Group's Intranet platform which is accessible to all staff members. Our Corporate Social Investment (CSI) focus areas and initiatives are uploaded on our website.

The policy clearly spells out the role of staff members in community involvement through staff volunteering. The Group has taken advantage of its wide geographical footprint in Zimbabwe to roll our staff volunteering initiatives. All the activities are documented by the CSI champions in the branches and head office units and are circulated to all the team members via email and subsequently posted on our website for external stakeholders.

Editorials are also prepared and published in the paper with the largest circulation. In 2015 editorials on our Education and philanthropic initiatives were published during the 3rd and 4th quarters of the year.

This was complemented on radio through our sponsored programmes on the two leading stations in Zimbabwe.

Group Human resources

> "The Group continues to critically analyse its human capital levels to ensure optimum alignment with business strategies, processes and work volumes while eliminating duplications and redundancies."

The Group believes that its success lies in a highly capable, innovative, motivated and empowered workforce that is geared to add value to the Group's business by fully applying its knowledge, talents and skills. The Group's Human Resources strategies, polices and practices are therefore carefully designed and implemented to ensure that they align talent initiatives with sustainable long term business performance.

The Group Human Resources policies cover a wide spectrum of workplace issues which include the employment relationship, conditions of work, worker-management engagement and collaboration, safety, health and wellness, and learning and development. The following key initiatives were therefore undertaken in 2015 to strengthen the people, skills and culture strategic pillar and to ensure the Group remains an employer of choice.

- **Talent acquisition and development**
  The Group continues to critically analyse its human capital levels to ensure optimum alignment with business strategies, processes and work volumes while eliminating duplications and redundancies.

  Only critical positions were resourced through external recruitment with key talent being employed to fill key positions within the Marketing and Strategy Implementation functions.

  The Group will continue to strengthen on its Graduate Training Program and the Supervisory, Management and Leadership Development Programs and other talent management programs.

- **Talent retention**
  The Group intensified its staff retention strategies with notable achievements in the area of provision of staff accommodation. To date 95% of the Group's employees have been assisted to acquire either a house or a residential stand for housing construction.

  The Group has thus been able to maintain a high staff retention rate with average staff service currently at 10.64 years and 79.0% of staff having served the

Group for 5 years or more whilst the full year staff turnover rate was at 1.7% and well within the Group's benchmark of not more than 10.0%. The high staff retention rate allows for knowledge preservation and cross-transfer among Group companies.

The Group will continue to benchmark its remuneration and benefits against industry practice to ensure competitiveness is maintained.

- **Skills Development**
  The ever changing business environment requires continuous investment in our staff so as to enhance their skills for current job performance while developing new skills to support business growth. The focus of Staff Training and Development was on enhancing knowledge in new systems, processes, products and services whilst continuing with training programs on technical and soft skills development, with 31 programs having been run in 2015. Going forward there will be increased use of the E-Learning platforms to deliver more training.

  An evolving dimension to our training effort is the partnership training which involves imparting business management knowledge to our clients and agents which we will continue to strengthen.

  The Group continues to support staff in their Continuous Professional Development through staff study loans.

- **Communication and Information sharing**
  The Group believes in effective information sharing between management and staff to enthuse, drive and energise attainment of strategic goals. To this end, workshops were held across the various Business Units to share the Group's new Vision, Mission, Values and Strategic thrust.

  Works Council and Workers Committee structures have also remained valuable avenues for engagement, collaboration and information dissemination on various matters as well as major developments.

- **Productivity and Performance Management**
  Productivity and performance management are a key focus area for every manager across the Group. Managers are expected to ensure that specific goals and objectives in line with business plans are set and to monitor and evaluate subordinates' performance. They are also expected to coach, mentor and provide the subordinates with on-the-job training. Productivity and performance management workshops were held for all managers to enhance their knowledge, skills and effectiveness.

  Initiatives to enhance a culture that supports innovation and high performance are ongoing and these will be buttressed by the broadening of Staff recognition schemes.

- **Safety, Health and Wellness**
  The Group is cognisant of the importance of the health of its employees, their safety at work and their general wellness. Psycho-social support structures have been put in place at every work station to ensure that help is readily available in case of need.

  One hundred and sixty four (164) First Aiders within various business units were trained and certified capable to render first aid support.

  Wellness initiatives were also undertaken with regards to Retirement Planning Training whose objective is to provide employees with the necessary information to enable them to plan adequately for their retirement. A total of four hundred and sixty five (465) employees attended this training during 2015 which will be extended to cover all employees going forward.

  Training continues in other areas of Wellness such as chronic diseases awareness, stress management, etc.

- **National Manpower Development participation**
  The Group is committed to playing its part towards the country's manpower development. Guided by its Industrial Attachment policy, the Group provides attachment to students from various tertiary institutions to assist them in gaining the necessary practical experience in partial fulfillment of their study programs. During 2015 the Group offered industrial attachments to sixty six (66) Students across various study disciplines.

Consumer issues and fair operating practices

Suppliers, partners and other value chain operators

The Group promotes equal opportunities for suppliers, partners and other value chain operators. The Group selects suppliers and other business partners through a transparent Tender System.

The Group, through its close relationships with supply chain partners, promotes sustainable procurement by ensuring that partners produce services or products in a socially and environmentally responsible manner. The Group uses its procurement to continuously develop small to medium enterprises to grow into large corporates.

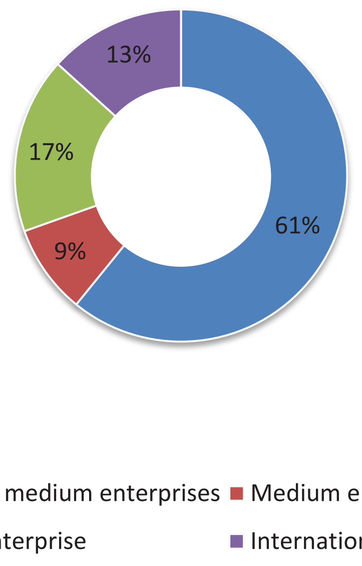
Engagement of vendors for significant procurement is through open tenders. Tender invitations are prominently published in the national press. The tender method of the procurement process assists the Group in controlling costs of products and services which in turn has positive impact on the overall product pricing of the Group's product and services.

During the year, tenders awarded to SMEs accounted for 61% of the total. This is in line with the thrust to ensure that the value chain benefits local suppliers especially the SME sector which we view as the bedrock of future employment creation. No disputes or complaints were raised by the contractors in relation to our tender awards. All payments to suppliers, whether for direct orders or for tenders were done within the agreed time frames.

The Group, in 2016 intends to pursue service improvements driven by technology. The Group has therefore made provision in the capital budget for investment in mobile application (second phase), ATMs, POS machines and other process automation systems. These purchases will be made through tender.

> "The Group, through its close relationships with supply chain partners, promotes sustainable procurement by ensuring that partners produce services or products in a socially and environmentally responsible manner."

The Group awarded tenders valued at US$ 8.5 million during the year. The sectoral share of significant tenders is as indicated in the chart below;




CBZ

Corporate Governance

Our Approach to Corporate Governance

> The Group continues to apply high corporate governance standards aimed at ensuring the ongoing sustainability of the business.

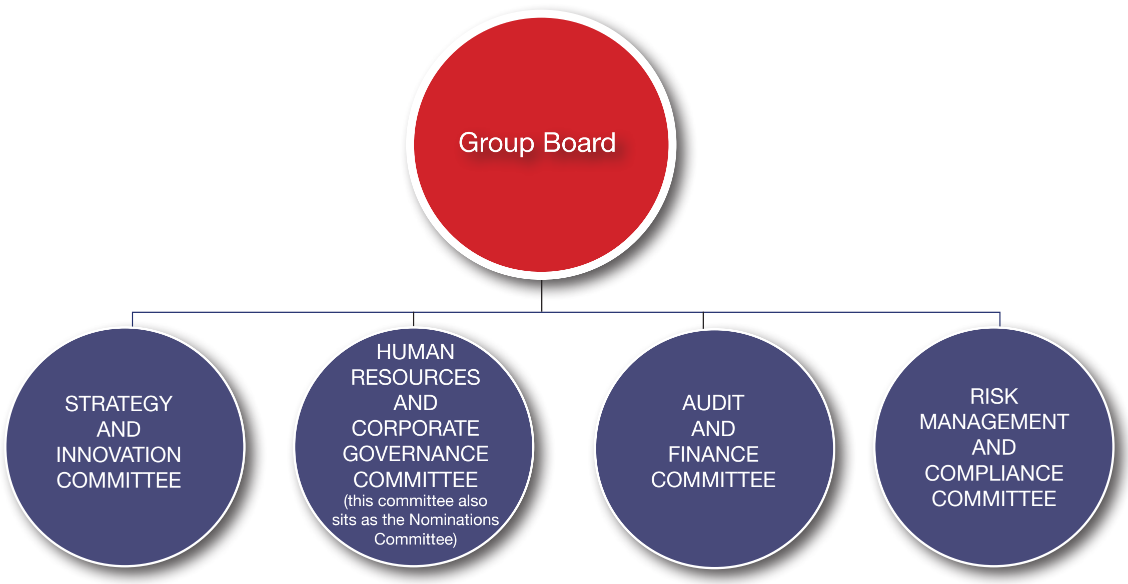
CBZ Holdings Limited recognises the need to conduct the affairs of the company with integrity and in line with best corporate governance practices.

The Group continues to apply high corporate governance standards aimed at ensuring the ongoing sustainability of the business and the creation of long-term shareholder value. The CBZ Holdings Limited Board is responsible for ensuring that the Group has a clearly defined governance and compliance framework. The Board is primarily accountable to shareholders, while also considering the interests of other stakeholders such as it's customers, employees, suppliers, regulators and the community. In an environment of increasing volume and complexity of regulation, management aims to achieve a balance between the governance expectations of investors and other stakeholders, and the need to generate competitive financial returns. Governance in the Group, therefore extends beyond the minimum requirements of compliance with codes, legislation, regulations and listings requirements.

Application of Corporate Governance Principles

The Directors confirm that the Group continued to comply with corporate governance provisions in Zimbabwe which include the Reserve Bank of Zimbabwe Corporate Governance Guidelines and the Banking Act (Chapter 24:20) and since the launch of

Governance Structure as at 31 December 2015



the Zimbabwe Code on Corporate Governance on 09 April 2015, the Group has fully applied its principles and standards. The Group has also, in all material respects voluntarily applied the 2009 King Report on Corporate Governance for South Africa and King Code on Corporate Governance. The Group takes cognisance of international standards enshrined in other international codes of corporate governance.

While the Board believes the Group has achieved a suitable level of maturity in relation to governance, its processes, policies and structures are continually reviewed and modified to align with both local and international requirements and with the aim of ensuring ongoing adherence with legislation, regulation and best governance practices.

THE BOARD

The Board has eleven directors comprising the Chairman, two Executive Directors, six independent Non-Executive Directors and two Non-Independent Non-Executive Directors. The two Non Independent Non-Executive Directors are shareholder representatives. Biographies for each Director and details of which Board committee they are members of can be found on pages 81 to 84.

The Board is the main decision making forum, setting the strategic direction of the Group and ensuring that the Group manages risk effectively. The Board is collectively responsible for the long term success of the company and is accountable to shareholders for financial and operational performance.

BOARD CHANGES

There were a number of changes to the Board during 2015. Andrew Lowe and Tinoziva Bere retired from the Board on 24 February 2015 and 6 August 2015 respectively, to pursue personal interests. The retirement of Andrew Lowe created a vacancy on the Audit and Finance committee hence an Independent Non-Executive Director who is a Chartered Accountant by profession has been identified and has successfully undertaken the Reserve Bank of Zimbabwe fitness and proper person tests to take up this seat.

Three additional Independent Non-Executive Directors from within the Group were appointed to the Board in order to maintain an appropriate balance of skills, experience, independence and knowledge. The appointed Independent Non-Executive Directors are Ian Harold Harris and Richard Zirobwa both from the CBZ Asset Management Board and Richard Dawes from CBZ Life Board. The appointments were in line with keeping the one CBZ model and cross sitting within the Group. Tsitsi Mutasa, a shareholder representative for NSSA and Dr Ruvimbo Mabeza - Chimedza were also appointed to the Board on 1 March 2016 after successfully undergoing the fitness and probity tests through the Reserve Bank of Zimbabwe. Gaylord Tafadzwa Nyamayi will also be joining the Board with effect from 1 May 2016 after having been cleared by the Reserve Bank of Zimbabwe.

The composition of the Board is monitored and discussed by the Directors on an on-going basis to ensure that the Board has the relevant and appropriate skills. The Board as a whole selects and appoints directors based on recommendations from the Group Human Resources and Corporate Governance Committee. Thereafter the shareholders confirm the appointment at the AGM.

ROLES AND RESPONSIBILITIES

The Board

The Board is collectively responsible for the long term success of the Company and the delivery of sustainable shareholder value. The Board has overall responsibility for:-

- The establishment of Group strategy and consideration of strategic challenges;
- The management of the business and affairs of the Group.
- Ensuring the Group manages risk effectively through the approval and monitoring of the Group's risk appetite.
- Allocation and raising of capital.
- The strategic leadership of the Company.
- The preparation and approval of the Group's annual report and accounts.

The Board Charter includes key aspects of the Company's affairs reserved for the Board's decision and is reviewed at least once annually.

The Board and Committee activities increased significantly in 2015 with a number of key strategic issues taking center stage.

In October 2015, the Board reviewed its corporate strategic plan. This launched the Group's Culture Change Strategy, an initiative that focuses on people, skills and culture for the effective attainment of the Group's Vision. The strategic process also saw a full review of our business and focussed on the needs of our customers, improving our operations and IT systems, including simplifying our organisational and decision making structures.

Chairman

The role of the Group Chairman is distinct and separate from that of the Group Chief Executive and there is a clear division of responsibilities with the Chairman leading the Board and the Group Chief Executive Officer providing leadership to executive management for the effective management of the Group's business.

The Chairman's key responsibilities are, but not limited to:-

- Provide strong and effective leadership to the Board.
- Ensure the Board is structured effectively and observes the highest standards of integrity and corporate governance.
- Build an effective and complimentary Board with an appropriate balance of skills and personalities.
- Facilitate the effective contribution and encourage active engagement by all members of the Board.
- In conjunction with the Group Chief Executive Officer and Group Legal Corporate Secretary, ensure that Members of the Board receive accurate, timely and clear information to enable the Board to lead the company, make sound decisions and to effectively monitor the performance of executive management.
- Manage the business of the Board and set the agenda, style and tone of Board discussions to provide effective decision making and constructive debate.
- Ensure that the performance of individual directors and of the Board as a whole and its committees is evaluated annually.
- Ensure the Group maintains effective communication with shareholders and other stakeholders.

Chief Executive Officer

The Group Chief Executive Officer has responsibility for the Company's business and acts in accordance with the authority delegated by the Board.

The Chief Executive's key responsibilities are, but not limited to:

- Develop, drive and deliver the strategy and vision of the Group.
- Drive and deliver performance of the Company against set performance and sustainability targets and reporting appropriately to the Board about such performance;
- Establish an organisational structure and operating model for the Group and to ensure effective execution of the strategy, sustainability, governance and control imperatives. Ensuring that appropriate Group policies are formulated and implemented;
- Ensure the Group has effective frameworks and structures to identify, assess and mitigate risks;
- Act as champion of the culture and values of the Group, creating an environment where employees are engaged;
- Lead, manage and develop the Group's senior leadership team and management structures that ensure effective succession planning and professional development;
- In conjunction with the Chairman and Group Legal Corporate Secretary ensure that the Board receives accurate, timely and clear information.
- Monitor and report to the Board on the effectiveness of legal compliance controls, processes, systems and resource capacity;
- Guide the affairs of the Group and its subsidiaries in line with the agreed mandate from the Board of Directors;

Non-Executive Directors

Along with the Chairman and Executive Directors, the Non-Executive Directors are responsible for ensuring the Board fulfils its responsibilities under its terms of reference. The Non-Executive Directors combine broad business and commercial experience with independent and objective judgement and provide independent challenge to Executive Directors and the leadership team. The balance between Non-Executive and Executive Directors enables the Board to provide clear and effective leadership across the Groups business activities.

Conflicts of Interest

CBZ Holdings Limited has procedures in place to ensure that the Board's management of conflicts of interest and its powers for resolving certain conflicts are operating effectively. On appointment each director signs a declaration of interest form which assists the directors to declare any form of interests.

Each Director is required to notify any actual or potential situational or transactional conflict of interest to the Board and to update the Board on an on-going basis when they become aware of any changes to the facts and circumstances surrounding such conflicts.

Details of all Directors' interests are recorded in a register which is reviewed and signed for by every director, each quarter before any Board meeting. The register is maintained by the Group Legal Corporate Secretary.

Directors Cross Sitting

The Group 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 therefore created a governance framework between the Group and its subsidiaries that allows Directors access to subsidiary Board documentation.

In addition, all subsidiary Chairpersons sit as Independent Non-Executive Directors on the Group Board whilst Group Board Directors also sit on subsidiary Boards where their experience is of value. Directors cross sitting on the Group Board and subsidiary Boards are illustrated as follows:-

Group Board Member	Subsidiary Board Membership
Wilde Richard	Independent Non-Executive Director of CBZ Bank Limited Board
Dawes Richard	Chairman of CBZ Life Board
Pasi Rebecca.	Independent Non-Executive Director of CBZ Bank Limited Board
Mugamu Elliot	Independent Non-Executive Director and Chairman of CBZ Bank Limited Board
Nhamo Roseline	Independent Non-Executive Director and Chairperson of the CBZ Insurance Limited Board
Zirobwa Richard	Independent Non-Executive Director and Chairman of CBZ Asset Management limited t/a Datvest Board
Harris Ian Harold	Independent Non Executive Director of CBZ Asset Management limited t/a Datvest Board

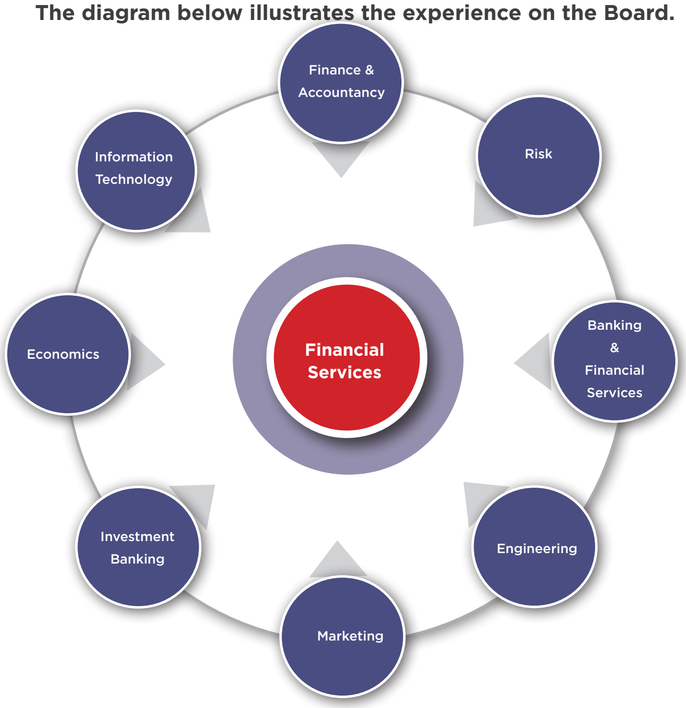
Board appointments and effectiveness

Appointments to the Board are made with due cognisance of the need to ensure that the Board comprises of a diverse range of skills, knowledge and expertise and has the requisite independence, including the professional and industry knowledge necessary to meet the Group's strategic objectives.

All appointments follow a transparent procedure and are subject to confirmation by shareholders at the Company's Annual General meeting. Before appointment, potential Board appointees must undergo a fit and proper test in terms of Reserve Bank of Zimbabwe (RBZ) requirements and the Banking Act. To date all the Board members have been vetted successfully by the RBZ and will be undertaking another fitness evaluation during the second quarter of 2016.

The Board is structured to ensure that directors provide the Group with the appropriate balance of skills, experience and knowledge as well as independence. Given the nature of the Group's business, experience of banking and financial services is clearly of benefit and a number of the Directors have experience in that area, but the Board also benefits from directors with experience in other fields.

The diagram below illustrates the experience on the Board.



INDUCTION AND PROFESSIONAL DEVELOPMENT

Each new Director receives a formal induction on joining the Board, which is coordinated by the Group Chief Executive Officer and the Group Legal Corporate Secretary in consultation with the Group Chairman. The Group Legal Corporate Secretary advises Directors of appropriate external training and professional development opportunities and internal training is also provided which is relevant to the business of the Group. Client/Business visits are also arranged and all Non-Executive Directors are invited to attend. Directors undertake the training they consider necessary to assist them in carrying out their duties and responsibilities as directors. They also undertake training as recommended in the Board Evaluation Reports.

During 2015 Directors undertook the following training to enhance their knowledge:-

NAME OF DIRECTOR	COURSE UNDERTAKEN
Wilde. R V	nil
Dawes. R	Effective Charing within Boards Non-Executive Director (NED) Program
Dernawi. F M	Advanced Risk Management Corporate Responsibility and Strategic Leadership Alternative Dispute Resolution
Nyemudzo. N	BASEL III IT Network Security
Mugamu. E	BASEL III IT Network Sec urity Non-Execuive Director (NED) Program Audit Committee Launch Forum Corporate Governance Orientation Workshop Effective Chairing of Boards
Harris. IH	BASEL III IT Network Security
Nhamo. R	14th Corporate Governance Training Non-Executive Director (NED) Program
Chimutsa. C	Best Practice for Effective Board Leadership CFO Programme School of Strategic Management and best practices in Banking
Pasi. R	14th Corporate Governance Training Advanced Risk Management BASEL III Non-Executive Director (NED) Program
Taputaira. G	14th Corporate Governance Training
Zirobwa. R	Audit Committee Forum Launch

Directors also received in-house organised training on a range of subjects to enhance their knowledge including:

- IT and cyber security
- Basel III
- IFRS 9 training was co-ordinated by Deloitte & Touche as a one day training programme to explain the new accounting standard.

The Group Legal Corporate Secretary maintains a training calendar that incorporates local, regional and internal training programs that is reviewed annually to assist in identifying any training needs.

ELECTION AND RE-ELECTION OF DIRECTORS

In accordance with the provisions of the Company's Act (Chapter 24:03) and the Company's Articles and Memorandum of Association, all directors of the company are required to stand for re-election on a three year rotation basis. Newly appointed directors are to retire at the first annual general meeting and to be re-elected at the meeting. The notice of the Annual General Meeting when is circulated to all shareholders includes details of the proposed resolutions for the election and re-election of directors.

Time commitment

It is anticipated that Non-Executive Directors will allocate sufficient time to the Group to discharge their responsibilities effectively and will devote such time as is necessary to fulfil their role. At appointment, directors are briefed of the regulatory limit of having other directorships, currently, in terms of the Banking Act and accompanying regulations. Each director is required to seek the agreement of the Chairman and Board before accepting additional commitments that might affect the time that the director is able to devote to his or her role as a Non-Executive Director. The time commitment currently required of our Non-Executive Directors continues to be significant.

Internal Financial Control

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

Financial Reporting

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

Legal Compliance and Litigation

The banking, building society and asset management subsidiaries are subject to regulation by the Reserve Bank of Zimbabwe, the Registrar of Banks and Building Societies and Financial Institutions. The Insurance Operations are subject to regulation by the Commissioner of Insurance through the Insurance and Pension Commission (IPEC). Where appropriate, the Group participates in industry consultative committees and discussion groups aimed at enhancing the business environment.

During the year 2015, the Group has complied with various regulations enshrined in a number of pieces of legislation. Efforts to improve the business environment in the country lead to amendment of a number of acts that include the Banking Act (Chapter 24:20), Companies Act Chapter (24:03), amendments to the insolvency regime and introduction of a framework on the procedures and guidelines for implementing the Indigenisation and Economic and Empowerment Act (Chapter 14:33). Despite the dynamic nature of the legal and regulatory environment, the Group has continued to comply with the regulatory and statutory requirements to ensure ongoing sustainability of its business.

As at 31 December 2015 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 (AGM). In addition, a range of corporate information, including all Company announcements and presentations, is available to investors on the Company's website www.cbz.co.zw.

Individual Shareholders can raise matters relating to their shareholding and business of the Group at any-time throughout the year by letter, telephone or email. Shareholders are given an opportunity to ask questions at the Annual General Meeting or can submit written questions in advance. The Board Chairman and Executive Directors are available to answer questions at the Annual General Meeting.

Engagement with the company's largest institutional shareholders and stakeholders is undertaken as part of our annual stakeholder engagement programme.

- The Chairman, Group Chief Executive Officer and the Group Legal Corporate Secretary met its top five Shareholders in the first Quater of 2015 to discuss strategy and the financial performance of the company.

- The shareholders are engaged annually to get their feedback on management, strategy, business performance and corporate governance.
- As part of the Board agenda, the Chairman will now formally present a quartely stakeholder feedback report to the Board.
- Directors also receive reports as part of the finance reports that review share price movement and performance against the sector.
- The stakeholder engagement programme and report to the Board are to ensure that directors develop an understanding of the views of major shareholders.

BOARD OF DIRECTORS

Independent Non Executive	• Richard Wilde • Elliot Mugamu • Rebecca Pasi • Givemore Taputaira • Roseline Nhamo • Ian Harold Harris • Richard Dawes • Richard Zirobwa
Non Independent Non Executive	• Fouad Dernawi
Executive	• Never Nyemudzo • Colin Chimutsa

BOARD COMMITTEE MEMBERS AS AT 31 DECEMBER 2015

Audit and Finance	Human Resources & Remuneration	Strategy and Innovation	Risk Management & Compliance
I. H. Harris R. Zirobwa *N. Nyemudzo *C. Chimutsa	R. Nhamo R. V. Wilde *N. Nyemudzo	G. Taputaira R. Dawes R. Pasi *N. Nyemudzo *C. Chimutsa	R. Pasi F. M. Dernawi E. Mugamu *N. Nyemudzo *C. Chimutsa

**N. Nyemudzo and C. Chimutsa attend all committees by invitation*

Diversity and Inclusion

The Group understands the importance of diversity and with regard to gender diversity, recognises the importance of women having representation at key decision making points. However, all appointments to the Board are ultimately based on merit measured against objective criteria and the skills and experience an individual brings to the Board.

Currently there is a diverse mix of ethnicity, gender and experience on the Board, including two women and two nationalities.

The Board welcomed the appointment in March 2016, of Tsitsi Mutasa and Dr Ruvimbo Mabeza-Chimedza which brings total female representation on the Board to four.

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.

The Group Executive Committee

The Board is supported by the Group Executive Committee comprising of the Group Chief Executive Officer, Group Chief Finance Officer, Managing Director – CBZ Bank, Managing Director – CBZ Insurance Operations, Managing Director – CBZ Asset Management, Group Divisional Director – Human Resources, Group Executive – Risk Management and Group Executive – Marketing and Corporate Affairs.

BOARD MEETINGS

In 2015, four Board meetings were scheduled and individual attendance by directors at these meetings is shown in the table below. The Chairman and Non-Executive Directors meet at least once a year without Executive Directors present. One executive session was held in 2015.

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. In advance of each meeting, the directors are supplied with comprehensive papers in hard copy. 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 Chairman. Other executives such as the Group Chief Risk Officer, the Group Human Resources Director, the Head of Research and Development and the

Executive Corporate Affairs also attend Board meetings by invitation. This provides the Board with an opportunity to engage directly with management on key issues and supports the Board succession planning activity.

BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER

The table below outlines details of Board and Committee member's attendance of Board and Board Committee meetings for 2015

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2015)

	Audit & Finance	Risk Management & Compliance	Human Resources & Corporate Governance	Strategy & Innovation	Main Board
Number of Meetings Held	4	4	4	4	4
Bere, T	**	2	2	**	2
Dawes, R	**	**	**	4	4
Dernawi, F M	**	4	**	2	4
Harris, I H	4	**	**	**	4
Mugamu, E	**	4	**	**	4
Nhamo, R	**	**	4	**	4
Pasi, R	**	4	**	4	4
Taputaira, G	**	**	**	4	4
Wilde, R V	**	**	4	**	4
Zirobwa, R	4	**	**	**	4
Nyemudzo, N*	4	4	4	4	4
C. Chimutsa*	4	4	**	4	4

KEY
*** Executive Directors**
**** Not a Member**

PRINCIPAL ACTIVITIES OF THE BOARD DURING 2015

During 2015 the Board focused on a number of projects with an enhanced focus on organisational culture change. The projects and culture change has underpinned Board discussions during the year. A revised approach to Board papers was adopted in 2015 in order to improve and enhance the quality, content and consistency of information presented to the Board. It is targeted that a paperless Board is to be adopted by 31 December 2016.

An overview of the principal activities of the Board during 2015 is shown as follows:

The agenda of each Board Meeting

- Directors Interests
- Group Chief Executive Officer's Report
- Presentation of financial results and update on Capital Expenditure and budgets by the Group Chief Finance Officer
- Reports from Committee Chairmen
    - (i) Risk Report
    - (ii) Audit and Finance Report
    - (iii) Human Resources & Corporate Governance Report
    - (iv) Innovation & Strategy Report
- Directors training report

1st Quarter

- Annual Results and AGM notice
- Board and Committee Evaluations
- Fitness and Probity test
- External Auditor Report
- Approval of Audit fees
- Internal Audit Report
- Approval of 2015 Audit Plan
- Annual review of Group Policies
- Annual General Meeting preparations
- Analyst briefing and results publication
- Investor and Analyst engagements and follow up meetings
- CBZ Insurance Rights issue proposal

- Annual review and Approval of the following Group Policies
  - (i) ICAAP Policy
  - (ii) Group Risk Business Continuity Policy
  - (iii) Group Operations Policy
  - (iv) Anti-Money Laundering Policy
  - (v) Prevention of Fraud, Corruption and Theft Policy
  - (vi) Group Sanctions Policy
- Appointment of External Auditors
- Final dividend declaration proposal for year ended 31 December 2015

2nd Quarter

- First Quarter Results
- Annual Review of Board Charters
- Annual Review of Committee Terms of Reference
- Review of Board and Committee corporate governance structures
- Basel III training
- Group Exposures
- Employee Share Option Scheme
- Review of advisory and fundraising projects
- External Audit Report
- Internal Audit Report
- Business Optimisation Project

3rd Quarter

- Interim results
- IFRS 9 training
- Review of 2015 Mid Term fundraising
- Review of Group Projects – Contact Centre
- Interim Dividend declaration proposal
- Review of 2015 Audit Plan achievements
- External Audit Report
- Internal Audit Report

4th Quarter

- Third Quarter Results
- Strategy planning for year 2016
- 2016 Budgets
- Subsidiary and management strategy review
- Board Evaluation discussion and distribution of forms
- Approval of Board Calendar 2016
- 2016 Training Calendar

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 Corporate Governance 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.

Board Evaluation

An effective Board is the key driver of business growth and success; this is complemented where an organisation has a structured program for Board and committee self-evaluation. The Board provides the overall leadership and vision for the Company, setting its direction and major policies, appointing and supervising Executive Management, ensuring it complies with relevant laws and regulations as well as being accountable to the shareholders and stakeholders at large. The Board is ultimately responsible for the performance of the Company, hence it is important for the Board's performance to be regularly evaluated against agreed set criteria.

In accordance with the Banking Act (Chapter 24:20) as read with the RBZ Corporate Governance Guidelines, the Board is to undertake an annual performance evaluation. The Board therefore undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and each Director. The Board, uses a detailed questionnaire, completed by each Director, as the basis of these evaluations. This evaluation is aimed at determining how the Board's effectiveness can be improved. In 2015 the evaluation was concluded by a specialist board evaluation Consultant, and a number of initiatives were implemented aimed at improving the overall performance and effectiveness of the Board.

The Reserve Bank of Zimbabwe requires the Board's and the Directors' performance of all banks in Zimbabwe to be evaluated as per the evaluation framework for financial institutions.
The annual evaluation covers three assessments which are:

- Board self-evaluation
- Chairperson's assessment
- Individual Director Assessment

The performance evaluation process:-

The following approach is followed in providing the Board evaluation:-

- The Group Legal Corporate Secretary distributes the evaluation questionnaires designed by the Reserve Bank of Zimbabwe to the Directors for completion. The completed questionnaires are then submitted to our external consultants for an independent analysis.
- The Chairman and the Directors are required to complete a self-assessment and an assessment of their peers, the Board as a whole and the Chairperson;
- The outcome of the self-assessment is compared against

the outcome of the assessment done by the Directors' peers;

- Each Director rates the evaluation factors on a scale of 1 (strong) to 5 (critical) and there is provision to make comments;
- The consultant collates and summarise the responses and comments made to the evaluation questionnaires and
- Prepare a report that summarises the Directors' assessments of the performance of the overall Board, the Chairperson and the individual Directors. Where gaps have been identified, recommendations to address the gaps are made to the Board.
- Once this process is complete, the report is submitted to the RBZ.

Outcome of the 2015 Evaluation

The 2015 performance evaluation concluded that the Board was strong and operated effectively and in accordance with its Terms of Reference throughout 2015. The evaluation supported that the Boards committees also undertook their work well providing strong support to the Board. The ratings which were used as per the RBZ Board and Director Evaluation Framework for financial institutions were as follows:-

Ratings Scale

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

Succession Planning

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

During the year 2015, there was a lot of movement of directors that saw the appointment of all subsidiary Board chairmen to the Group Board.

GROUP LEGAL CORPORATE SECRETARY

All directors have access to the advice and professional services of the qualified and experienced Group Legal Corporate Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are fully observed. The Group 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.

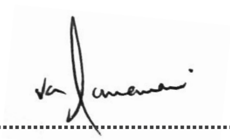
The Group Legal Corporate Secretary oversees the induction of new directors and assists the Group Chairman and the Group Chief Executive to determine the Board agendas, as well as to formulate governance and Board related issues. The Group Legal Corporate Secretary acts as a trusted advisor in the effective functioning of the Board, ensuring appropriate alignment and information flows between the Board and its committees, including the executive committee.

The Group Legal Corporate Secretary is also responsible for ensuring that the Board receives accurate, timely and clear information, facilitates good information flows between Board members; leading on the implementation of the recommendations from the annual Board evaluation.

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



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Rumbidzayi Angeline Jakanani
GROUP LEGAL CORPORATE SECRETARY

25 February 2016

Report
of the Directors

We have the pleasure in presenting our report and the audited financial statements for the year ended 31 December 2015.

SHARE CAPITAL

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

Authorised: 1 000 000 000 ordinary shares of 1 cent each
Issued and fully paid: 686 768 943 ordinary shares of 1 cent each

INCORPORATION, ACTIVITIES AND RESULTS

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

Summarised below is a breakdown of the application of profit after tax attributable to equity holders of the parent:

	31 Dec 2015 US $	31 Dec 2014 US $
Dividend payout	2 913 009	2 648 190
Retained for future growth	32 170 626	30 297 505
	35 083 635	**32 945 695**

DIRECTORATE

Richard Victor Wilde	Chairman
Fouad Moktar Dernawi	Non-independent Non-executive Director
Ian Harold Harris	Independent Non-executive Director
Richard Dawes	Independent Non-executive Director
Richard Zirobwa	Independent Non-executive Director
Elliot Mugamu	Independent Non-executive Director
Roselene Nhamo	Independent Non-executive Director
Rebecca Pasi	Independent Non-executive Director
Givemore Taputaira	Non-independent Non-executive Director
Never Nyemudzo*	Group Chief Executive Officer
Colin Chimutsa*	Group Chief Finance Officer
* **Executive**	
Rumbidzayi Angeline Jakanani	Group Legal Corporate Secretary

DIVIDEND ANNOUNCEMENT

The Board decided to declare a final dividend of US$1 456 505 for the year ended 31 December 2015.

By order of the Board

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Rumbidzayi A. Jakanani
GROUP LEGAL CORPORATE SECRETARY

25 February 2016


CBZ

Board Committee Reports

Board Committee Framework

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

The Board Committees played a crucial role in the Company's governance framework during 2015, undertaking their work comprehensively and effectively supporting the work of the Board.

The Board has established and delegated specific roles and responsibilities to four standing committees, to assist it in discharging its duties and responsibilities. The Terms of Reference of each committee are approved by the Board and reviewed annually or as necessary. All committees are chaired by independent Non-Executive Directors.

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

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

Ian Harold Harris - Committee Chairman

Audit and Finance Committee Report

The year 2015 has been another significant year for the Group as it progresses on its journey "**to be the preferred provider of financial solutions in Zimbabwe with a global reach".** I am pleased to report that the Group Audit and Finance Committee has in the year 2015, supported the Board, in the discharge of its duties relating to the coordination of internal control management and risk management activities, through reasoned deliberations and making recommendations to the Board.

Roles of the Committee

The Committee considers the adequacy and effectiveness of Group internal controls. Its 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 auditors, and the management of the Group's systems of internal control, business risks and related compliance activities.

Internal control systems and internal audit

A key role of the Audit and Finance committee is to satisfy itself that the Group's systems of internal control over financial, operational, compliance and sustainability are effective. As part of our overall assessment of internal control over financial matters, we assisted the Board in reviewing and approving the annual risk based internal audit plan; as well as the significant matters reported by the Internal Audit function and the adequacy of corrective action taken in response to significant internal audit findings.

The Committee also evaluates the nature and extent of the formal documented internal financial controls to be performed by internal audit to allow the Board to make a robust assessment of the Group's principal risks. In line with its key role, the Committee also provides input into the assessment of the adequacy and effectiveness of Internal Audit's performance and that it complies with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and Code of Ethics.

Other functions on internal control include reporting annually to the Board on the effectiveness of the Group's internal financial controls; reviewing the co-operation and coordination between the internal and external audit functions; review of any significant disagreements between management and Internal Audit; and reviewing arrangements made by the Group to enable employees and outsiders to report in confidence their concerns about possible improprieties.

External auditors and external audit

In line with the statutory and regulatory provisions, the Committee recommended to the Board the selection process for the appointment of new auditors as the tenure of external auditors Deloitte & Touche was ending on 31 December 2015. A special Committee was put in place to ensure a transparent and flawless process in the selection of external auditors.

I would like to thank Deloitte & Touche for their work as external auditors of the Group during their tenure.

Major Matters considered by the Committee in 2015

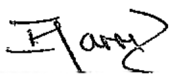
- Annual review and recommendation of Committee Terms of Reference to the Board
- Selection and appointment of External Auditors for 2016
- Final Dividend declaration consideration and interim dividend declaration
- 2015 Internal Audit Plan
- CBZ Insurance (Private) Limited Rights Issue.
- External Audit fees consideration
- The Committee attended an extensive workshop organised by Deloitte & Touche on IFRS 9 to ensure the Group's preparedness with International Financial Reporting Standards
- Deliberate on the financial results of the Group.

RBZ Guidelines on Internal Audit Standards

With the retirement of Andrew Lowe, the Audit and Finance Committee lost an Independent Non-Executive Director. The Board has during 2015 focused on the recruitement of a Director with an accounting background to sit in the Board and for the Audit and Finance committee as any Independent Non-Executive Director. The Board has now appointed an accountant and is in compliance with the RBZ guidelines. In terms of the RBZ guideline, the audit Committee is required to comprise of Non-Executive Directors and the chairman of the Committee shall be an independent Non-Executive Director and shall not be the chairman of the Board.

Key priorities for 2016

The year 2016 is set to be no less challenging for the Group and the Committee will continue to balance support to management with independent oversight. Focus will be placed on maintaining appropriate oversight over financial reporting, preparedness for accounting and regulatory changes including IFRS 9, monitoring systems of control and ongoing remediation programmes through a period of continued change and embedding the correct culture and behaviours across the Group.



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Ian Harold Harris
Committee Chairman

25 February 2016

Strategy and Innovation Committee Report

Givemore Taputaira - Committee Chairman

I am pleased to report on the activities of the Committee during the year 2015. Indeed 2015 was a progressive year and I am satisfied with the progress made under the Committee's strategic direction. This report provides an overview of key roles and responsibilities of the Committee and outlines the major milestones that were recorded in 2015.

Functions of the Committee

The Role of the Committee is to assist the Board in the discharge of its duties relating to strategic and tactical investments and pursuance of business opportunities. It also oversees the planning, management and organisation of the Group's Information, Communications and Technology infrastructure. The ultimate objective is to enhance and maintain customer convenience and satisfaction through innovation, technology driven solutions and responsiveness.

- **Innovation**

  The Committee ensures that the Group invests in, and maintains, the right infrastructure, systems & processes that promote a culture of innovation across the organisation.

  More specifically, the Committee reviews and recommends, for approval by the Board, the Group's Innovation Strategy as proposed by management. It monitors and reviews implementation of key initiatives that support the Group's innovation drive, whilst simultaneously ensuring that the Group maintains adequate innovation risk management frameworks.

- **Strategy**

  In relation to strategy, the Committee's key role is to provide oversight on matters relating to, or affecting, the Group's strategic direction in accordance with the Group's mandate. It provides insight on the development and implementation of all key strategic initiatives by making recommendations to the Board.

  The Committee also reviews reports from management, as required by the Board, on any new and significant emerging threats and opportunities which may have a significant influence on the ability of the Group to achieve its long term strategic objectives.

Major matters considered by the committee in 2015

- Recommendation of infrastructure for building an innovative culture.
- Consideration of Group elements of distribution as Agency Banking
- Reviewed the Point of Sale Strategy aimed at fostering customer convenience and growing transactional business.
- Initiated projects for attainment of the Group's global reach objective resulting in the strategic alliance with MoneyGram.
- Drove the Groups Strategic thrust to promote innovation through discussions and resolutions in
  (i) Mobile App
  (ii) Contact Centre

The Committee looks forward to the coming year with great anticipation, as we will continue to innovate and bring new exciting initiatives to the convenience and satisfaction of our customers at large.

Lastly, may I take this opportunity to thank the Board and fellow Committee members for the support and commitment during the year.

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Givemore Taputaira
Committee Chairman

25 February 2016

Human Resources and Corporate Governance Committee Report

Roseline Nhamo - Committee Chairperson

On behalf of the Board, it gives me great pleasure to report on the activities of the Board Human Resources and Corporate Governance Committee for the year 2015.

Over the past five years we have had a consistent focus on strengthening the Corporate Governance model of the Group in order to unlock shareholder value. This culminated in restructuring and alignment exercise to consolidate the Governance structure of the Group and align it to the strategy.

The Human Resources and Corporate Governance Report is designed to provide the necessary information to demonstrate the link between our Group's strategy, its performance, and the remuneration outcomes for our executives, particularly the Executive Directors.

Role and Responsibilities

The main role and responsibilities of the Committee are set out in the written terms of reference. The Committee's terms of reference are reviewed on an annual basis and during the 2015 financial year this took place in half year meetings. Some of the Committee's responsibilities are as follows:-

- Sets the overarching principles and parameters of remuneration policy across the Group;
- Considers and approves remuneration arrangements for Executive Directors and senior executives;
- Governs the Executive and Employee Share Option Schemes;
- Looks at strategic Human Resources issues.

In addition, the Committee maintains strategic oversight over the following:-

- Board structure and composition;
- Board performance;
- Chief Executive Officer performance;
- Executive compensation;
- Succession planning;
- Corporate governance practices and disclosures;
- Material strategic decisions; and
- Overall governance matters.

Strategic Human Resources Matters

The Committee ensures that there is a direct line of sight between the Talent Management and Perfomance Management strategies and the overal company perfomance. During the year, the Committee continued with its focus on succession planning, leadership development and talent management.

Our role as the Board Human Resources and Corporate Governance Committee is to review and make recommendations to the Board on the appointment of Directors, the structure of the Board and membership of the Board's main standing committees. We also review development and succession plans for the Group's most senior executive management and certain appointments to the Boards and standing committees of principal subsidiaries in line with the Group Operating Model.

The Board Human Resources and Corporate Governance Committee considers the current Board composition suitable for the Group's business requirements. However, such matters are kept under active review, considering scheduled retirements of Non-Executive Directors and the Group's future strategy.

Prior to each AGM, the Board Human Resources and Corporate Governance Committee determines whether it will recommend to shareholders that they vote in favour of the re-election of each Non-executive Director seeking election on a rotational basis. On an annual basis the Board conducts a review of its structure, composition and performance. A performance evaluation was undertaken during the reporting period in accordance with that process. On a regular basis the Board undertakes a formal, independent performance review.

We believe that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review. The Human Resources and Corporate Governance Committee reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process. The Board has a skills matrix covering the critical competencies required in a business of our size.

Governance Issues

During the year ended 31 December 2015, the Committee's work involved:-

i. Handling the retirement of Mr. Andrew Lowe and Mr. Tinoziva Bere during the course of the year.
ii. Annual Board Evaluation facilitated by independent external consultants.
iii. Conducting the Fitness and Probity Assessment tests in line with regulatory requirements.
iv. Finalisation and implementation of the Group Human Resources Risk Matrix.
v. Recommending a strategy for recruitment and retention of suitably qualified personnel as well as continuous professional development.
vi. Oversight over the Employee Share Option Scheme.
vii. Review of Executive and Director Remuneration and compensation packages.
viii. Approval of Culture Change Strategy and Business Efficiency Project.

In addition to our work described above, we continued to monitor overall Board performance, Group governance issues and progress against action items identified as part of the 2014 Board effectiveness review.

Principal activities of the Committee during the year:

- The Committee undertook a Group Corporate Governance review that looked at the overall Group Board structure including the structure and composition of all subsidiary boards and committees.

  The review included the following

  i. Board and Committee structures
  ii. Age profiles and tenure
  iii. Skills mix and qualifications
  iv. Classification of Directors
  v. Board Size
  vi. Regulatory requirements.

  The exercise resulted in the recruitment of additional directors with Accountancy skills, the renaming of the Innovation and IT Committee to Strategy and Innovation Committee and renaming of Human Resources and Remuneration Committee to Human Resources and Corporate Governance Committee.

- **Review of the Group Board Chairman's Tenure**

  The Committee reviewed the Chairman's tenure in 2015 and agreed that it remained in the best interests of the Group and its stakeholders for Mr. Richard Victor Wilde to remain in position as Chairman until the 2016 Annual General Meeting. This would provide sufficient time to oversee the continued development of the Board and develop their understanding of the Group further.

- **Non-Executive Directors and Senior Executive Succession Planning**

  A succession planning review of both the Non-Executive Directors and the Senior Executives was undertaken in August 2015. This review included restructuring the reporting lines for senior management. Appropriate succession plans have been documented for key roles and where an internal successor has been identified, development plans are being put in place to support these individuals.

- **Leadership Needs of the Group**

  In considering the leadership needs of the Group, the Committee has focused on two key areas: defining the current talent map, and understanding the organisation's current capability versus the needs of the future strategic direction of the Group. In order to address these points a Group-wide talent review commenced with the Senior Executives and their direct reports. The needs of the future strategic direction of the Group have been scoped in discussion with the Board and the process of matching talent to needs.

- **Appraisal Process and Re-appointment of Directors**

  The Annual Board Evaluation Exercise was conducted through external independent consultants. The

Committee has concluded that any Directors seeking re-election continues to be an effective member of the Board.

Remuneration Philosophy for Executives

The Group Human Resources Philosophy has long been established and was approved by the Human Resources and Corporate Governance Committee. This philosophy is to ensure that compensation and benefits programmes designed for the Group and its executives are done according to the framework of various guiding principles, including:

i. linking remuneration to business results, market practice and non-financial goals;
ii. ensuring compensation and benefits programmes are legally compliant, locally relevant and globally consistent;
iii. providing a total remuneration package that rewards good performers competitively subject to periodical adjustments based on market movements, business performance and promoting internal equity to ensure employees performing similar roles within the same market are rewarded fairly.

Remuneration Practice for Non-Executives

Fees of Non-Executive Directors are fixed by shareholders at shareholders general meetings, while any additional fees of Non-Executive Directors for serving on Board Committees are fixed by the Board. The Human Resources and Corporate Governance Committee has the responsibility of reviewing Directors' fees and fees for serving on Board Committees and makes recommendations to Board. These fees are reviewed on an annual basis. No director approves his or her own remuneration. In reviewing the fees, the Committee takes into account factors including estimated time required to discharge their duties, benchmarking against other listed companies of similar market capitalisation and business, and the overall value that the individuals bring to the Group.

On behalf of the Board, I take this opportunity to convey my gratitude to my colleagues on the Human Resources and Corporate Governance Committee for their collaborative support during the year 2015.

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Roseline Nhamo
Committee Chairperson
25 February 2016

Board Risk Management and Compliance Committee Report

Rebecca Pasi - Committee Chairperson

On behalf of the Board, I take this opportunity to convey my gratitude to my colleagues on the Group Board Risk Management and Compliance Committee for their collaborative support during the year 2015. The report below describes how the Committee discharged its responsibilities in pursuit of the attainment of its strategic objectives.

Whilst market conditions have remained generally volatile and depressed throughout the year, our main thrust of putting greater emphasis on risk mitigation, appropriate internal controls, and evaluating other emerging risks have all served to keep the overall risk profile at acceptable levels. Given the challenging operating environment, we would expect a conservative approach towards risk taking to continue in the coming year.

Risk lies in every sector of our business and as such, a sound and effective risk management framework is essential to the long term stability, sustainability and development of the Group. In light of this, the Committee reviewed the Group Risk Management and Compliance Committee Terms of Reference in line with the operating environment. A disciplined approach to risk is important in a diversified organisation like ours in order to ensure that we are executing our mandate according to our strategic objectives and that we only accept risk for which we are adequately compensated.

I wish to reaffirm to you that the Board is resolute in its focus on risk management and compliance issues.

During 2015, the Board Risk Management and Compliance Committee continued to promote and oversee the strengthening of the Group's risk management and risk culture. The Committee met four times during the year.

The Committee received a report from the Group Chief Risk Management and Compliance Officer on risk and regulatory matters at each of its scheduled meetings during 2015, in which any changes to the Group's risk profile were identified and discussed. We also reviewed the risk appetite metrics that were set and adopted by the Group in line with its strategic plan.

Committee Responsibilities

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 framework as well as setting the risk appetite;
- 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.

Key areas of focus during 2015

- The Group's Key Focus was on compliance and on strengthening the Group's Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) activities by reviewing its AML/CFT Policy and introducing a Group Sanctions Policy. The Committee also considered the acquisition of a suitable AML/CFT system to match the complexity of the Group's AML/CFT risk profile.
- Reviewing the risk appetite metrics operated by the Group
- Overseeing the risk and control culture of the Group
- Monitoring current and emerging risks affecting the Group
- Supervising the Group risk policies and standards
- Considering developments in the regulatory environment and their implications for the Group.

The Committee also reviewed its performance against its revised terms of reference, which were adopted following the 2015 review. We found that the Committee complied with the requirements of the terms of reference.

The Committee is responsible for oversight and advice to the Board on the current risk exposures and future risk strategy, including strategy for managing assets and liabilities, and the embedding and maintenance of a supportive culture in relation to the management of risk throughout the Group.

Legal Risk

Legal risk is managed through identification and assessment of legal risk, and by minimising or mitigating legal risk as far as reasonably practical. Responsibility for legal risk lies with the Group's businesses.

Regulatory and Compliance Risk

The Compliance Division is an independent function responsible for ensuring that all compliance risks are appropriately assessed and managed across the Group. In line with the core risk management principle of risk ownership, business heads are responsible for identifying risks within their businesses and ensuring that they are managed appropriately. The Compliance Division enables business management to fulfil these supervisory responsibilities by establishing a robust and effective compliance framework, and by performing an advisory, training and monitoring role in respect of the compliance risks arising from the Group's business activities. The Compliance Division communicates and delivers on its priorities by defining and implementing a risk-based compliance program that sets out planned activities, such as the implementation and review of specific policies and procedures, compliance testing and staff training.

Reputation Risk

This is the risk of loss of long term trust placed in the Group by its stakeholders as a result of factors related to performance, strategy implementation, branding, competitiveness or any activity or action taken by the Group which can result in loss of business, market confidence and litigation.

Managing reputation risk is an essential role of Executive Management as it has the potential to impact both earnings and access to capital. The Group seeks to manage and minimise reputation risk through its corporate governance structure and risk management framework. The Group operates under a strong corporate governance structure consistent with the regulatory requirements of various regulators including the Zimbabwe Stock Exchange, Reserve Bank of Zimbabwe, the Securities Exchange Commission Zimbabwe and Insurance and Pensions and Commission. During the year 2015, the Committee reviewed and approved the Group Reputational Risk Management Policy.

The Group's reputation has remained satisfactory as we have continued to be principled and ethical within our operations.

Group Internal Audit

Internal Audit provides independent assurance to Management and the Board on the quality and effectiveness of the Group's internal control, risk management and governance systems and processes. Internal Audit provides an independent and objective assessment as to whether risks have been adequately identified; adequate internal controls are in place to manage those risks; and whether those controls are working effectively. Internal Audit is independent of both business management and the activities it reviews.

Policies that were reviewed and recommended to the Board during the year 2015 include:

1. ICAAP Policy
2. Group Risk Operations Policy
3. Group Risk Business Continuity Policy
4. Prevention of Fraud, Corruption and Theft Policy
5. Whistle Blowing Protection Policy
6. Code of Ethics
7. Anti-Money Laundering Policy
8. Sanctions Policy
9. Reputational Risk Management Policy

Major Compliance developments discussed and noted by the committee in 2015

i) Banking Amendment Bill
ii) Exchange Control Directives RQ 132 and ECOGAD 6/2015
iii) Strategy Instrument 104 of 2015, Exchange Control (Authorised Dealers with Limited Authority) Order, 2015
iv) Introduction of VAT and Stamp Duty on Short Term Insurance
v) Directive on Alternative Training platforms (ATP)
vi) Directive for Cash Transactions Reports (CTR) for Financial Institutions and Designated Non-Financial Business or Profession
vii) Anti-Money Laundering and countering the financing of terrorism
viii) Statutory Instrument 80/2015 that establishes a Commission of Inquiry into the conversion process of pensions and insurance benefits from Zimbabwean Dollar to USD
ix) Directive from RBZ for freezing Assets of designated persons
x) Statutory Instrument 76/2014 which focuses on the suppression of foreign and International Terrorism.

Key Focus Areas for the year 2016

The following are the areas of significance for the improvement and strengthening of the risk framework: -

- Thematic sessions have been planned across the year to ensure that both qualitative and quantitative metrics are used;
- Further developments in monitoring the risk profile of the existing portfolio;
- Monitoring the output from the subsidiaries namely the Bank, the Insurance Operations Units and the Asset Management Units
- Rolling review of the Risks surrounding strategic alliances

Whilst market conditions generally have remained volatile and constrained throughout the year, the committees' increased activity, putting greater emphasis on appropriate internal controls, and other emerging external risks have all served to keep the overall risk profile elevated. Given the operating environment, the Committee would expect limited change to this heightened risk profile in the coming year.

Pasi

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Rebecca Pasi
Committee Chairperson

25 February 2016

Our Directorate

Richard Victor Wilde (Age 70)
Zimbabwean

Qualifications
BA (Economics and Psychology) – Rhodes University (1964 - 1966)
BA Honours (Economics) – Rhodes University (1967)

Capacity
Chairperson of the Board
Non-Executive Director

Date of appointment
1 April 2012 (Board)
20 February 2014 (Chairman)

Expertise and experience
Richard is a former Deputy Governor of the Reserve Bank of Zimbabwe. He has headed the Department of Economics, Business Studies and Accounting at both St John's College and the Hellenic Academy where he has taught the International Baccalaureate Diploma and the Cambridge Advanced level courses in both Economics and Business Studies.

External Board appointment(s):-
- Techfin Research (Pvt) Ltd

Committee Membership(s):-
- Human Resources and Corporate Governance Committee

Elliot Mugamu (Age 58)
Zimbabwean

Qualifications
Final year doctorate student, University of Lusaka
Fellow of the Institute of Chartered Secretaries and Administrators
MBA, Thames Valley University
Postgraduate Diploma in Marketing and Corporate Strategy, Thames Valley University Bachelor of Arts in Accounting, University of the South Pacific

Capacity
Independent Non-Executive Director
(Vice Chairman)

Date of appointment
1 April 2009

Expertise and experience
Elliot started his commercial career with Unilever in 1982. From 1986 to 2002 he was Managing Director of Kingston's Limited and Chairman of Kingston's Botswana from 1993 to 2002. His past Non-Executive Directorships include Zimbabwe Revenue Authority, Industrial Development Corporation, Sable Chemical Industries and Chemplex Corporation. Elliot, an entrepreneur and a Rotarian, brings expertise in strategic business administration and Corporate Governance. Currently, he is the Managing Director of Kwik-Fit Safety Centre.

External Board appointment(s):-
- Non-Executive Director G & W Industrial Minerals.
- Non-Executive Director, National Blood Service
- Non- Executive Director, Cotton Company of Zimbabwe

Committee Membership(s):-
- Board Risk Management & Compliance Committee

Never Nyemudzo (Age 40)
Zimbabwean

Qualifications
Bachelor of Accountancy – University of Zimbabwe
Postgraduate diploma in Applied Accountancy - University of Zimbabwe
Chartered Accountant Zimbabwe CA(Z)
Master of Commerce Strategic Management and Corporate Governance – Midlands State University

Capacity
Executive Director
(Group Chief Executive Officer)

Date of appointment

1 April 2012 (Board)
1 May 2014 (Group Chief Executive Officer)

Expertise and experience
Never is a Chartered Accountant with over 12 years banking experience.
He commenced his career with BDO Zimbabwe where he trained for his articles and subsequently held senior financial management roles across a variety of institutions in Zimbabwe, including the Reserve Bank of Zimbabwe, First Banking Corporation and the People's Own Savings Bank.

External Board appointment(s):-
Chengetedzai Depository Company

Committee Membership(s):- (Attendence to all committees is by invitation)

- Human Resources and Corporate Governance Committee
- Audit & Finance Committee
- Innovation and Strategy Committee
- Risk Management & Compliance Committee

Colin Chimutsa (Age 51)
Zimbabwean

Qualifications
B.Acc. (Hons) University of Zimbabwe
Chartered Accountant Zimbabwe CA (Z)

Capacity
Executive Director
(Group Chief Finance Officer)

Date of appointment

1 May 2014

Expertise and experience
Colin was appointed as Executive Director, Mortgage Finance in January 2009. He had a career at ZB Building Society spanning 10 years, where he held the position of Managing Director. Prior to that role Colin was the Finance Director of United Bottlers. Colin has an extensive background and experience in Finance.

External Board appointment(s):-
None

Committee Membership(s):- (Attendence to all committees is by invitation)

- Audit & Finance Committee
- Strategy and Innovation Committee
- Board Risk Management & Compliance Committee

Ian Harold Harris (Age 56)
Zimbabwean

Qualifications
BCom Degree (Accounting) Rhodes University, Grahamstown, RSA
Chartered Accountant (RSA)

Capacity
Independent Non-Executive Director

Date of appointment
1 January 2015

Expertise and experience
Ian is a Chartered Accountant (SA). He has a wide range of financial accounting and corporate finance experience in several industrial, financial, banking, and mining groups in Southern Africa, including Delta Corporation, Zimbabwe Sun Hotels, Merchant Bank of Central Africa, Anglo American Corporation Zimbabwe, Mintails Limited SA, African Consolidated Resources (now Vast Resources). He is currently a shareholder and Executive Director of H&H Micro Finance (Pvt) Ltd, a Zimbabwean registered microfinance institution.

External Board appointment(s):-
- Independent Non-Executive Director –Medical Investment Limited (t/a Avenues Clinic)
- Director - PAM Golding Properties Zimbabwe

Committee Membership(s):-
- Audit and Risk Committee

Roseline Nhamo (Age 46)
Zimbabwean

Qualifications
MBA - Nottingham Trent University (UK)
Bachelor of Business Studies Honours Degree – University of Zimbabwe
Diploma in Personnel Management – Institute of Personnel Management of Zimbabwe
Human Resources Auditing (South African Board for People Practices)

Capacity
Independent Non-Executive Director

Date of appointment
24 June 2009

Expertise and experience
Rose is a leading Human Resources Practitioner in Zimbabwe. She has vast experience in Strategic Management, Organisational Development and Marketing. Rose has led consultancy. projets in the region for the past 8 years. Rose is a Labour Arbitrator with Commerical Arbitration Centre. She sits on the boards of Tropical Reinsurance, Medicines Control Authority of Zimbabwe (Human Resources Committee) Safire Trust. Rose has also been involved in various assignments at National level including as Councillor on the National Manpower Advisory Council (NAMACO), ZIMDEF-Executive Advisory Committee and Labour Law Advisory Council.

External Board appointment(s):-
- She is the Past-President of Institute of People Management Zimbabwe (IPMZ)

Committee Membership(s):-
- Human Resources and Corporate Governance Committee
- Board Chairperson – CBZ Insurance (Pvt) Ltd

GIvemore Taputaira (Age 52)
Zimbabwean

Qualifications

Bachelor of Science - University of Zimbabwe

Master's in Business Administration- University of Zimbabwe

Capacity

Independent Non-Executive Director

Date of appointment
24 June 2009

Expertise and experience

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

External Board appointment(s):-
- None

Committee Membership(s):-
- Strategy and Innovation Committee

Rebecca Pasi (Age 47)
Zimbabwean

Qualifications
Master's in Business Administration (Gloucestershire University)
Bachelor of Business Administration with specialisation in Marketing Communications
Diploma in Marketing Management.
Banking and Risk Management (UNISA)

Capacity
Independent Non-Executive Director

Date of appointment

1 April 2009

Expertise and experience

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

External Board appointment(s):-
None

Committee Membership(s)
- Board Risk Management & Compliance Committee
- Strategy and Innovation Committee

Fouad Moktar Dernawi (Age 63)
Lybian

Qualifications
Bachelor of Science in Electrical Engineering – England
Computer Programming COBOL – RPG – London Computer Institute
Professional Diploma in Computer Systems – Jordan
Diploma in Banking and Finance – Arab Institute of Banking and Financial Studies

Capacity
Non-independent Non-Executive Director (Shareholder representative for the Lybian Foreign Bank)

Date of appointment

24 June 2009

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

External Board appointment(s):-
None

Committee Membership(s):-
- Strategy and Innovation Committee
- Board Risk Management & Compliance Committee

Richard Dawes (Age 53)
Zimbabwean

Qualifications
Bachelor of Accountancy (Honours) Degree – University of Zimbabwe

Capacity
Independent Non-Executive Director

Date of appointment

1 January 2015

Expertise and experience
Richard has held numerous Board positions both locally and internationally. Having spent 10 years as Finance Director Thailand/Regional Finance Director-Asia, for a US Multinational (New York Stock Exchange listed) agro processing Company, Richard was also responsible for Consolidated Group Finances and Planning for a Zimbabwe Stock Exchange listed company. Gaining experience in a diversity of industries over the past 30 years, Richard is currently responsible for Group Finance, Administration and Development for a Zimbabwe agro-industry organisation.

External Board appointments:-
- Non-Executive Uppertrans (Pvt) Ltd
- Trustee – Agricultural Partnerships Trust (Zimbabwe)

Committee Membership
- Strategy and Innovation Committee

Richard Zirobwa (Age 53)
Zimbabwean

Qualifications
BSc Engineering (Honours) Degree – University of Zimbabwe

Capacity
Independent Non-Executive Director

Date of appointment

1 January 2015

Expertise and experience

Richard is a business executive, offering over two decades of commercial experience in the local and regional markets. He is the immediate past Chief Executive Officer of ART Corporation, a company he joined in 1989 as an Electrical Engineer. He rose through various positions within ART Corporation until he was appointed CEO in 2002, a position he held for 13 years. Richard is an Engineer by profession.

External Board appointment(s):-
None

Committee Membership(s)
- Audit and Risk Committee

Rumbidzayi Angeline Jakanani (Age 38)
Zimbabwean

Qualifications
Master of Laws in International Economic Law (LLM) University of Warwick (UK)
Bachelor of Law (Hons) – University of Zimbabwe

Capacity

Group Legal Corporate Secretary

Expertise and experience

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

Financial
Statements

Statement of Directors' Responsibilities

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

The Directors are responsible for preparing the Annual Report and Group financial statements. These Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as International Accounting Standards (IAS) and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions); the Companies Act (Chapter 24:03), Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07); the Building Societies Act (Chapter 24:02), Asset Management Act (Chapter 24;26) and Statutory Instruments (SI 33/99 and SI 62/99).

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

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

These financial statements which have been prepared under the historical cost convention as modified by the revaluation of property, equipment, investment property and certain financial instruments stated at fair value, are in agreement with the underlying books and records.

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

Directors' Responsibility Statement

We confirm that, to the best of our knowledge:

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

By order of the Board

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Never Nyemudzo	**Colin Chimutsa**
Group Chief Executive Officer	**Group Chief Finance Officer**
25 February 2016	**25 February 2016**

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Harare
Zimbabwe

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REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF CBZ HOLDINGS LIMITED

We have audited the accompanying consolidated and Company financial statements of CBZ Holdings Limited as set out on pages 88 to 162, which comprise the consolidated and Company statements of profit or loss and other comprehensive income for the year ended 31 December 2015, the consolidated and Company statements of financial position as at 31 December 2015, the consolidated and Company statements of changes in equity and the consolidated and Company statements of cash flows for the year then ended, and the notes to the consolidated and Company financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche

Deloitte & Touche
Harare, Zimbabwe
25 February 2016

Consolidated Statement of Profit or Loss
and other Comprehensive Income
for the year ended 31 December 2015

	Notes	31 Dec 2015 US$	31 Dec 2014 US$
Interest income	2	203 921 398	190 213 435
Interest expense	2	(94 795 719)	(101 861 755)
Net interest income		**109 125 679**	**88 351 680**
Non-interest income	3	62 582 558	58 085 822
Underwriting income	4	12 505 833	8 131 790
Total income		**184 214 070**	**154 569 292**
Operating expenditure	5	(117 856 789)	(98 662 955)
Operating income		**66 357 281**	**55 906 337**
Charge for impairment	11.5/12.1	(23 510 196)	(18 035 952)
Transfer to life fund	21	(1 961 968)	(862 165)
Profit before taxation		**40 885 117**	**37 008 220**
Taxation	6	(5 647 792)	(3 976 837)
Profit for the year after tax		**35 237 325**	**33 031 383**
Other comprehensive income			
Gains on property revaluation		395 318	3 247 571
Deferred income tax relating to components of other comprehensive income	6.1	(75 150)	(547 980)
Other comprehensive income for the year, net of tax		**320 168**	**2 699 591**
Total comprehensive income for the year		**35 557 493**	**35 730 974**
Profit for the year attributable to:			
Equity holders of parent		35 083 635	32 945 695
Non-controlling interests	23.8	153 690	85 688
Profit for the year		**35 237 325**	**33 031 383**
Total comprehensive income attributable to:			
Equity holders of parent		35 403 803	35 645 286
Non-controlling interests	23.8	153 690	85 688
Total comprehensive income for the year		**35 557 493**	**35 730 974**
Earnings per share (cents):			
Basic	7.1	6.52	5.59
Fully diluted	7.1	6.34	5.44
Headline	7.1	7.10	5.61

Consolidated Statement
of Financial Position
as at 31 December 2015

	Notes	31 Dec 2015 US$	31 Dec 2014 US$
ASSETS			
Balances with banks and cash	9	42 522 322	73 296 010
Money market assets	10	672 613 440	240 402 431
Advances	11	1 020 968 516	1 125 938 280
Insurance assets	12	5 189 347	4 151 998
Other assets	13	99 765 863	91 315 003
Investments in other financial assets	14	7 233 272	13 092 885
Property and equipment	15	77 684 389	76 950 172
Investment properties	16	27 944 072	25 161 306
Intangible assets	17	1 509 346	1 339 462
Deferred taxation	18.1	17 171 546	17 215 314
Current tax receivable		1 756 423	1 490 391
TOTAL ASSETS		**1 974 358 536**	**1 670 353 252**
LIABILITIES			
Deferred taxation	18.2	2 534 187	2 606 658
Deposits	19	1 684 277 828	1 416 930 877
Insurance liabilities	20	4 955 722	5 134 718
Life fund	21	4 675 401	2 311 493
Other liabilities	22	15 800 251	11 514 727
Current tax payable		238 090	165 147
TOTAL LIABILITIES		**1 712 481 479**	**1 438 663 620**
EQUITY AND RESERVES			
Share capital	23.1	6 867 689	6 866 065
Share premium	23.2	40 001 416	39 983 305
Treasury shares	23.3	(16 810 640)	(13 503 280)
Non-distributable reserve	23.4	-	-
Revaluation reserve	23.5	26 625 959	26 305 791
Share option reserve	23.6	1 032 565	907 067
Revenue reserves	23.7	203 691 964	170 846 270
Equity and reserves attributable to Equity holders of the parent		**261 408 953**	**231 405 218**
Non-controlling interests	23.8	468 104	284 414
TOTAL EQUITY AND RESERVES		**261 877 057**	**231 689 632**
TOTAL LIABILITIES, EQUITY AND RESERVES		**1 974 358 536**	**1 670 353 252**

R. V. Wilde	N. Nyemudzo	R. A. Jakanani
GROUP CHAIRMAN	**GROUP CHIEF EXECUTIVE OFFICER**	**GROUP LEGAL CORPORATE SECRETARY**

25 February 2016

Consolidated Statement of
Changes In Equity
for the year ended 31 December 2015

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$
Opening Balance	**6 862 084**	**26 938 904**	**(6 104 335)**	**13 000 000**	**23 606 200**	**772 890**	**140 099 968**	**669 251**	**205 844 962**
Total comprehensive income	-	-	-	-	2 699 591	-	32 945 695	85 688	35 730 974
Treasury shares acquisition	-	-	(7 398 945)	-	-	-	-	-	(7 398 945)
Changes in degree of ownership	-	-	-	-	-	-	20 995	(470 525)	(449 530)
Employee share option expense	-	-	-	-	-	147 493	-	-	147 493
Exercise of share options	3 981	44 401	-	-	-	(13 316)	-	-	35 066
Dividend paid	-	-	-	-	-	-	(2 220 388)	-	(2 220 388)
Inter-category transfer	-	13 000 000	-	(13 000 000)	-	-	-	-	-
Closing Balance	**6 866 065**	**39 983 305**	**(13 503 280)**	**-**	**26 305 791**	**907 067**	**170 846 270**	**284 414**	**231 689 632**

2015	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$
Opening balance	**6 866 065**	**39 983 305**	**(13 503 280)**	**-**	**26 305 791**	**907 067**	**170 846 270**	**284 414**	**231 689 632**
Total comprehensive income	-	-	-	-	320 168	-	35 083 635	153 690	35 557 493
Treasury shares acquisition	-	-	(3 307 360)	-	-	-	-	-	(3 307 360)
Rights issue	-	-	-	-	-	-	-	30 000	30 000
Employee share option expense	-	-	-	-	-	130 930	-	-	130 930
Exercise of share options	1 624	18 111	-	-	-	(5 432)	-	-	14 303
Dividend paid	-	-	-	-	-	-	(2 237 941)	-	(2 237 941)
Closing Balance	**6 867 689**	**40 001 416**	**(16 810 640)**	**-**	**26 625 959**	**1 032 565**	**203 691 964**	**468 104**	**261 877 057**

Consolidated Statement
of Cash flows
for the year ended 31 December 2015

	31 Dec 2015 US$	31 Dec 2014 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**40 885 117**	**37 008 220**
Non-cash items:		
Depreciation	7 237 948	7 467 207
Amortisation of intangible assets	370 270	859 402
Impairment of property and equipment	74 270	455 965
Impairment of land inventory	2 085 672	68 657
Fair value adjustments on investment properties	951 370	(576 488)
Fair value adjustments on financial instruments	571 082	391 657
Impairment on advances and Insurance Assets	23 510 196	18 035 952
Unrealised gain on foreign currency position	(1 228 415)	(1 522 557)
Interest and provisions guaranteed education plan	401 940	(165 356)
Unearned premium	1 519 471	679 527
Claims provision Incurred but Not Reported (IBNR)	442 496	946 179
Loss on sale of property and equipment	45 125	53 972
Employee share option expense	130 930	147 493
Operating cash inflow before changes in operating assets and liabilities	**76 997 472**	**63 849 830**
Changes in operating assets and liabilities		
Deposits	146 723 004	85 889 179
Advances	(93 627 916)	(126 652 786)
Money market assets	(138 868 147)	(65 270 551)
Insurance assets	(1 283 712)	(320 295)
Insurance liabilities	(178 995)	752 033
Other assets	(8 726 974)	(11 793 323)
Other liabilities	4 285 524	1 029 210
	(91 677 216)	**(116 366 533)**
Corporate tax paid	(5 944 734)	(8 947 056)
Net cash outflow from operating activities	**(20 624 478)**	**(61 463 759)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	5 288 531	(1 686 763)
Purchase of investment properties	(49 053)	(77 897)
Proceeds on disposal of property and equipment	150 611	444 628
Purchase of property and equipment	(9 622 586)	(6 024 260)
Purchase of intangible assets	(415 715)	(474 149)
Net cash outflow from investing activities	**(4 648 212)**	**(7 818 441)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	14 303	35 066
Acquisition of additional shares in subsidiary	-	(449 530)
Treasury shares acquisition	(3 307 360)	(7 398 945)
Rights issue (Non-Controlling Interest)	30 000	-
Dividends paid	(2 237 941)	(2 220 388)
Net cash outflow from financing activities	**(5 500 998)**	**(10 033 797)**
NET DECREASE IN BALANCES WITH BANKS AND CASH	**(30 773 688)**	**(79 315 997)**
Balances with banks and cash at the beginning of the year	73 296 010	152 612 007
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	**42 522 322**	**73 296 010**

Group Accounting policies

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

1. GROUP ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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

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

Basis of consolidation

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

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

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

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

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Fair value measurement principles
The fair value of financial instruments is based on their market price at the statement of financial position date before deducting transaction costs except for those at fair value through profit and loss. If a market price is not available, the fair value of an instrument is estimated using the discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is market related at the statement of financial position date for an instrument with similar terms and conditions.

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

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

Origination fees on loans and advances
Origination fees are recognised using the effective interest rate method over the average life of the underlying asset. These fees have been amortised equally over the loan term as an estimation of the effective interest rate method due to the short average tenure of advances.

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

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

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

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

Where the regulatory provision is higher than the IAS 39, Financial Instruments: recognition and measurement impairment, the excess is recognised as an appropriation of reserves.

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

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

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

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

Valuation of equity investments
Investments in equities listed on the Zimbabwe Stock

Exchange are valued by reference to the prices as published on the statement of financial position date. Other equity investments which are not actively traded are valued at cost. This cost approximates fair value.

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

1.3 INVESTMENT PROPERTIES

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

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

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

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

1.4 PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

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

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

1.5 FOREIGN CURRENCIES

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

1.6 TAXATION

Deferred taxation

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Current taxation

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

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

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

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

1.7 FINANCIAL ASSETS

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

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

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

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

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

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

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

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

through the amortisation process. (These include advances, insurance assets, and other assets).

Available-for-sale financial assets

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

Fair value of financial instruments

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

Balances with banks and cash

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

Offsetting arrangements

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

1.8 FINANCIAL LIABILITIES

Initial recognition

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

Subsequent measurement

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

Financial liabilities held for trading

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

Financial liabilities designated at fair value through profit or loss

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

Deposits

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

Other financial liabilities are measured at amortised cost.

1.9 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

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

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

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

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

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

1.10 IMPAIRMENT

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

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

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

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

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

Available-for-sale financial assets

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

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

Other assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the asset. Impairment of continuing operations is recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

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

1.11 REVENUE RECOGNITION

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

Trading income

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

Interest income

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

Interest expense

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

Commission and fee income

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

Services rendered

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

Dividends

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

Premiums

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

Premiums

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

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

Commission receivable

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

Basis of accounting for underwriting activities

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

Claims

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

Unexpired risk provision

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

Liability adequacy test

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

Insurance and investment contracts

The Group issues contracts that transfer insurance risk and / or financial risk.

Insurance contracts are those that transfer significant insurance risk. Significant insurance risk is defined as the risk of the Group paying benefits on the occurrence of an insured uncertain event.
Insurance contracts are classified as short term and include motor, fire, accident, engineering, farming and marine. Premium is recognised over the term of the contract on a proportionate basis. Claims are charged to the statement of profit and loss based on an estimated liability for compensation. These claims are not discounted as settlement generally occurs within a reasonable period of the claim.

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

Insurance assets

These comprise reinsurance receivables and deferred acquisition costs.

Reinsurance contracts held

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

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

Acquisition costs

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

Lapses and reversals

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

Reversals

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

Premium taxes

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

Co-insurance

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

Claims handling costs

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

1.12 EMPLOYEE BENEFITS

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

Short-term benefits

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

Post-employment benefits

i) The Group and employees contribute towards the National Social Security Authority, a defined contribution fund. Costs applicable to this scheme are determined by the systematic recognition of legislated contributions.

ii) The Group operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. The costs are charged to the statement of comprehensive income as incurred.

	31 Dec 2015 US$	31 Dec 2014 US$
NSSA contributions	937 184	938 378
Defined contribution scheme	2 947 488	3 003 676

Employee share option scheme

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

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

The fair value of ESOS is measured at the grant date, taking into account, if relevant, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable on the vesting date.

At each statement of financial position date, the Company revises its estimates of the number of options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of the original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium account, or until the option expires, it will be transferred to the retained earnings of the Company.

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

1.13 CONTINGENCIES AND COMMITMENTS

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

1.14 INSTALMENT CREDIT AGREEMENTS

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

1.15 OPERATING SEGMENTS

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

1.16 FIDUCIARY ACTIVITIES

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

1.17 FINANCIAL GUARANTEES

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

1.18 EARNINGS PER SHARE

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

1.19 INTANGIBLE ASSETS

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

1.20 LEASED ASSETS

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

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

1.21 SHARE CAPITAL

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

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

1.22 RELATED PARTIES

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

1.23 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

1.24 FAIR VALUE MEASUREMENT

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

- Level 1: Quoted market price (unadjusted) in an active market for identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (ie as prices) or indirectly (i.e. derived from prices).This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs .This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable input have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

1.25 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

1.25.1 Amendments to IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current period or prior period.

IAS 19 Employee Benefits (amended June 2011, effective annual periods beginning on or after July 2014)

Amended IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The key amendments included:

- requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19)
- introducing enhanced disclosures about defined benefit plans
- modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits
- clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features incorporating other matters submitted to the IFRS Interpretations Committee.

Annual Improvements 2010-2012 Cycle (applicable to annual periods beginning on or after 1 July 2014, effective financial reporting periods beginning on or after July 2014)

Made amendments to the following standards:

- IFRS 2 — Amended the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'
- IFRS 3 — Required contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Required disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13 — Clarified that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarified that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount IAS 24 — Clarify how payments to entities providing management services are to be disclosed

1.25 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

1.25.1 Amendments to IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current period or prior period (continued)

Annual Improvements 2011-2013 Cycle (applicable to annual periods beginning on or after 1 July 2014, effective financial reporting periods beginning on or after July 2014)

Made amendments to the following standards:

- IFRS 1 — Clarified which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 — Clarified that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- IFRS 13 — Clarified the scope of the portfolio exception in paragraph 52
- IAS 40 - Clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

1.25.2 New and revised IFRSs mandatorily effective at the end of the reporting period with a material effect on the reported amounts and disclosures in the current period or prior period.

There were no new, revised or amended IFRSs mandatorily effective at the end of the reporting period that had a material effect on the reported amounts and disclosures in the financial statements.

1.25.3 New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted.

IFRS 9 Financial Instruments (issued November 2009, no stated effective date)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss;
- all other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss; and
- the concept of 'embedded derivatives' does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The future application of this IFRS will not have a material impact on the Group/and or Company financial statements.

IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013) (issued November 2009, no stated effective date)

A revised version of IFRS 9 which:

- introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss
- removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The future application of this IFRS will not have a material impact on the Company's financial statements.

1.25 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

1.25.3 New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted (continued)

IFRS 9 Financial Instruments (issued July 2014, effective annual periods beginning on or after 1 January 2018, early application permitted)

This is a finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The future application of this IFRS is not expected to have a material impact on the Company's financial statements.

IFRS 14 Regulatory Deferral Accounts (applicable to an entity›s first annual IFRfinancial statements for a period beginning on or after 1 January 2016, issued January 2014, effective annual periods beginning on or after 1 January 2016, early application permitted)

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

The future application of this IFRS will not have a material impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers (issued May 2014 and applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018, early application permitted)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- identify the contract with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contracts; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets to Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

1.25 **ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)**

1.25.3 **New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted (continued)**

The future application of this IFRS will result in the Company disclosing sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Accounting for Acquisitions of Interests in Joint Operations (issued May 2014, applicable to annual periods beginning on or after 1 January 2016)

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to IAS 16 and IAS 38, applicable to annual periods beginning on or after 1 January 2016)

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Agriculture: Bearer Plants (amendments to IAS 16 and IAS 41, applicable to annual periods beginning on or after 1 January 2016)

Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16;
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales; and
- clarify that produce growing on bearer plants remains within the scope of IAS 41.

Equity Method in Separate Financial Statements (amendments to IAS 27, applicable to annual periods beginning on or after 1 January 2016)

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28, applicable on a prospective basis to a sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016).

1.25 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

1.25.3 New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted (continued)

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations); and
- requires the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Annual Improvements 2012-2014 Cycle (applicable to annual periods beginning on or after 1 July 2016)

Makes amendments to the following standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements;
- IAS 9 — Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid;
- IAS 34 — Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

Disclosure Initiative (amendments to IAS 1, effective for annual periods beginning on or after 1 January 2016)

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Investment Entities: Applying the Consolidation Exception (amendments to IFRS 10, IFRS 12 and IAS 28, effective for annual periods beginning on or after 1 January 2016)

Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

Notes to the Consolidated
Financial Statements
for the year ended 31 December 2015

1. INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2016. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

	31 Dec 2015 US$	31 Dec 2014 US$
2. INTEREST		
Interest income		
Bankers acceptances	1 169 250	1 824 740
Overdrafts	104 611 137	110 437 175
Loans	44 913 275	43 431 551
Mortgage interest	17 892 448	16 445 029
Staff loans	3 236 028	2 972 558
	171 822 138	**175 111 053**
Short-term money market assets	33 555 160	15 135 300
Other investments	(1 455 900)	(32 918)
	203 921 398	**190 213 435**
Interest expense		
Call deposits	1 432 904	611 394
Savings deposits	17 911 314	9 349 815
Money market deposits	62 530 023	70 244 424
Other offshore deposits	12 921 478	21 656 122
	94 795 719	**101 861 755**
NET INTEREST INCOME	**109 125 679**	**88 351 680**
3. NON-INTEREST INCOME		
Fair value adjustments on financial instruments	(571 082)	(391 657)
Fair value adjustments on investment properties	(951 370)	576 488
Net income from foreign currency dealings	3 474 727	4 080 933
Unrealised gain on foreign currency	1 228 415	1 522 557
Commission and fee income	48 186 788	45 984 265
Loss on disposal of assets	(45 125)	(53 972)
Bad debts recovered	5 999 079	42 360
Other operating income	5 261 126	6 324 848
	62 582 558	**58 085 822**

	31 Dec 2015 US$	31 Dec 2014 US$
4. UNDERWRITING INCOME (NET)		
Gross premium insurance	22 802 845	18 319 992
Reinsurance	(5 314 424)	(4 758 546)
Net written premium	**17 488 421**	**13 561 446**
Unearned premium	42 156	(706 065)
Net earned premium	**17 530 577**	**12 855 381**
Net commission	(764 306)	(1 476 974)
Net claims	(4 260 438)	(3 246 617)
	12 505 833	**8 131 790**
5. OPERATING EXPENDITURE		
Staff costs	58 701 491	53 674 636
Administration expenses	48 860 300	35 584 882
Audit fees	526 838	552 206
Depreciation	7 237 948	7 467 207
Amortisation of intangible assets	370 270	859 402
Impairment of property and equipment	74 270	455 965
Impairment of land inventory	2 085 672	68 657
	117 856 789	**98 662 955**
Remuneration of directors and key management personnel (included in staff costs)		
Fees for services as directors	1 010 402	1 187 609
Pension for past and present directors	619 879	620 446
Salaries and other benefits	6 345 614	6 152 946
	7 975 895	**7 961 001**

Operating leases

The following is an analysis of expenses related to operating leases:

Non-cancellable lease rentals are payable as follows:

	31 Dec 2015 US$	31 Dec 2014 US$
Less than 1 year	167 014	1 597 369
Between 1 and 5 years	1 869 359	1 132 697
More than 5 years	944 678	510 000
	2 981 051	**3 240 066**

The Group leases a number of buildings under operating leases. The buildings are mainly used by the bank for its various branches. The leases run for a period less than 5 years with an option to renew the lease after the expiry date. During the year ended 31 December 2015, an amount of US$2 072 384 (December 2014: US$ 1 159 544) was recognised as rental expense in statement of comprehensive income.

6 TAXATION

The following constitutes the major components of income tax expense recognised in the Statement of Comprehensive Income:

	31 Dec 2015 US$	31 Dec 2014 US$
Current tax	5 751 644	5 664 844
Deferred tax	(103 852)	(1 688 007)
Income tax expense	**5 647 792**	**3 976 837**

6.1 Tax effects relating to other comprehensive income

	31 Dec 2015 US$	31 Dec 2014 US$
Gross revaluation adjustment	395 318	3 247 571
Tax expense	(75 150)	(547 980)
Net revaluation adjustment	**320 168**	**2 699 591**
Total taxation	**75 150**	**547 980**

6.2 Tax rate reconciliation

	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	(11.25)	(14.18)
Tax credit	(0.69)	(0.82)
Effective tax rate	**13.81**	**10.75**

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at end of the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by sum of the weighted average number of ordinary shares outstanding at end of the year and the weighted average number of potentially dilutive ordinary shares.

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

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

		31 Dec 2015 US$	31 Dec 2014 US$
7.1	**Earnings per share (cents)**		
	Basic	6.52	5.59
	Fully diluted	6.34	5.44
	Headline	7.10	5.61
7.2	**Earnings**		
	Basic earnings (earnings attributable to equity holders of parent)	35 083 635	32 945 695
	Fully diluted earnings	35 083 635	32 945 695
	Headline earnings	38 208 627	33 046 193
	Number of shares used in calculations (weighted)		
		Shares	**Shares**
	Basic earnings per share (weighted)	538 013 960	589 866 928
	Fully diluted earnings per share (weighted)	553 229 658	605 123 808
	Headline earnings (weighted)	538 013 960	589 866 928

7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:

	31 Dec 2015 US$	31 Dec 2014 US$
Weighted average number of shares before		
Adjustment for treasury shares	686 551 277	686 510 096
Less: Treasury shares held	(148 537 317)	(96 643 168)
Weighted average number of shares used for basic EPS	**538 013 960**	**589 866 928**
Potentially dilutive shares	15 215 698	15 256 880
Weighted average number of shares used for diluted EPS	**553 229 658**	**605 123 808**

7.4 Headline earnings

	31 Dec 2015 US$	31 Dec 2014 US$
Profit attributable to ordinary shareholders	35 083 635	32 945 695
Adjusted for excluded re-measurements:		
Impairment on property and equipment	2 159 942	524 622
Disposal loss on property and equipment	45 125	53 972
Gains on investment properties valuations	951 370	(576 488)
Tax relating to re-measurements	(31 445)	98 392
Headline earnings	**38 208 627**	**33 046 193**

8. DIVIDENDS

	31 Dec 2015 US$	31 Dec 2014 US$
Interim dividend paid	1 141 339	1 103 009
Final dividend proposed	1 456 505	1 388 945

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

		31 Dec 2015 US$	31 Dec 2014 US$
9.	**BALANCES WITH BANKS AND CASH**		
	Cash foreign	16 237 934	29 239 147
	Nostro accounts	3 866 923	17 529 169
	Balance with the Reserve Bank of Zimbabwe	22 406 112	26 522 329
	Interbank clearing accounts	11 353	5 365
		42 522 322	**73 296 010**
10.	**MONEY MARKET ASSETS**		
	AMA/Agro bills	2 888 250	1 422 000
	Treasury placements	184 575 082	64 764 086
	Treasury bills	465 574 969	147 838 853
	Bankers acceptances	12 035 037	21 428 062
	Accrued interest	7 540 102	4 949 430
		672 613 440	**240 402 431**
10.1	**Maturity analysis**		
	Less than 1 month	66 588 489	24 010 837
	Between 1 and 3 months	144 426 410	72 768 110
	Between 3 and 6 months	3 873 431	1 727 933
	Between 6 months and 1year	6 530 104	4 395 084
	Between 1 and 5 years	188 315 233	137 500 467
	5 years and above	262 879 773	-
		672 613 440	**240 402 431**
10.2	**Financial assets held for trading**		
	Maturity value	796 142 114	250 127 882
	Book value	672 613 440	240 402 431

		31 Dec 2015 US$	31 Dec 2014 US$
11.	**ADVANCES**		
	Overdrafts	622 332 605	660 125 004
	Loans	292 438 437	342 345 585
	Staff loans	55 485 183	50 967 248
	Mortgage advances	104 106 092	125 234 012
		1 074 362 317	**1 178 671 849**
	Interest accrued	21 544 908	13 098 389
	Total gross advances	**1 095 907 225**	**1 191 770 238**
	Impairment provision (including interest in suspense)	(74 938 709)	(65 831 958)
		1 020 968 516	**1 125 938 280**

		US$	%	US$	%
11.1	**Sectoral analysis**				
	Private	156 219 389	15	116 692 382	10
	Agriculture	310 735 698	29	337 137 187	28
	Mining	11 264 816	1	20 142 355	2
	Manufacturing	155 904 814	14	97 172 797	8
	Distribution	219 593 068	20	293 006 084	25
	Construction	5 371 935	-	4 635 813	-
	Transport	13 246 917	1	22 777 858	2
	Communication	2 133 707	-	6 927 291	-
	Services	199 597 725	18	271 335 148	23
	Financial organisations	21 839 156	2	21 943 323	2
		1 095 907 225	**100**	**1 191 770 238**	**100**

		31 Dec 2015 US$	31 Dec 2014 US$
11.2	**Maturity analysis**		
	Demand	440 514 893	614 542 440
	Between 1 and 3 months	48 954 744	35 045 651
	Between 3 and 6 months	99 587 999	21 247 394
	Between 6 months and 1 year	162 491 291	208 199 408
	Between 1 and 5 years	176 839 758	157 392 983
	More than 5 years	167 518 540	155 342 362
		1 095 907 225	**1 191 770 238**

Maturity analysis is based on the remaining period from 31 December 2015 to contractual maturity.

		31 Dec 2015 US$	31 Dec 2014 US$
11.3	**Loans to directors, key management and employees**		
	Loans to directors and key management		
	Included in advances are loans to Executive Directors and key management:-		
	Opening balance	6 605 193	7 691 443
	Advances made during the year	852 990	536 868
	Repayments during the year	(571 363)	(1 623 118)
	Balance at end of the year	**6 886 820**	**6 605 193**
	Loans to employees		
	Included in advances are loans to employees:		
	Opening balance	44 378 749	37 838 477
	Advances made during the year	8 854 810	7 857 898
	Repayments during the year	(4 635 196)	(1 317 626)
	Balance at end of the year	**48 598 363**	**44 378 749**
11.4	**Non performing advances**		
	Total advances on which interest is suspended	**76 071 314**	**87 094 321**
11.5	**Impairment provisions**		
	Opening balance	65 831 958	35 915 744
	Charge for impairment on advances	23 273 886	17 887 532
	Interest in suspense	10 113 912	16 479 820
	Amounts written off during the year	(24 281 047)	(4 451 138)
	Balance at end of the year	**74 938 709**	**65 831 958**
	Comprising:		
	Specific impairments	37 802 734	37 640 994
	Portfolio impairments	37 135 975	28 190 964
		74 938 709	**65 831 958**
11.6	**Collaterals**		
	Mortgage bonds	856 592 104	857 478 870
	Notarial general covering bonds	788 254 088	754 069 932
	Cash cover	203 582 970	151 961 284
		1 848 429 162	**1 763 510 086**

11.7 Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Group renegotiates loans to customers in order to maximise collection opportunities, retention of customers and response to changing market and regulatory conditions.

The revised terms usually include extending the maturity, changing the timing and rates of interest payments and amending the terms of loan covenants. Both retail and corporate loans may be subjected to renegotiation. The Group, periodically assesses renegotiated loans. As at 31 December 2015, the Group is satisfied that there is no significant increase in financial risk due to the renegotiations entered into and allowed during the course of the year.

	31 Dec 2015 US$	31 Dec 2014 US$
12. INSURANCE ASSETS		
Reinsurance unearned premium reserve	1 531 253	1 259 713
Reinsurance receivables	1 025 196	869 957
Deferred acquisition cost	848 819	530 652
Insurance premium receivables	1 916 690	1 537 898
Suspended premium	(132 611)	(46 222)
	5 189 347	**4 151 998**
12.1 Impairment on insurance assets		
Opening balance	200 141	179 204
Provision for doubtful insurance receivables	236 310	148 420
Amounts written off during the year	-	(127 483)
Balance at end of the year	**436 451**	**200 141**
13. OTHER ASSETS		
Land inventory	84 540 941	77 563 434
Prepayments and deposits	1 786 659	1 411 962
Other receivables	13 438 263	12 339 607
	99 765 863	**91 315 003**
14. INVESTMENTS IN OTHER FINANCIAL ASSETS		
Investments in equity instruments	7 233 272	5 462 918
Investments in debenture instruments	-	7 629 967
	7 233 272	**13 092 885**
14.1 Investments in equity instruments		
Listed investments	959 439	1 687 780
Unlisted investments	6 273 833	3 775 138
	7 233 272	**5 462 918**
At cost	3 480 662	3 775 138
At fair value	3 752 610	1 687 780
	7 233 272	**5 462 918**
Portfolio analysis		
Trading	3 693 747	4 982 148
Available for sale	3 539 525	480 770
	7 233 272	**5 462 918**

14.2 Investments in subsidiaries	31 Dec 2015 US$	%	31 Dec 2014 US$	%
CBZ Bank Limited	21 839 891	100	21 839 891	100
CBZ Asset Management t/a Datvest	1 987 950	100	1 987 950	100
CBZ Building Society	19 114 990	100	19 114 990	100
CBZ Insurance (Private) Limited	1 690 879	86.63	824 109	86.63
CBZ Properties (Private) Limited	4 779 144	100	4 779 144	100
CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
CBZ Asset Management (Mauritius)	132 990	100	132 990	100
	50 933 858		**50 067 088**	

15. PROPERTY AND EQUIPMENT

Cost	Land US$	Buildings US$	Leasehold improvements US$	Motor vehicles US$	Computer and equipment US$	Work in progress US$	31 Dec 2015 US$	31 Dec 2014 US$
Opening balance	5 699 347	52 289 299	805 435	4 677 170	29 865 129	1 133 356	94 469 736	89 800 814
Additions	-	636 890	-	1 263 567	2 913 312	4 808 817	9 622 586	6 024 260
Revaluation surplus	(68 723)	(2 062 623)	-	-	-	-	(2 131 346)	519 752
Impairments	-	(168 617)	-	-	-	-	(168 617)	(455 965)
Disposals	-	-	-	(207 163)	(697 790)	(76 151)	(981 104)	(1 074 344)
Transfers to non PPE assets	(396 330)	(4 863 870)	-	-	-	(280 282)	(5 540 482)	(344 781)
Transfers from investment properties	53 319	3 711 431	-	-	-	-	3 764 750	-
Transfers (PPE intercategories)	-	29 066	-	-	225 260	(254 326)	-	-
Closing balance	**5 287 613**	**49 571 576**	**805 435**	**5 733 574**	**32 305 911**	**5 331 414**	**99 035 523**	**94 469 736**
Accumulated depreciation and impairment								
Opening balance	-	-	271 657	2 647 272	14 600 635	-	17 519 564	13 355 920
Charge for the year	-	2 621 010	78 545	720 477	3 817 916	-	7 237 948	7 467 207
Disposals	-	-	-	(185 494)	(599 874)	-	(785 368)	(575 744)
Revaluation	-	(2 526 663)	-	-	-	-	(2 526 663)	(2 727 819)
Impairments		(94 347)	-	-	-	-	(94 347)	-
Closing balance	**-**	**-**	**350 202**	**3 182 255**	**17 818 677**	**-**	**21 351 134**	**17 519 564**
Net book value (2015)	**5 287 613**	**49 571 576**	**455 233**	**2 551 319**	**14 487 234**	**5 331 414**	**77 684 389**	**76 950 172**
Netbook value (2014)	**5 699 347**	**52 289 299**	**533 778**	**2 029 898**	**15 264 494**	**1 133 356**	**76 950 172**	

15. PROPERTY AND EQUIPMENT (continued)

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2015 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.

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

- Comparable market evidence which comprised of complete transactions as well as transactions where offers had been made but the transactions had not been finalised.
- Professional judgement was exercised to take cognisance of the fact that properties in the transactions were not exactly comparable in terms of size, quality and location to the properties owned by the Group.
- The reasonableness of the market values of commercial properties so determined, per above bullet, was assessed by reference to the properties in the transaction.
- The values per square meter of lettable spaces for both the subject properties and comparables were analysed.
- With regards to the market values for residential properties, the comparison method was used. This method entails carrying out a valuation by directly comparing the subject property, which has been sold or rented out. The procedure was performed as follows:

  i. Surveys and data collection on similar past transactions.
  ii. Analysis of the collected data.

- Comparison of the analysis with the subject properties and then carrying out the valuation of the subject properties. Adjustments were made to the following aspects:

  a) Age of property – state of repair and maintenance
  b) Aesthetic quality – quality of fixtures and fittings
  c) Structural condition – location
  d) Accommodation offered – size of land

The maximum useful lives are as follows:

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

The carrying amount of buildings would have been US$37 455 546 (December 2014:US$31 804 389) had they been carried at cost.

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

16. INVESTMENT PROPERTIES

	31 Dec 2015 US$	31 Dec 2014 US$
Opening balance	25 161 306	21 849 043
Additions	2 182 843	77 897
Disposals	5 316 043	-
Transfer from other assets	(3 764 750)	2 657 878
Fair valuation gain	(951 370)	576 488
Closing balance	**27 944 072**	**25 161 306**

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having, an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties. The properties were valued as at 31 December 2015.

The rental income derived from investments properties amounted to US$ 1 083 326 (December 2014: US$ 1 391 420) and direct operating expenses amounted to US$ 132 858 (December 2014: US$ 173 598).

17. INTANGIBLE ASSETS

	31 Dec 2015 US$	31 Dec 2014 US$
Computer software		
At cost	4 497 146	4 013 282
Accumulated amortisation	(2 987 800)	(2 673 820)
	1 509 346	**1 339 462**
Movement in intangible assets:		
Opening balance	1 339 462	1 603 965
Additions	415 715	474 149
Transfer from property and equipment	124 439	120 750
Amortisation charge	(370 270)	(859 402)
Closing balance	**1 509 346**	**1 339 462**

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

18. DEFERRED TAXATION

	31 Dec 2015 US$	31 Dec 2014 US$
18.1 Deferred tax asset		
Opening balance	17 215 314	16 050 111
Assessed loss	111 288	263 977
Impairments and provisions	2 327 628	3 777 181
Tax claimable impairments	(1 463 002)	(4 908 545)
Other	(1 019 682)	2 032 590
Closing balance	**17 171 546**	**17 215 314**

18.2 Deferred tax liability

	31 Dec 2015 US$	31 Dec 2014 US$
Deferred tax related to items charged or credited to Statement of comprehensive Income during the period is as follows:		
Revaluation of property and equipment	75 150	547 980
The deferred tax included in the statement of financial position and changes recorded in the income tax expenses are comprised of:		
Fair value adjustments	(31 445)	98 392
Prepayments	(10 075)	16 429
Property and equipment	124 584	404 639
Other	(230 685)	(1 042 263)
	(147 621)	**(522 803)**
Add:		
Opening balance	2 606 658	2 581 481
Closing balance	**2 534 187**	**2 606 658**

19.	DEPOSITS	31 Dec 2015 US$	31 Dec 2014 US$
	Call deposits	31 109 059	23 671 484
	Savings and other deposits	861 630 492	608 023 548
	Money market deposits	660 678 443	537 399 502
	Lines of credit	121 526 644	234 727 287
	Accrued interest	9 333 190	13 109 056
		1 684 277 828	**1 416 930 877**
19.1	**Deposits by source**		
	Banks	180 032 090	62 558 182
	Money market	485 920 141	508 228 320
	Customers	894 378 031	609 567 589
	Lines of credit	123 947 566	236 576 786
		1 684 277 828	**1 416 930 877**
19.2	**Deposits by type**		
	Retail	152 921 355	103 847 578
	Corporate	741 456 676	505 720 011
	Money market	665 952 231	570 786 502
	Lines of credit	123 947 566	236 576 786
		1 684 277 828	**1 416 930 877**

Foreign lines of credit relate to borrowings from a foreign bank or financial institutions. These have an average tenure of 1.3 years with an average interest rate of 6.1% and are secured by a variety of instruments which include lien over bank accounts, guarantees, treasury bills and sub borrower securities.

		31 Dec 2015 US$	%	31 Dec 2014 US$	%
19.3	**Sectoral Analysis**				
	Private	90 147 161	5	83 693 796	6
	Agriculture	51 234 288	3	35 739 298	2
	Mining	15 452 687	1	10 792 075	1
	Manufacturing	119 589 950	7	78 303 262	6
	Distribution	301 222 457	18	135 342 475	10
	Construction	36 145 700	2	25 282 409	2
	Transport	24 715 539	1	17 285 714	1
	Communication	27 107 402	2	31 564 254	2
	Services	524 892 088	31	442 694 646	31
	Financial organisations	467 865 847	29	525 654 196	37
	Financial and investments	25 904 709	1	30 578 752	2
		1 684 277 828	**100**	**1 416 930 877**	**100**

		31 Dec 2015 US$	31 Dec 2014 US$
19.4	**Maturity analysis**		
	Less than 1 month	554 530 347	602 465 271
	Between 1 and 3 months	166 348 301	100 964 340
	Between 3 and 6 months	152 908 048	57 606 556
	Between 6 months and 1 year	117 383 171	308 929 280
	Between 1 and 5 years	448 890 370	317 679 170
	More than 5 years	244 217 591	29 286 260
		1 684 277 828	**1 416 930 877**

Maturity analysis is based on the remaining period from 31 December 2015 to contractual maturity.

20. INSURANCE LIABILITIES

	31 Dec 2015 US$	31 Dec 2014 US$
Reinsurance payables	605 093	695 165
Gross outstanding claims	953 962	1 066 353
Gross unearned premium reserve	3 079 891	3 082 376
Deferred reinsurance acquisition revenue	316 776	290 824
	4 955 722	**5 134 718**

20.1 Insurance contract provisions

(a) Provision for unearned premiums

December 2015	Gross US$	Reinsurance US$	Net US$
Unearned premiums beginning of year	3 864 655	1 259 712	2 604 943
Written premiums	22 802 845	5 314 424	17 488 421
Premiums earned during the year	(21 063 207)	(5 052 100)	(16 011 107)
Unearned premiums at end of year	**5 604 293**	**1 522 036**	**4 082 257**
Outstanding claims provision			
Outstanding claims at beginning of year	1 208 597	376 025	832 572
Claims incurred	6 128 102	2 005 878	4 122 224
Incurred but not reported claims provision (IBNR)	1 068 154	-	1 068 154
Claims paid	(6 404 001)	(2 084 722)	(4 319 279)
Outstanding claims at end of year	**2 000 852**	**297 181**	**1 703 671**

(b) Reinsurance payables

	31 Dec 2015 US$	31 Dec 2014 US$
Reinsurance payables at beginning of year	695 165	549 367
Premiums ceded during the year	5 546 294	4 437 143
Reinsurance paid	(5 636 365)	(4 291 345)
Reinsurance payables at end of year	**605 094**	**695 165**

	Unearned Commission US$	Deferred Acquisition US$	Net US$
(c) Commissions			
Unearned at beginning of year	288 538	348 868	(60 330)
Written premiums	1 092 353	945 696	146 657
Earned during the year	(1 064 114)	(964 319)	(99 795)
Unearned at end of year	**316 777**	**330 245**	**(13 468)**

	31 Dec 2015 US$	31 Dec 2014 US$
(d) Net claims		
Gross claims incurred	6 404 001	5 197 235
Reinsurance claims	(2 084 722)	(1 413 805)
Incurred but not yet reported claims	1 074 928	683 132
Gross outstanding claims	(105 818)	612 305
Reinsurance share of outstanding claims	53 550	(227 832)
	5 341 939	**4 851 035**
(e) Net commissions		
Commission received	1 247 704	973 514
Commission paid	(3 059 029)	(2 479 129)
Deferred acquisition costs	292 214	28 641
Net commission	**(1 519 111)**	**(1 476 974)**

21. LIFE FUND

	Unearned Premium Reserve US$	Incurred But Not Reported US$	Guaranteed Education Plan Provision US$	Total US$
Opening balance	773 062	625 658	912 773	2 311 493
Transfer from income	1 519 472	442 496	-	1 961 968
Interest on GEP Fund	-	-	88 793	88 793
Early Maturity GEP claims	-	-	313 147	313 147
Closing balance	**2 292 534**	**1 068 154**	**1 314 713**	**4 675 401**

22. OTHER LIABILITIES

	31 Dec 2015 US$	31 Dec 2014 US$
Revenue received in advance	2 076 459	3 236 546
Sundry creditors	7 382 248	6 521 473
Other	6 341 544	1 756 708
	15 800 251	**11 514 727**

23. EQUITY AND RESERVES

		31 Dec 2015 US$	31 Dec 2014 US$
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		
	686 768 943 ordinary shares of US$ 0.01 each (2014:686 606 495)	**6 867 689**	**6 866 065**
	Opening balance	6 866 065	6 862 084
	Exercise of share options	1 624	3 981
	Closing balance	**6 867 689**	**6 866 065**
23.2	**Share premium**		
	Opening balance	39 983 305	26 938 904
	Exercise of share option reserve	18 111	44 401
	Transfer from non –distributable reserve	-	13 000 000
	Closing balance	**40 001 416**	**39 983 305**
23.3	**Treasury shares**		
	Opening balance	13 503 280	6 104 335
	Share buyback	3 307 360	7 398 945
	Closing balance	**16 810 640**	**13 503 280**
23.4	**Non-distributable reserve**		
	Opening balance	-	13 000 000
	Transfer to share premium	-	(13 000 000)
	Closing balance	**-**	**-**
23.5	**Revaluation reserve**		
	Opening balance	26 305 791	23 606 200
	Net revaluation gain	320 168	2 699 591
	Closing balance	**26 625 959**	**26 305 791**

		31 Dec 2015 US$	31 Dec 2014 US$
23.6	**Employee share option reserve**		
	Opening balance	907 067	772 890
	Share options to employees	125 498	134 177
	Closing balance	**1 032 565**	**907 067**

During the year 162 358 shares were exercised after vesting and US$14 303 was realised from the exercise.

Shares under option

The Directors are empowered to grant share options to senior executives and staff of the Company up to a maximum of 40 000 000 shares. The options are granted for a period of 10 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2015 were as follows:

	Subscription Price	Number of Shares
Granted 1 June 2012	$0.0881	40 000 000

Movement for the year	**31 Dec 2015 Shares**	**31 Dec 2014 Shares**
Opening balance	37 553 747	37 951 792
Options exercised	(162 358)	(398 045)
Closing balance	**37 391 389**	**37 553 747**

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

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

Valuation inputs:

Exercise price

The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the day which the options are granted.

Expected volatility

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

Expected dividends

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

Risk free rate of return

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

23. EQUITY AND RESERVES (continued)

	31 Dec 2015 US$	31 Dec 2014 US$
23.7 Revenue reserve		
The revenue reserve comprises:		
Holding Company	21 940 634	21 230 305
Subsidiary companies	186 212 095	153 407 951
Effects of consolidation journals	(4 460 765)	(3 791 986)
	203 691 964	**170 846 270**
23.8 Non-controlling interests (NCI)		
Non-controlling interests comprise:		
Opening balance	284 414	669 251
Total comprehensive income	153 690	85 688
Rights issue	30 000	-
Equity disposal	-	(470 525)
Closing balance	**468 104**	**284 414**

23.8.1 Non-controlling interest acquisition

CBZ Holdings Limited acquired further shareholding in its subsidiary CBZ Insurance (Private) Limited in 2014 at a consideration of US$449 530. This resulted in CBZ Holdings Limited shareholding increasing from 58.5% to 86.63%.

	31 Dec 2015 US$	31 Dec 2014 US$
Net asset value of NCI at acquisition	**-**	**694 163**
Fair value of consideration paid	-	449 530
Value of NCI Disposed (28.13%/41.5% of 694 163)	-	(470 525)
Gain	-	**(20 995)**

24. CATEGORIES OF FINANCIAL INSTRUMENTS

31 December 2015

	At fair value through profit or loss 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	-	-	42 522 322	-	42 522 322
Money market assets	-	-	672 613 440	-	672 613 440
Advances	-	-	1 020 968 516	-	1 020 968 516
Insurance assets	-	-	5 189 347	-	5 189 347
Investments	3 693 747	3 539 525	-	-	7 233 272
Other assets	-	-	16 031 293	-	16 031 293
Total	**3 693 747**	**3 539 525**	**1 757 324 918**	**-**	**1 764 558 190**
Financial liabilities					
Deposits	-	-	-	1 684 277 828	1 684 277 828
Life fund	-	-	-	4 675 401	4 675 401
Insurance liabilities	-	-	-	4 955 722	4 955 722
Other liabilities	-	-	-	15 800 251	15 800 251
Total	**-**	**-**	**-**	**1 709 709 202**	**1 707 709 202**

31 December 2014

	At fair value through profit or loss 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	-	-	73 296 010	-	73 296 010
Money market assets	-	-	240 402 431	-	240 402 431
Advances	-	-	1 125 938 280	-	1 125 938 280
Insurance assets	-	-	4 151 998	-	4 151 998
Investments	4 982 148	480 770	7 629 967	-	13 092 885
Other assets	-	-	46 065 681	-	46 065 681
Total	**4 982 148**	**480 770**	**1 497 484 367**	**-**	**1 502 947 285**
Financial liabilities					
Deposits	-	-	-	1 416 930 877	1 416 930 877
Insurance liabilities	-	-	-	2 311 493	2 311 493
Other liabilities	-	-	-	5 134 718	5 134 718
Life fund	-	-	-	11 514 727	11 514 727
Total	**-**	**-**	**-**	**1 435 891 815**	**1 435 891 815**

25. CAPITAL MANAGEMENT

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

26. CONTINGENCIES AND COMMITMENTS

	31 Dec 2015 US$	31 Dec 2014 US$
Contingent liabilities		
Guarantees	144 192 922	145 598 708
Capital commitments		
Authorised and contracted for	1 065 400	215 823
Authorised and but not yet contracted for	-	234 642
	1 065 400	**450 465**

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

27. FUNDS UNDER MANAGEMENT

	31 Dec 2015 US$	31 Dec 2014 US$
Pensions	118 989 378	118 672 559
Private	5 442 014	9 081 111
Unit trust	455 942	812 324
Money market	6 443 138	7 793 728
	131 330 472	**136 359 722**

28. OPERATING SEGMENTS

The Group is comprised of the following operating units:

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

The table on the next page shows the segment operational results for the year ended 31 December 2015:

28. OPERATING SEGMENTS (continued)

28.1 Segment operational results

Income	Commercial Banking US$	Mortgage Finance US$	Asset Management US$	Insurance Operations US$	Property Investment US$	Other operations US$	Elimination of inter segment amounts US$	Consolidated US$
Total income for the year ended 31 December 2015	139 723 002	31 314 776	2 102 403	13 125 696	(261 427)	3 725 417	(5 515 797)	184 214 070
Total income for the year ended 31 December 2014	116 816 275	27 072 179	2 307 221	8 366 698	658 441	4 955 762	(5 607 284)	154 569 292
Depreciation and amortisation for the year ended 31 December 2015	5 432 362	1 594 502	123 392	312 862	-	78 585	66 515	7 608 218
Depreciation and amortisation for the year ended 31 December 2014	5 489 617	1 999 303	184 463	271 864	-	132 362	249 000	8 326 609
Impairment of assets for the year ended 31 December 2015	24 240 224	1 159 374	-	236 310	-	34 230	-	25 670 138
Impairment of assets for the year ended 31 December 2014	17 389 824	1 022 331	-	148 420	-	-	-	18 560 575
Results								
Profit before taxation for the year ended 31 December 2015	31 403 841	5 729 146	216 097	6 122 060	(297 895)	2 797 374	(5 085 506)	40 885 117
Profit before taxation for the year ended 31 December 2014	20 161 938	13 962 547	461 670	3 250 193	635 452	4 330 771	(5 794 351)	37 008 220
Cash flows:								
Utilised from operating activities for the year ended 31 December 2015	(24 799 812)	9 021 263	59 159	1 525 578	14 829	7 737 245	(14 182 740)	(20 624 478)
Generated from operating activities for the year ended 31 December 2014	(69 240 531)	528 241	(87 293)	352 153	1 035 429	5 325 015	623 227	(61 463 759)
Used in investing activities for the year ended 31 December 2015	(1 741 697)	(870 769)	(10 750)	(382 190)	(84 053)	(2 325 053)	766 300	(4 648 212)
Used in investing activities for the year ended 31 December 2014	(5 019 784)	(671 320)	(74 608)	(570 497)	(77 404)	(1 987 019)	582 191	(7 818 441)
Used in financing activities for the year ended 31 December 2015	(4 500 000)	-	-	129 322	-	(5 530 999)	4 400 679	(5 500 998)
Used in financing activities for the year ended 31 December 2014	(4 672 000)	-	-	-	(1 000 000)	(9 584 268)	5 222 471	(10 033 797)
Assets and Liabilities:								
Reportable segment liabilities for the year ended 31 December 2015	1 666 324 404	111 616 119	423 152	10 738 397	713 434	7 259 703	(84 593 730)	1 712 481 479
Reportable segment liabilities for the year ended 31 December 2014	1 392 496 591	145 402 597	436 012	8 577 965	1 432 895	3 022 432	(112 704 872)	1 438 663 620
Total segment assets for the year ended 31 December 2015	1 814 126 770	196 231 707	2 980 415	27 163 490	10 449 379	60 337 567	(136 930 792)	1 974 358 536
Total segment assets for the year ended 31 December 2014	1 518 413 377	224 215 589	2 841 965	19 229 814	10 745 290	58 562 723	(163 655 506)	1 670 353 252

29. RELATED PARTIES

The ultimate parent of the Group is CBZ Holdings Limited. Related parties are those companies owned by Directors of te Group who have the power to exercise control over the management or financial and operating policies of the Group The Group carries 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.

	Gross limits US$	Utilised limits US$	Value of security US$
31 December 2015			
Loans to directors	5 526 470	5 011 295	5 655 750
31 December 2014			
Loans to directors	5 861 816	5 436 334	5 901 674

The loans to Directors' companies above include companies directly owned or significantly influenced by Executive and Non-Executive Directors and/or their close family members.

Transactions with related parties

	31 Dec 2015 US$	31 Dec 2014 US$
Interest income	679 353	815 863
Commission and fee income	8 992	10 478
	688 345	**826 341**

Compensation of key management personnel of the Group

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

30. EXCHANGE RATES AT 31 DECEMBER

	2015 US$	2014 US$
ZAR	15.5422	11.5798
GBP	1.4824	1.5560
EUR	1.0929	1.2152

Risk Management

"The Group's risk management framework looks at enterprise wide risks and recognises that for effective risk management to take root it has to be structured in terms of acceptable appetite, defined responsibility, accountability and independent validation of set processes."

31.1 Risk overview

CBZ Group Enterprise Wide Risk Management Framework is anchored on the desire to uphold a High Risk Management and Compliance Culture as one of the major strategic thrusts and is supported by a clearly defined risk appetite in terms of various key exposures. This approach has given direction to the Group's overall going concern underpinned by robust strategic planning and policies. Through the CBZ Group risk management function, the Group regularly carries risk analysis through value at risk (VaR) assessments, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and desired risk appetite.

31.2 Group risk management framework

The Group's risk management framework looks at enterprise wide risks and recognises that for effective risk management to take root, it has to be structured in terms of acceptable appetite, defined responsibility, accountability and independent validation of set processes. The Group Board is responsible for setting and reviewing the risk appetite as well as Group Policies. Management and staff are responsible for the implementation of strategies aimed at the management and control of the risks that fall within their strategic organisational responsibilities. The CBZ Group Enterprise Wide Risk Management function is responsible for ensuring that the Group's risk taking remains within the set risk benchmarks. The Group Internal Audit function on the other hand provides independent assurance on the adequacy and effectiveness of the deployed risk management processes. The CBZ Group Enterprise Wide Governance and Compliance Unit evaluate quality of compliance with policies, processes and governance structures.

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

Risk Management & Compliance Committee – has the responsibility for oversight and review of prudential risks comprising of but not limited to credit, liquidity, interest rate, exchange, investment, operational, equities, insurance, security, technological, 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

31. RISK MANAGEMENT (continued)

are cascaded down from the Board through to the appropriate business units and functional committees. Its recommendations are submitted to the Group Board.

IT & Business Development Committee – oversees the harmonisation, adequacy, relevance and effectiveness of Group IT systems in supporting as well as delivering services to the Group's stakeholders. In addition, the committee 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 taking into account the Group's risk appetite. The committee is also tasked with the responsibility of ensuring that efficient tax management systems are in place and that the Group is in full compliance with tax regulations.

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

31.3 Credit risk

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

Credit risk management framework

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

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

Credit concentration risk is managed within set benchmarks by counterparty or a group of connected counterparties, by sector, maturity profile 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 for close monitoring or exiting of such relationships where restructuring is not possible. Those exposures which are beyond restructuring are downgraded to Recoveries and Collections Unit.

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 guarantors 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, guarantees, assignment of crop or export proceeds, leasebacks and stop orders.

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.

Non-performing loans and advances is where, for example, a specific provision for 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.

Non-performing loans and advances are defined as loans and advances where the Group has raised a specific provision for impairment. A specific provision for 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 and makes general provisions.

31. RISK MANAGEMENT (continued)

31.3. (a) Credit risk exposure

The table below shows the maximum exposure to credit for the components of the Statement of Financial Position.

	31 Dec 2015 US$	31 Dec 2014 US$
Balances with banks	26 284 388	44 056 863
Money market assets	672 613 440	240 402 431
Advances	1 020 968 516	1 125 938 280
Other assets	16 031 293	46 065 681
Total	**1 735 897 637**	**1 456 463 255**
Contingent liabilities	144 192 922	145 598 708
Commitments	1 065 400	450 465
Total	**145 258 322**	**146 049 173**

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$26 284 388 (excluding notes and coins) as at 31 December 2015, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

	31 Dec 2015 US$	31 Dec 2014 US$
1 to 3 months	355 725 137	386 767 615

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

31.3 (c) Aging analysis of impaired loans (Non-performing loans):

	31 Dec 2015 US$	31 Dec 2014 US$
3 to 6 months	48 067 740	69 765 678
6 to 12 months	23 710 337	17 328 643
Above 1 year	4 293 237	-
Total	**76 071 314**	**87 094 321**

31. RISK MANAGEMENT (continued)

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

	31 Dec 2015 US$ Gross maximum exposure	31 Dec 2015 US$ Net maximum exposure (not covered by mortgage security	31 Dec 2014 US$ Gross maximum exposure	31 Dec 2014 US$ Net maximum exposure (not (covered by mortgage security)
Private	156 219 389	24 382 693	116 692 382	27 046 809
Agriculture	310 735 698	86 926 371	337 137 187	99 843 537
Mining	11 264 816	2 518 218	20 142 355	3 268 421
Manufacturing	155 904 814	45 694 862	97 172 797	52 818 285
Distribution	219 593 068	77 751 656	293 006 084	100 876 767
Construction	5 371 935	3 187 641	4 635 813	4 137 273
Transport	13 246 917	4 302 443	22 777 858	21 707 418
Communication	2 133 707	-	6 927 291	7 094 723
Services	199 597 725	14 370 493	271 335 148	17 498 135
Financial organisations	21 839 156	-	21 943 323	-
Total	**1 095 907 225**	**259 134 377**	**1 191 770 238**	**334 291 368**

	31 Dec 2015 US$	31 Dec 2014 US$
Collateral (mortgage security)	856 592 104	857 478 870
Cash cover	203 582 970	151 961 284
Other forms of security including Notarial General Covering Bonds (NGCBs) cessions, etc.	788 254 088	754 069 932
	1 848 429 162	**1 763 510 086**

The Group holds collateral against loans and advances to customers in the form of mortgage bonds over property, other registered securities over assets, guarantees, cash cover, 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 aligned to trends in the market. An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown above and analysed as follows;

	31 Dec 2015 US$	31 Dec 2014 US$
Against doubtful* and loss* grades		
Property	11 779 980	4 005 082
Other	21 524 021	14 899 320
Against substandard* grade		
Property	17 173 748	24 058 503
Other	52 281 010	48 297 547
Against special mention* grade		
Property	198 535 847	195 688 144
Other	251 071 974	224 489 903
Against normal* grade		
Property	629 102 529	633 727 141
Other	666 960 053	618 344 446
	1 848 429 162	**1 763 510 086**

*See definition on note 31.3.1

31. RISK MANAGEMENT (continued)

31.3(e) Credit quality per class of financial assets

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

31 DECEMBER 2015

	Normal grade US$	Special mention grade US$	Sub- standard grade US$	Doubtful and Loss grade US$	Total US$
Advances					
Agriculture	127 772 165	171 622 752	6 329 447	5 011 334	310 735 698
Manufacturing	143 488 199	10 433 625	1 700 251	282 739	155 904 814
Commercial	133 463 861	51 691 045	10 577 671	3 865 148	199 597 725
Private	134 827 087	16 573 548	4 772 041	46 713	156 219 389
Mining	6 325 750	4 939 066	-	-	11 264 816
Distribution	124 717 582	58 462 400	21 664 021	14 749 065	219 593 068
Construction	1 544 736	3 827 199	-	-	5 371 935
Transport	10 166 038	2 479 849	-	601 030	13 246 917
Communication	2 133 707	-	-	-	2 133 707
Financial services	1 671 649	13 695 653	3 024 309	3 447 545	21 839 156
	686 110 774	**333 725 137**	**48 067 740**	**28 003 574**	**1 095 907 225**

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$144 192 922.

31 DECEMBER 2014

	Normal grade US$	Special mention grade US$	Sub-standard grade US$	Doubtful and Loss grade US$	Total US$
Advances					
Agriculture	128 828 853	188 412 407	17 103 863	2 792 064	337 137 187
Manufacturing	43 683 018	42 718 195	10 771 584	-	97 172 797
Commercial	221 726 104	39 487 176	7 106 768	3 015 100	271 335 148
Private	92 915 108	21 283 841	1 939 148	554 285	116 692 382
Mining	3 381 257	14 645 923	2 115 175	-	20 142 355
Distribution	188 279 311	68 324 290	28 884 124	7 518 359	293 006 084
Construction	1 001 724	3 435 570	198 519	-	4 635 813
Transport	9 929 313	7 753 213	1 646 497	3 448 835	22 777 858
Communication	6 927 291	-	-	-	6 927 291
Financial services	21 236 323	707 000	-	-	21 943 323
	717 908 302	**386 767 615**	**69 765 678**	**17 328 643**	**1 191 770 238**

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$145 598 708.

31. RISK MANAGEMENT (continued)

Allowances for impairment

The Group creates 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.

Concentration of credit risk

The directors believe that the concentration 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.

31.3.1 Credit quality definitions

Normal grade

An asset is classified as normal, 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

An asset is classified as special mention,

(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

An asset is classified as sub-standard,

(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.

31. **RISK MANAGEMENT (continued)**

Doubtful:

An asset is classified as 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:

An asset is classified as a loss,

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

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

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

31.4 Market risk

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

31.4.1 Group market risks management framework

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

31.5 Liquidity risk

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

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

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

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

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

31. RISK MANAGEMENT (continued)

31.5.1 Gap analysis

LIQUIDITY PROFILE AS AT 31 DECEMBER 2015

	Demand US$	1 to 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	5 years and above US$	Total US$
Assets							
Advances	365 576 182	48 954 744	99 587 999	162 491 291	176 839 759	167 518 541	1 020 968 516
Balances with banks and cash	42 522 322	-	-	-	-	-	42 522 322
Investment other financial assets	-	-	-	178 857	-	655 972	834 829
Money market assets	66 588 489	144 426 410	3 873 431	6 530 104	188 315 233	262 879 773	672 613 440
Financial guarantees	121 580 804	1 760 448	2 040 056	4 026 614	3 105 000	11 680 000	144 192 922
Current tax receivable	-	1 756 423	-	-	-	-	1 756 423
Other liquid assets	948 402	13 661 266	1 421 625	-	-	-	16 031 293
Total	**597 216 199**	**210 559 291**	**106 923 111**	**173 226 866**	**368 259 992**	**442 734 286**	**1 898 919 745**
Liabilities							
Deposits	554 530 347	166 348 301	152 908 048	117 383 171	448 890 370	244 217 591	1 684 277 828
Current tax payable	-	238 090	-	-	-	-	238 090
Insurance liabilities	-	-	605 093	-	8 199	-	613 292
Other liabilities	710 389	8 906 140	539 857	-	7 137 686	-	17 294 072
Financial guarantees	121 580 804	1 760 448	2 040 056	4 026 614	3 105 000	11 680 000	144 192 922
Total	**676 821 540**	**177 252 979**	**156 093 054**	**121 409 785**	**459 141 255**	**255 897 591**	**1 846 616 204**
Liquidity gap	**(79 605 341)**	**33 306 312**	**(49 169 493)**	**51 817 081**	**(90 881 263)**	**186 836 695**	**52 303 541**
Cumulative liquidity gap	**(79 605 341)**	**(46 299 029)**	**(95 468 972)**	**(43 651 891)**	**(134 533 154)**	**52 303 541**	**52 303 541**

31. RISK MANAGEMENT (continued)

LIQUIDITY PROFILE AS AT 31 DECEMBER 2014

	Demand US$	1 to 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	5 years and above US$	Total US$
Assets							
Advances	548 710 482	35 045 651	21 285 311	208 199 408	157 355 066	155 342 362	1 125 938 280
Balances with banks and cash	73 296 010	-	-	-	-	-	73 296 010
Investment other financial assets	15	-	-	248 181	7 629 967	-	7 878 163
Money market assets	24 010 837	72 768 110	1 727 933	4 395 084	137 500 467	-	240 402 431
Financial guarantees	1 402 000	2 092 367	5 502 381	1 821 960	123 100 000	11 680 000	145 598 708
Current tax receivable	1 009	1 489 382	-	-	-	-	1 490 391
Other liquid assets	756 602	41 371 164	-	3 937 915	-	-	46 065 681
Total	**648 176 955**	**152 766 674**	**28 515 625**	**218 602 548**	**425 585 500**	**167 022 362**	**1 640 669 664**
Liabilities							
Deposits	602 465 271	100 964 340	57 606 556	308 929 280	317 679 170	29 286 260	1 416 930 877
Current tax payable	-	165 147	-	-	-	-	165 147
Insurance liabilities	30 287	802 648	-	4 301 783	-	-	5 134 718
Other liabilities	415 287	10 765 980	333 460	-	-	-	11 514 727
Financial guarantees	1 402 000	2 092 367	5 502 381	1 821 960	123 100 000	11 680 000	145 598 708
Total	**604 312 845**	**114 790 482**	**63 442 397**	**315 053 023**	**440 779 170**	**40 966 260**	**1 579 344 177**
Liquidity gap	**43 864 110**	**37 976 192**	**(34 926 772)**	**(96 450 475)**	**(15 193 670)**	**126 056 102**	**61 325 487**
Cumulative liquidity gap	**43 864 110**	**81 840 302**	**46 913 530**	**(49 536 945)**	**(64 730 615)**	**61 325 487**	**61 325 487**

31. RISK MANAGEMENT (continued)

31.5.1 Gap analysis (continued)

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

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

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

	CBZ Bank Limited
	%
At 31 December 2014	35
At 31 December 2015	35
Average for the period	52
Maximum for the period	52
Minimum for the period	30

31.6 Interest rate risk

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

This is managed at both Board and Management level through the regular policy and benchmarks which relate 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 and various interest rate risk hedging strategies. The use of stress testing is an integral part of the interest rate risk management framework and considers both the historical market events as well as anticipated future scenarios. The Group and its SBUs denominate their credit facilities in the base currency, the USD in order to minimise cross currency interest rate risk. The Group's interest rate risk profiling is illustrated on the next page.

As at 31 December 2015, if interest rates (both earning and paying rates) at that date had been 15 basis points higher or lower with all other variables held constant, post tax profit would have been US$175 892 lower or higher repectively than the reported position. This arises as a result of the sensitivity of the net interest assets to the movement in the interest rates

31.6 Interest rate risk (continued)

31.6.1 (a) Interest rate repricing

31 December 2015

	Demand US$	1 to 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	5 years and above US$	Non- interest bearing US$	Total US$
Assets								
Balance with banks and cash	3 878 277	-	-	-	-	-	38 644 045	42 522 322
Money market assets	66 588 489	144 426 410	3 873 431	6 530 104	188 315 233	262 879 773	-	672 613 440
Advances	365 576 182	48 954 744	99 587 999	162 491 291	176 839 759	167 518 541	-	1 020 968 516
Insurance assets	-	-	-	-	-	-	5 189 347	5 189 347
Other assets	-	-	-	-	-	-	99 765 863	99 765 863
Investment in other financial assets	-	-	-	-	-	-	7 233 272	7 233 272
Investment properties	-	-	-	-	-	-	27 944 072	27 944 072
Property and equipment	-	-	-	-	-	-	77 684 389	77 684 389
Deferred taxation	-	-	-	-	-	-	1 509 346	1 509 346
Intangible assets	-	-	-	-	-	-	17 171 546	17 171 546
Current tax receivable	-	-	-	-	-	-	1 756 423	1 756 423
Total assets	**436 042 948**	**193 381 154**	**103 461 430**	**169 021 395**	**365 154 992**	**430 398 314**	**276 898 303**	**1 974 358 536**
Equity and liabilities								
Deposits	554 530 347	166 348 301	152 908 048	117 383 171	448 890 370	244 217 591	-	1 684 277 828
Insurance liabilities	-	-	-	-	-		4 955 722	4 955 722
Life fund	-	-	-	-	-	-	4 675 401	4 675 401
Other liabilities	-	-	-	-	-	-	15 800 251	15 800 251
Deferred taxation	-	-	-	-	-	-	2 534 187	2 534 187
Current tax payable	-	-	-	-	-	-	238 090	238 090
Equity and reserves	-	-	-	-	-	-	261 877 057	261 877 057
Total equity and liabilities	**554 530 347**	**166 348 301**	**152 908 048**	**177 383 171**	**448 890 370**	**244 217 591**	**290 080 708**	**1 974 358 536**
Interest rate repricing gap	**(118 487 399)**	**27 032 853**	**(49 446 618)**	**51 638 224**	**(83 735 378)**	**186 180 723**	**(13 182 405)**	**-**
Cumulative gap	**(118 487 399)**	**(91 454 546)**	**(140 901 164)**	**(89 262 940)**	**(172 998 318)**	**13 182 405**	**-**	**-**

31. RISK MANAGEMENT (continued)

31.6.1 (a) Interest rate repricing (continued)

31 December 2014

	Demand US$	1 to 3 months US$	3 to 6 months US$	6 to 12 months US$	1 to 5 years US$	5 years and above US$	Non- interest bearing US$	Total US$
Assets								
Balance with banks and cash	73 296 010	-	-	-	-	-	-	73 296 010
Money market assets	24 010 837	72 768 110	1 727 933	4 395 084	137 500 467	-	-	240 402 431
Advances	548 710 481	35 045 652	21 285 311	208 199 408	157 392 983	155 304 445	-	1 125 938 280
Insurance assets	-	-	-	-	-	-	4 151 998	4 151 998
Other assets	-	-	-	-	-	-	91 315 003	9 1 315 003
Investment in other financial assets					7 629 967	-	5 462 918	13 092 885
Investment properties	-	-	-	-		-	25 161 306	25 161 306
Property and equipment	-	-	-	-	-	-	76 950 172	76 950 172
Deferred taxation		-	-	-	-		17 215 314	17 215 314
Intangible assets	-	-	-	-	-	-	1 339 462	1 339 462
Current tax receivable	-	-	-	-	-	-	1 490 391	1 490 391
Total assets	**646 017 328**	**107 813 762**	**23 013 244**	**212 594 492**	**302 523 417**	**155 304 445**	**223 086 564**	**1 670 353 252**
Equity and liabilities								
Deposits	602 465 271	100 964 340	57 606 556	308 929 280	317 679 170	29 286 260	-	1 416 930 877
Insurance liabilities	-	-	-	-	-	-	5 134 718	5 134 718
Life fund	-	-	-	-	-	-	2 311 493	2 311 493
Other liabilities	-	-	-	-	-	-	11 514 727	11 514 727
Deferred taxation	-	-	-	-	-	-	2 606 658	2 606 658
Current tax payable	-	-	-	-	-	-	165 147	165 147
Equity and reserves	-	-	-	-	-	-	231 689 632	231 689 632
Total equity and liabilities	**602 465 271**	**100 964 340**	**57 606 556**	**308 929 280**	**317 679 170**	**29 286 260**	**253 422 375**	**1 670 353 252**
Interest rate repricing gap	**43 552 057**	**6 849 422**	**(34 593 312)**	**(96 334 788)**	**(15 155 753)**	**126 018 185**	**(30 335 811)**	**-**
Cumulative gap	**43 552 057**	**50 401 479**	**15 808 167**	**(80 526 621)**	**(95 682 374)**	**30 335 811**	**-**	**-**

31. RISK MANAGEMENT (continued)

31.7 Exchange rate risk

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

Supervision is 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 meets 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.

At 31 December 2015, 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 year would have been US$3 612 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Group as at 31 December 2015 is as below:

Foreign currency position as at 31 December 2015

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	42 522 322	35 476 597	4 714 758	588 293	1 742 674
Money market assets	672 613 440	672 613 440	-	-	-
Advances	1 020 968 516	1 004 799 995	10 114	257 678	15 900 729
Insurance assets	5 189 347	5 189 347	-	-	-
Other assets	99 765 863	99 442 270	224 319	41 983	57 291
Investment in equities	7 233 272	7 089 371	-	-	143 901
Investment properties	27 944 072	27 944 072	-	-	-
Property and equipment	77 684 389	77 601 393	6 887	-	76 109
Deferred taxation	17 171 546	17 171 546	-	-	-
Intangible assets	1 509 346	1 509 346	-	-	-
Current tax receivable	1 756 423	1 756 423	-	-	-
Total Assets	**1 974 358 536**	**1 950 593 800**	**4 956 078**	**887 954**	**17 920 704**
Equity and Liabilities					
Deposits	1 684 277 828	1 660 549 091	8 446 844	406 666	14 875 227
Insurance liabilities	4 955 722	4 955 722	-	-	-
Life fund	4 675 401	4 675 401	-	-	-
Other liabilities	15 800 251	15 692 010	10 219	13 161	84 861
Current tax payable	238 090	238 090	-	-	-
Deferred taxation	2 534 187	2 534 187	-	-	-
Equity and reserves	261 877 057	261 664 330	13 312	183 142	16 273
Total Equity and Liabilities	**1 974 358 536**	**1 950 308 831**	**8 470 375**	**602 969**	**14 976 361**
Net position	**-**	**284 969**	**(3 514 297)**	**284 985**	**2 944 343**

31. RISK MANAGEMENT (continued)

31.7 Exchange rate risk (continued)

Foreign currency position as at 31 December 2014

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	73 296 010	62 742 743	9 251 286	656 381	645 600
Money market assets	240 402 431	240 402 431	-	-	-
Advances	1 125 938 280	1 125 386 988	15 829	366	535 097
Insurance assets	4 151 998	4 151 998	-	-	-
Other assets	91 315 003	91 010 238	187 147	59 609	58 009
Investment in equities	13 092 885	12 949 242	-	-	143 643
Investment properties	25 161 306	25 161 306	-	-	-
Property and equipment	76 950 172	76 874 063	-	-	76 109
Deferred taxation	17 215 314	17 215 314	-	-	-
Intangible assets	1 339 462	1 339 462	-	-	-
Current tax receivable	1 490 391	1 490 391	-	-	-
Total Assets	**1 670 353 252**	**1 658 724 176**	**9 454 262**	**716 356**	**1 458 458**
Equity and Liabilities					
Deposits	1 416 930 877	1 402 585 730	12 903 011	449 680	992 456
Insurance liabilities	5 134 718	5 134 718	-	-	-
Life fund	2 311 493	2 311 493	-	-	-
Other liabilities	11 514 727	11 498 481	3 877	10 722	1 647
Current tax payable	165 147	165 147	-	-`	-
Deferred taxation	2 606 658	2 606 658	-	-	-
Equity and reserves	231 689 632	231 689 632	-	-	-
Total Equity and Liabilities	**1 670 353 252**	**1 655 991 859**	**12 906 888**	**460 402**	**994 103**
Net position	**-**	**2 732 317**	**(3 452 626)**	**255 954**	**464 355**

31. RISK MANAGEMENT (continued)

31.7.1 Exchange rate risk (continued)

Foreign Currency Position as at 31 December 2015

Underlying currency in US$

	ZAR	GBP	Other foreign currencies
Assets			
Cash and short term assets	73 277 713	396 852	1 742 674
Advances	157 195	173 825	15 900 729
Investment in equities	-	-	143 901
Other assets	3 486 403	28 321	57 291
Property and equipment	107 035	-	76 109
Total assets	**77 028 346**	**598 998**	**17 920 704**
Liabilities			
Deposits	131 282 540	274 330	14 875 227
Other liabilities	158 842	8 878	84 861
Total liabilities	**131 441 382**	**283 208**	**14 960 088**
Net position	**(54 413 036)**	**315 790**	**2 960 616**

Foreign currency position as at 31 December 2014

Underlying currency in US$

	ZAR	GBP	Other foreign currencies
Assets			
Cash and short term assets	107 128 036	421 839	645 600
Advances	183 302	235	535 097
Investment in equities	-	-	143 643
Other assets	2 167 124	38 309	58 009
Property and equipment	79 747	-	76 109
Total assets	**109 558 209**	**460 383**	**1 458 458**
Liabilities			
Deposits	149 414 292	288 997	992 456
Other liabilities	44 895	6 891	1 647
Total liabilities	**149 459 187**	**295 888**	**994 103**
Net position	**(39 900 978)**	**164 495**	**464 355**

31. RISK MANAGEMENT (continued)

31.8 Operational risk

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

31.8.1 Operational risk management framework

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

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

31.9 Strategic risk

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

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

31.10 Regulatory risk

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

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

31.11 Reputation risk

This is the risk of potential damage to the Group's image that arises from the market perception of the manner in which the Group and its SBUs package and deliver their products and services as well as how staff and management conduct themselves. It also relates to the Group's general business ethics. This can result in loss of earnings or adverse impact on market capitalisation 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 to the Group's operating facilities to ensure that they remain within the taste of the Group's various stakeholders;
- ensuring that staff subscribe to the Group's code of conduct, code of ethics and general business ethics and
- Stakeholders' feedback systems that ensures a proactive attention to the Group's reputation management.

31.12 Money-laundering risk

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

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

31. RISK MANAGEMENT (continued)

31.13 Insurance risk

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

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

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

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

31.14 Risk and Credit Ratings

31.14.1 External Credit Rating

CBZ Bank Limited

Rating agent	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating	A	A+	A+	A+	A+	A	A	A	A+	A+	A

CBZ Life (Private) Limited

Rating agent	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating (Financial strength)	BBB+	-	-	-	-	-	-	-	-	-	

CBZ Insurance (Private) Limited

Rating agent	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating(Claims paying ability)	BBB	-	-	-	-	-	-	-	-	-	

CBZ Asset Management (Private) Limited

Rating agent	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating (Manager quality)	A	-	-	-	-	-	-	-	-	-	

31.14.2 Reserve Bank Ratings

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

Key

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

32. FAIR VALUE MEASUREMENT

The following table presents assets and liabilities recognised at fair value in the Statement of Financial Position of the group:

	Level 1		Level 2		Level 3		Total carrying Amount	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m
Assets Investment in equities	1.0	1.7	-	-	-	-	1.0	1.7
Land and buildings	-	-	54.9	58.0	-	-	54.9	58.0
Investment properties	-	-	27.9	25.2	-	-	27.9	25.2
Total assets at fair value	**1.0**	**1.7**	**82.8**	**83.2**	**-**	**-**	**83.8**	**84.9**

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

33. CAPITAL ADEQUACY

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

	31 Dec 2015 CBZ Bank Ltd US$	31 Dec 2014 CBZ Bank Ltd US$
Risk Weighted Assets	**961 868 377**	**955 358 437**
Total qualifying capital	156 449 038	134 099 830
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	16 721 711	16 721 711
Revenue reserves	114 729 519	93 071 540
Exposures to insiders	(3 376 683)	(3 758 936)
Total core capital	**133 192 727**	**111 152 495**
Less transfer to tier 3	(19 738 594)	(18 638 685)
	113 454 133	**92 513 810**
Tier 2		
Revaluation reserve	11 232 956	11 005 355
General provisions	12 023 355	11 941 980
	23 256 311	**22 947 335**
Tier 3		
Capital allocated for market risk	245 074	284 272
Capital allocated to operations risk	19 493 520	18 354 413
	19 738 594	**18 638 685**
Capital adequacy	**16.27%**	**14.04%**
Tier 1	11.80%	9.68%
Tier 2	2.42%	2.41%
Tier 3	2.05%	1.95%

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

34. GOING CONCERN

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

Company
Financial Statements

Company's Statement of Profit or Loss

and Other Comprehensive Income

for the year ended 31 December 2015

	Notes	31 Dec 2015 US$	31 Dec 2014 US$
Revenue	2	3 712 425	4 955 762
Operating expenditure	3	(904 420)	(549 160)
Operating profit		**2 808 005**	**4 406 602**
Taxation	4	140 268	298 297
Profit for the year after tax		**2 948 273**	**4 704 899**
Total comprehensive income for the year		**2 948 273**	**4 704 899**
Profit for the year attributable to:			
Equity holders of parent		2 948 273	4 704 899
Total profit for the year		**2 948 273**	**4 704 899**
Total comprehensive income attributable to:			
Equity holders of parent		**2 948 273**	**4 704 899**
Total comprehensive income for the year		**2 948 273**	**4 704 899**
Earnings per share (US cents):			
Basic	6.1	0.55	0.80
Fully diluted	6.1	0.53	0.78
Headline	6.1	0.55	0.80

Company's Statement
of Financial Position
as at 31 December 2015

	Notes	31 Dec 2015 US$	31 Dec 2014 US$
ASSETS			
Balances with banks and cash	5	82 433	201 240
Other assets	8	698 706	639 495
Investments in equities		5 017 709	4 310 380
Investments in subsidiaries	9	50 933 858	50 067 088
Property and equipment		269 322	132 936
Intangible assets		337 688	337 688
Deferred taxation		2 926 944	2 816 027
TOTAL ASSETS		**60 266 660**	**58 504 854**
LIABILITIES			
Other liabilities		7 137 686	2 894 574
Deferred taxation		97 309	126 820
TOTAL LIABILITIES		**7 234 995**	**3 021 394**
EQUITY AND RESERVES			
Share capital		6 867 689	6 866 065
Share premium		40 001 416	39 983 305
Treasury shares		(16 810 640)	(13 503 280)
Revenue reserve		21 940 635	21 230 303
Share option reserve		1 032 565	907 067
TOTAL EQUITY AND RESERVES		**53 031 665**	**55 483 460**
TOTAL LIABILITIES, EQUITY AND RESERVES		**60 266 660**	**58 504 854**

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

	Share capital US$	Share premium US$	Treasury shares US$	NDR US$	Share option reserve US$	Revenue reserve US$	Total US$
2014							
Opening balance	6 862 084	26 938 904	(6 104 335)	13 000 000	772 890	18 745 792	60 215 335
Total comprehensive Income	-	-	-	-	-	4 704 899	4 704 899
Treasury shares acquisition	-	-	(7 398 945)	-	-	-	(7 398 945)
Dividend	-	-	-	-		(2 220 388)	(2 220 388)
Employee share option	-	-	-	-	147 493	-	147 493
Inter category transfer	-	13 000 000	-	(13 000 000)	-	-	-
Exercise of share options	3 981	44 401	-	-	(13 316)	-	35 066
Closing balance	**6 866 065**	**39 983 305**	**(13 503 280)**	**-**	**907 067**	**21 230 303**	**55 483 460**
2015							
Opening balance	6 866 065	39 983 305	(13 503 280)	-	907 067	21 230 303	55 483 460
Total comprehensive Income	-	-	-	-	-	2 948 273	2 948 273
Treasury shares acquisition	-	-	(3 307 360)	-	-	-	(3 307 360)
Dividend	-	-	-	-	-	(2 237 941)	(2 237 941)
Employee share option reserve	-	-	-	-	130 930	-	130 930
Exercise of share options	1 624	18 111	-	-	(5 432)	-	14 303
Closing balance	**6 867 689**	**40 001 416**	**(16 810 640)**	**-**	**1 032 565**	**21 940 635**	**53 031 665**

Company's Statement
of Cash Flows

for the year ended 31 December 2015

	31 Dec 2015 US$	31 Dec 2014 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2 808 005	4 406 602
Non-cash items:		
Depreciation and amortisation	78 585	132 361
Fair value adjustment on financial instruments	501 751	351 756
Impairments of property and equipment & land inventory	34 230	-
Employee share option expense	130 930	147 493
Operating cash inflow before changes in operating assets and liabilities	**3 553 501**	**5 038 212**
Changes in operating assets and liabilities		
Other assets	(59 211)	267 079
Other liabilities	4 243 112	120 596
	4 183 901	**387 675**
Corporate tax paid	(160)	(1 563)
Net cash inflow from operating activities	**7 737 242**	**5 424 324**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(2 075 850)	(1 987 019)
Purchase of property and equipment	(249 201)	-
Net cash outflow from investing activities	**(2 325 051)**	**(1 987 019)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	14 303	35 066
Treasury shares acquisition	(3 307 360)	(7 398 945)
Dividends paid	(2 237 941)	(2 220 388)
Net cash outflow from financing activities	**(5 530 998)**	**(9 584 267)**
Net decrease in balances with banks and cash	**(118 807)**	**(6 146 962)**
Balances with banks and cash at the beginning of the year	201 240	6 348 202
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	**82 433**	**201 240**

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

1. INCORPORATION AND ACTIVITIES

The financial statements of the Company for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2016. The Company has subsidiaries which offer commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

	31 Dec 2015 US$	31 Dec 2014 US$
2. REVENUE		
Net interest expense	(1 058 918)	(632 284)
Fair value adjustments on financial instruments	(501 751)	(351 756)
Dividend income	5 266 978	5 672 000
Other	6 116	267 802
	3 712 425	**4 955 762**
3. OPERATING EXPENDITURE		
Staff costs	130 930	147 493
Administration expenses	600 497	209 040
Audit fees	60 178	60 266
Depreciation	78 585	132 361
Impairment of fixed assets	34 230	-
	904 420	**549 160**

4. TAXATION

The following constitutes the major components of income tax expense recognised in the statement of comprehensive income.

	31 Dec 2015 US$	31 Dec 2014 US$
Analysis of tax charge in respect of the profit for the year		
Current income tax charge	(160)	(1 563)
Deferred income tax	140 428	299 860
Income tax expense	**140 268**	**298 297**

	31 Dec 2015 US$	31 Dec 2014 US$
5. BALANCES WITH BANKS AND CASH		
Cash	**82 433**	**201 240**

6. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by sum of the weighted average number of ordinary shares outstanding at end of the year and the weighted average number of potentially dilutive ordinary shares.

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

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

	31 Dec 2015 US$	31 Dec 2014 US$
6.1 Earnings		
Basic	2 948 273	4 704 899
Fully diluted	2 948 273	4 704 899
Headline	2 982 503	4 704 899
Number of shares used in calculations (weighted)	**Shares**	**Shares**
Basic earnings per share (weighted)	538 013 960	589 866 928
Fully diluted earnings per share	553 229 658	605 123 807
Headline earnings per share	538 013 960	589 866 298
6.2 Reconciliation of denominators used for calculating Basic and diluted earnings per share:		
Weighted average number of shares before		
Adjustment for treasury shares	686 551 277	686 510 096
Less: Treasury shares held	(148 537 317)	(96 643 168)
Weighted average number of shares used for basic EPS	**538 013 960**	**589 866 928**
Potentially dilutive shares	15 215 698	15 256 880
Weighted average number of shares used for diluted EPS	**553 229 658**	**605 123 808**

6.4 Headline earnings	31 Dec 2015 US$	31 Dec 2014 US$
Profit attributable to ordinary shareholders	2 948 273	4 704 899
Adjusted for excluded re-measurements	34 230	-
	2 982 503	**4 704 899**

	31 Dec 2015 US$	31 Dec 2014 US$
7. DIVIDENDS		
Interim dividend paid	1 141 339	1 103 009
Final dividend proposed	1 456 505	1 388 945
8. OTHER ASSETS		
Sundry	**698 706**	**639 495**

9. INVESTMENTS IN SUBSIDIARIES

	31 Dec 2015 US$	%	31 Dec 2014 US$	%
CBZ Bank Limited	21 839 891	100	21 839 891	100
CBZ Asset Management	1 987 950	100	1 987 950	100
CBZ Building Society	19 114 990	100	19 114 990	100
CBZ Insurance (Private) Limited	1 690 879	86.63	824 109	86.63
CBZ Properties (Private) Limited	4 779 144	100	4 779 144	100
CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
CBZ Asset Management (Mauritius)	132 990	100	132 990	100
	50 933 858		**50 067 088**	

10. EMPLOYEE SHARE OPTION RESERVE

	31 Dec 2015 US$	31 Dec 2014 US$
Opening balance	907 067	772 890
Share options to employees	125 498	134 177
Closing balance	**1 032 565**	**907 067**

During the year 162 358 shares were exercised after vesting and US$14 303 was realised from the exercise.

Shares under option

The Directors are empowered to grant share options to senior executives and staff of the company. The options are granted for a period of 10 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2015 were as follows:

10. EMPLOYEE SHARE OPTION RESERVE (CONTINUED)

	Subscription Price	Number of Shares
Granted 1 June 2012	$0.0881	40 000 000

	31 Dec 2015 Shares	31 Dec 2014 Shares
Movement for the year		
Opening balance	37 553 747	37 951 792
Options exercised	(162 358)	(398 045)
Closing balance	**37 391 389**	**37 553 747**

A valuation of the share option scheme was carried out by professional valuers as at 31 December 2015. The estimated fair value of the options granted was determined using the binomial model in accordance with IFRS 2 “Share Based Payments” with inputs and assumptions:

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

Valuation inputs:

Exercise price

The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the day which the options are granted, therefore 8.81 cents for the new options granted during the 2015 financial year.

Expected volatility

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

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

Expected dividends

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

Risk free rate of return

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

Company Accounting
Policies

The Company's accounting policies are consitent with those applied by the Group. These are Detailed from page 92 to 109 of this report.

Notice of Annual General Meeting

Notice is hereby given that the Twenty-Sixth Annual General Meeting of the shareholders of CBZ Holdings Limited will be held in the Stewart Room, Meikles Premier Hotel, Harare, on Thursday, 28 April 2016 at 15:00 hours.

1. **ORDINARY MATTERS**

a) To receive and consider the Audited Annual Financial Statements for the year ended 31 December 2015, including the Chairman's, Group Chief Executive Officer's, Managing Directors' Reports and the Report of the External Auditors thereon.

b) To confirm the declaration of the final dividend of 0.212 cents per share for the year ended 31 December 2015, following an interim dividend of 0.212 cents per share giving a total dividend of 0.424 cents per share.

c) Directorate

i) To note that in terms of Article 88 of the Memorandum and Articles of Association, one third of the Directors are required, after serving a period of three years, to retire from the Board by rotation and that in terms thereof there are no Directors eligible for retirement by rotation.

ii) To note the retirement of Andrew Lowe and Tinoziva Bere who retired during the course of the year.

iii) To note the retirement of Richard Victor Wilde from the Board of Directors..

iv) To confirm the appointment of Elliot Mugamu as the Chairman of the Board of Directors

v) To confirm the appointment of Tsitsi Mutasa and Dr Ruvimbo Mabeza - Chimedza as Independent Non-Executive Directors of the Board.

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

e) To note the retirement of Deloitte & Touche Zimbabwe as external auditors of the Company and its Subsidiaries after having served the statutory term within the Group.

f) To confirm the appointment of Ernest & Young Chartered Accountants (Zimbabwe) as external auditors of the Company for the ensuing year.

g) To authorise the Directors to fix the external auditors' remuneration.

2. SPECIAL MATTERS

2.1 Share Buy Back

If Members deem it appropriate, they may approve the extension of the following resolution passed by Members at the Annual General Meeting held on 30 May 2012 and extended at the Annual General Meeting held on 30 April 2015 as a special resolution with or without amendments:

It was Resolved:-

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

i. *That the purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% or 5% above the weighted average trading price for such ordinary shares traded over 5 business working days immediately preceding the date of the purchase of such shares by the Company.*

ii. *That the shares secured under this resolution shall be ordinary shares in the Company and the maximum number of shares that may be acquired shall not exceed 68 676 894 shares.*

iii. *That this authority shall expire on the date of the next Annual General Meeting of the Company.*

iv. *That the shares purchased shall be held for treasury purposes."*

3. **GENERAL**

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

4. **PROXIES**

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

A proxy need not be a member.

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

BY ORDER OF THE BOARD

Rumbidzayi A Jakanani
GROUP LEGAL CORPORATE SECRETARY

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

24 March 2016

Directors

Richard Victor Wilde (Chairman), Elliot Mugamu (Vice-Chairman), Richard Dawes, Fouad Moktar Dernawi, Ian Harold Harris, Roseline Nhamo, Rebecca Pasi, Givemore Taputaira, Richard Zirobwa, Never Nyemudzo* (Group Chief Executive Officer) and Collen Chimutsa* (Group Chief Finance Officer).

* Executive Director

Group Details

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

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

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

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

AUDITORS
Deloitte & Touche
West Block
Borrowdale Office Park
Borrowdale
Harare, Zimbabwe


CBZ

Form Of Proxy

I/We ____

Of ____

____

Being a member of CBZH Limited and entitled to____________________votes hereby appoint

____

Of ____

Or failing him/her ____

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

held in Mirabelle Room, Meikles Hotel, Harare, on 28 April 2016 and at any adjournment

thereof.

Signed by me this ________________day of____________________________________2016

Signature: ____

NOTES:

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

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

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

REGISTERED HEAD OFFICE

5th Floor, Union House
60 Kwame Nkrumah Avenue
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