Banking

Asset Management

Insurance

Life

32nd Anniversary 1980 - 2012 STANDING THE TEST OF TIME

CBZ HOLDINGS LIMITED

AUDITED FINANCIAL RESULTS *For The Year Ended 31 December 2012*

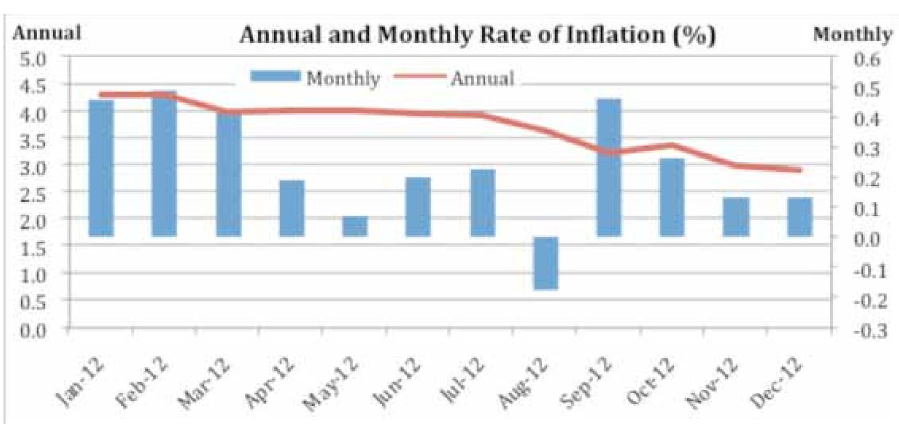
FINANCIAL HIGHLIGHTS Profit Before Taxation 45.4% Profit After Taxation 48.4% Total Comprehensive income 51.3%

Chairman's Statement

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

Operating Environment
The positive growth rates registered by the economy since the introduction of the multiple currency regime and other market friendly policies in 2009 decelerated during the period under review. The economy has been affected by liquidity constraints, lack of long term funding for industry recapitalisation and a deteriorating infrastructure. As such, the economy, initially projected to grow by 9.4%, grew by 4.4%.

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



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

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

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

	Audited Year Ended 31-Dec-12 US$m	Audited Year Ended 31-Dec-11 US$m
Financial Performance		
Profit before taxation	55.6	38.2
Profit after taxation	45.0	30.3
Total comprehensive income	50.1	33.1
Total assets	1 223.1	1,055.7
Total equity and reserves	160.7	119.2
Total deposits	1 032.4	829.9
Total advances	854.7	790.3
Other statistics		
Basic earnings per share(cents)	8.08	4.83
Non- interest Income to total Income %	33.9	39.0
Cost to income ratio %	57.8	56.5
Annualised return on assets %	4.5	3.6
Annualised return on equity %	28.1	25.4
Growth in deposits %	24.4	43.5
Growth in advances %	8.1	77.8
Growth in PBT %	45.4	49.6
Growth in PAT %	48.4	61.6

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

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

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

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

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

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

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

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

L. Zembe
Chairman
26 February 2013

Auditor's Statement

These financial results should be read in conjuction with the complete set of financial statements for the year ended 31 December 2012, which have been audited by Deloitte & Touche and an unmodified audit opinion issued thereon. The auditor's report on these financial results is available for inspection at the company's registered office.

Deloitte & Touche
Harare, Zimbabwe

26 February 2013

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

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

AUDITED FINANCIAL RESULTS *For The Year Ended 31 December 2012*

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CBZ HOLDINGS LIMITED

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

	Share capital US$	Share premium US$	Treasury shares US$	Non-distributable reserve US$	Revaluation reserve US$	Share option reserve US$	Available-for-sale reserve US$	Revenue reserve US$	Non-controlling interests US$	Total US$
2011										
Balance at the beginning of the year	6 841 445	26 708 659	(587 510)	13 000 000	12 962 954	-	(403 713)	28 100 321	210 296	86 832 452
Total comprehensive income	-	-	-	-	3 003 381	-	(232 784)	30 220 998	122 303	33 113 898
Rights issue	-	-	-	-	-	-	-	-	59 124	59 124
Dividends	-	-	-	-	-	-	-	(756 132)	-	(756 132)
Balance at 31 December 2011	**6 841 445**	**26 708 659**	**(587 510)**	**13 000 000**	**15 966 335**	**-**	**(636 497)**	**57 565 187**	**391 723**	**119 249 342**
2012										
Balance at the beginning of the year	6 841 445	26 708 659	(587 510)	13 000 000	15 966 335	-	(636 497)	57 565 187	391 723	119 249 342
Total comprehensive income	-	-	-	-	4 426 401	-	636 497	44 930 463	94 524	50 087 885
Treasury shares acquisition	-	-	(7 613 361)	-	-	-	-	-	-	(7 613 361)
Treasury shares disposal	-	-	5 454	-	-	-	-	91 252	-	96 706
Employee share option reserve	-	-	-	-	-	499 637	-	-	-	499 637
Dividends	-	-	-	-	-	-	-	(1 642 974)	-	(1 642 974)
Balance at 31 December 2012	**6 841 445**	**26 708 659**	**(8 195 417)**	**13 000 000**	**20 392 736**	**499 637**	**-**	**100 943 928**	**486 247**	**160 677 235**

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

	31 Dec 2012 US$	31 Dec 2011 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**55 555 622**	**38 206 193**
Non cash items:		
Depreciation and amortisation	5 524 838	4 005 981
Fair value adjustments	(2 490 124)	(968 887)
Impairment on advances	4 632 446	14 437 074
Unrealised gain on foreign currency position	(3 328 089)	(3 144 505)
Profit on disposal of investment properties	-	(379 406)
Unearned premium	259 787	805 928
Claims provision Incurred But Not Reported (IBNR)	517 368	160 961
Loss on sale of property and equipment	160 793	12 974
Employee share option provision	499 637	-
Operating profit before changes in operating assets and liabilities	**61 332 278**	**53 136 313**
Changes in operating assets and liabilities		
Deposits	205 783 442	254 673 677
Advances	(68 982 309)	(360 171 793)
Money market assets	(16 938 043)	14 189 759
Insurance assets	(3 185 322)	(1 220 714)
Insurance liabilities	1 995 618	1 619 017
Other assets	(33 866 581)	(8 569 337)
Other liabilities	(78 317 081)	82 417 897
	6 489 724	**(17 061 494)**
Corporate tax paid	(13 849 844)	(11 967 086)
Net cash inflow from operating activities	**53 972 158**	**24 107 733**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of investment property	-	456 073
Net change in investments	905 974	(123 508)
Purchase of investment properties	(16 113)	(229 200)
Proceeds on disposal of property and equipment	411 297	674 170
Purchase of property and equipment	(8 087 695)	(10 903 471)
Purchase of intangible assets	(293 338)	(1 883 324)
Net cash outflow from investing activities	**(7 079 875)**	**(12 009 260)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Rights Issue (Non-controlling interest's portion)	-	59 124
Treasury shares acquisition	(7 613 361)	-
Treasury shares disposal	96 706	-
Dividends paid	(1 642 974)	(756 132)
Net cash outflow from financing activities	**(9 159 629)**	**(697 008)**
Net increase in balances with banks and cash	37 732 654	11 401 465
Balances with banks and cash at the beginning of the year	142 453 856	131 052 391
Balances with banks and cash at end of the year	**180 186 510**	**142 453 856**

ACCOUNTING POLICIES
For the year ended 31 December 2012

1. GROUP ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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

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

Basis of consolidation
The Group financial results incorporate the financial results of the Company, its subsidiaries and associate company. Subsidiary undertakings are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights and is able to exercise control of the operations. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired and up to the date control ceased.

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

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

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

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

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

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial results. For a detailed analysis of the significant accounting estimates and judgements,kindly refer to the Group's annual report, which is ready for inspection at the company's registered office.

1.3 GROUP ACCOUNTING POLICIES

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

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

1. INCORPORATION AND ACTIVITIES

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

		31 Dec 2012 US$	31 Dec 2011 US$
2.	**INTEREST**		
	Interest Income		
	Bankers acceptances	410 392	364 607
	Overdrafts	76 854 234	71 559 792
	Loans	49 141 455	29 585 791
	Mortgage interest	5 310 280	3 213 668
	Staff loans	2 778 451	2 612 136
		134 494 812	**107 335 994**
	Short-term money market assets	1 180 915	954 286
	Other investments	21 186 048	1 273 104
		156 861 775	**109 563 384**
	Interest expense		
	Call deposits	68 409	172 536
	Savings deposits	6 342 095	7 052 546
	Money market deposits	37 862 439	17 103 312
	Other offshore deposits	17 250 572	10 181 108
		61 523 515	**34 509 502**
3.	**NON-INTEREST INCOME**		
	Net income from trading securities	46 247	235 887
	Fair value adjustments on financial instruments	(8 630)	(322 452)
	Fair value adjustments on investment properties	2 498 754	1 291 339
	Net income from foreign currencies dealings	4 455 556	6 306 960
	Commission and fee income	30 057 188	20 615 763
	(Loss)/profit on sale of assets	(160 793)	366 432
	Other operating income	7 184 329	16 369 516
		44 072 651	**44 863 445**
4.	**UNDERWRITING INCOME (NET)**		
	Gross premium insurance	11 754 811	7 554 730
	Reinsurance	(4 996 096)	(3 508 597)
	Net written premium	6 758 715	4 046 133
	Unearned premium	(109 782)	(53 134)
	Net earned premium	6 648 933	3 992 999
	Net commission	(224 031)	(81 146)
	Net claims	(1 701 682)	(738 074)
		4 723 220	**3 173 779**
5.	**OPERATING EXPENDITURE**		
	Staff costs	44 809 023	37 986 959
	Administration expenses	32 370 818	27 168 884
	Audit fees	594 856	394 260
	Depreciation	4 784 927	3 834 270
	Amortisation of intangible assets	739 911	171 711
		83 299 535	**69 556 084**
	Remuneration of directors and key management personnel (included in staff costs)		
	Fees for services as directors	555 800	592 642
	Pension for past and present directors	172 843	96 556
	Salaries and other benefits	4 384 954	4 017 256
		5 113 597	**4 706 454**
	Operating Leases		
	The following is an analysis of expenses related to operating leases:		
	Non cancellable lease rentals are payable as follows:		
	Less than 1 year	223 551	145 255
	Between 1 and 5 years	1 306 579	1 077 368
		1 530 130	**1 222 623**

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

During the year ended 31 December 2012, an amount of US$1 193 268 was recognised as rent expense in the statement of comprehensive income.

6. TAXATION

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

		31 Dec 2012 US$	31 Dec 2011 US$
6.1	**Analysis of tax charge in respect of the profit for the year**		
	Current income tax charge	13 621 984	13 632 552
	Deferred income tax	(3 091 349)	(5 769 660)
	Income tax expense	**10 530 635**	**7 862 892**
6.2	**Tax rate reconciliation**		
		%	%
	Notional tax	25.00	25.00
	Aids levy	0.75	0.75
	Permanent differences	(6.79)	(5.17)
	Effective tax rate	**18.96**	**20.58**
6.3	**Tax effects relating to other comprehensive income**		
	Gross revaluation adjustment	5 016 300	3 426 793
	Tax expense	(589 899)	(423 412)
	Net revaluation adjustment	**4 426 401**	**3 003 381**
	Gross fair value adjustment on AFS financial assets	643 003	(234 166)
	Tax (expense)/credit	(6 506)	1 382
	Net fair value adjustment on AFS financial adjustments	**636 497**	**(232 784)**
	Total taxation	**596 405**	**422 030**
7.	**BALANCES WITH BANKS AND CASH**		
	Balance with the Reserve Bank of Zimbabwe	**102 502 494**	**84 085 995**
	Statutory reserve	-	9 442 548
	Current accounts	102 502 494	74 643 447
	Balances with other banks and cash	**77 684 016**	**58 367 861**
	Cash foreign	38 778 884	33 486 369
	Nostro accounts	33 137 879	19 146 027
	Interbank clearing accounts	5 767 253	5 735 465
		180 186 510	**142 453 856**

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

AUDITED FINANCIAL RESULTS *For The Year Ended 31 December 2012*

8. EARNINGS PER SHARE

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

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

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

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

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

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

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

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

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

Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity.

		31 Dec 2012 US$	31 Dec 2011 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	3 534 685	1 916 176
	Advances made during the year	3 532 272	3 810 362
	Repayment during the year	(1 073 668)	(2 191 853)
	Balance at end of year	**5 993 289**	**3 534 685**
	Loans to employees		
	Included in advances are loans to employees: -		
	Opening balance	35 492 076	25 274 085
	Advances made during the year	9 281 704	18 917 641
	Repayments during the year	(6 700 260)	(8 699 650)
	Balance at end of year	**38 073 520**	**35 492 076**
11.4	**Non performing advances**		
	Total advances on which interest is suspended	**41 861 695**	**48 022 911**
11.5	**Impairments**		
	Opening balance	21 667 169	5 127 401
	Charge for impairment on advances	4 618 173	14 437 074
	Interest in suspense	9 169 864	2 102 694
		35 455 206	**21 667 169**
	Provision for doubtful insurance debt	14 273	-
	Balance at end of year	**35 469 479**	**21 667 169**
	Comprising:		
	Specific impairments	19 213 448	9 334 561
	Portfolio impairments	16 241 758	12 332 608
		35 455 206	**21 667 169**
11.6	**Collaterals**		
	Notarial general covering bonds	424 078 703	317 736 043
	Mortgage bonds	726 740 897	549 288 548
		1 150 819 600	**867 024 591**
12.	**INSURANCE ASSETS**		
	Reinsurance receivables	4 483 745	1 322 377
	Deferred acquisition cost	222 780	198 826
		4 706 525	**1 521 203**
13.	**OTHER ASSETS**		
	Work in progress	14 214 124	4 440 617
	Land and stands inventory	14 894 700	4 410 374
	Prepaid bond costs	-	3 538 669
	Prepayments and deposits	1 536 930	401 401
	Receivables	21 572 105	5 560 217
		52 217 859	**18 351 278**
14.	**INVESTMENT IN EQUITIES**		
	Listed investment	1 772 190	2 290 360
	Unlisted investments	409 067	162 498
		2 181 257	**2 452 858**
	At cost	409 067	162 498
	At fair value	1 772 190	2 290 360
		2 181 257	**2 452 858**
	Portfolio analysis		
	Trading	2 181 257	-
	Available for sale	-	2 452 858
		2 181 257	**2 452 858**

		31 Dec 2012 US$	%	31 Dec 2011 US$	%
14.1	**Investment in subsidiaries**				
	CBZ Bank Limited	21 839 891	100	21 839 891	100
	CBZ Asset Management (Private) Limited	1 423 430	100	1 038 430	100
	CBZ Building Society	19 114 990	100	19 151 462	100
	CBZ Insurance (Private) Limited	374 579	58.5	374 579	58.5
	CBZ Properties Limited	4 779 144	100	4 779 144	100
	CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
		48 920 049		**48 571 520**	

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 2012 US$	31 Dec 2011 US$
Opening balance	3 856 402	40 867 284	431 284	3 066 421	16 797 086	7 215 373	72 233 850	59 951 426
Additions	-	196 189	142 522	188 294	3 154 281	4 406 409	8 087 695	10 903 471
Revaluation	640 323	3 335 544	-	-	-	-	3 975 867	2 253 782
Disposals	-	-	-	(42 800)	(515 582)	(312 263)	(870 645)	(874 829)
Transfers	-	190 482	9 884	27 728	1 390 166	(1 618 260)	-	-
Closing balance	**4 496 725**	**44 589 499**	**583 690**	**3 239 643**	**20 825 951**	**9 691 259**	**83 426 767**	**72 233 850**
Accumulated depreciation								
Opening balance	-	-	92 740	967 660	4 671 874	-	5 732 274	3 020 047
Charge for the year	-	1 040 433	42 723	699 463	3 002 308	-	4 784 927	3 834 270
Disposals	-	-	-	(24 965)	(273 590)	-	(298 555)	(187 684)
Revaluation	-	(1 040 433)	-	-	-	-	(1 040 433)	(934 359)
Closing balance	**-**	**-**	**135 463**	**1 642 158**	**7 400 592**	**-**	**9 178 213**	**5 732 274**
Net book value	**4 496 725**	**44 589 499**	**448 227**	**1 597 485**	**13 425 359**	**9 691 259**	**74 248 554**	**66 501 576**

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

The revaluation of land and buildings entailed the following:

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

- Comparable market evidence which comprised complete transactions as well as transactions where offers had been made but the transactions had not been finalised.
- Professional judgement was exercised to take cognisance of the fact that properties in the transactions were not exactly comparable in terms of size, quality and location to the properties owned by the Group.
- The reasonableness of the market values of commercial properties so determined, per above bullet, was assessed by reference to the properties in the transaction.
- The values per square metre of lettable spaces for both the subject properties and comparables were analysed.
- With regards to the market values for residential properties, the comparison method was used. This method entails carrying out a valuation by directly comparing the subject property, which has been sold or rented out. The procedure was performed as follows:
    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$27 096 617 had they been carried at cost.

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

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

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties. The properties were valued as at 31 December 2012.

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

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

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

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

		31 Dec 2012 US$	31 Dec 2011 US$
19.	**DEPOSITS**		
	Call deposits	5 358 031	26 808
	Savings and other deposits	499 758 972	533 077 617
	Money market deposits	339 034 158	170 023 086
	Offshore deposits	178 842 308	121 750 620
	Accrued interest	9 358 606	5 018 593
		1 032 352 075	**829 896 724**
19.1	**Deposits by source**		
	Banks	36 114 207	85 403 943
	Money market	314 843 174	200 611 469
	Customers	500 978 085	420 353 838
	Offshore deposits	180 416 609	123 527 474
		1 032 352 075	**829 896 724**
19.2	**Deposits by type**		
	Retail	56 386 272	71 823 976
	Corporate	444 591 814	472 057 336
	Money market	350 957 380	162 487 938
	Offshore deposits	180 416 609	123 527 474
		1 032 352 075	**829 896 724**

		31 Dec 2012 US$	%	31 Dec 2011 US$	%
19.3.	**Sectoral Analysis**		%		%
	Private	125 243 743	12	108 813 415	14
	Agriculture	33 747 322	3	27 295 950	3
	Mining	11 436 926	1	9 415 351	1
	Manufacturing	123 793 013	12	99 693 604	13
	Distribution	131 278 594	13	105 713 733	14
	Construction	23 659 081	2	19 113 509	2
	Transport	15 994 662	2	12 885 970	2
	Communication	61 966 512	6	49 814 741	6
	Services	197 653 496	19	160 768 349	21
	Financial organisations	281 568 065	27	206 804 509	20
	Financial and investments	26 010 661	3	29 577 593	4
		1 032 352 075	**100**	**829 896 724**	**100**

		31 Dec 2012 US$	31 Dec 2011 US$
19.4	**Maturity analysis**		
	Repayable on demand	643 962 477	550 445 283
	Between 1 and 3 months	159 132 448	99 207 182
	Between 3 months and 6 months	48 834 228	74 200 453
	Between 6 months and 1 year	37 016 860	-
	Between 1 and 5 years	125 737 783	-
	More than 5 years	17 668 279	106 043 806
		1 032 352 075	**829 896 724**
	Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity.		
20.	**INSURANCE LIABILITIES**		
	Reinsurance payables	1 058 715	840 582
	Gross outstanding claims	1 864 220	315 978
	Gross unearned premium reserve	2 845 208	2 383 723
	Deferred reinsurance acquisition revenue	878 964	334 051
		6 647 107	**3 874 334**

20.1 INSURANCE CONTRACT PROVISIONS

20.1 Insurance contract provision

(a) Provision for unearned premiums

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

20.1 (b) Reinsurance payables

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

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

	31 Dec 2012 US$	31 Dec 2011 US$
(d) Net claims		
Gross claims incurred	4 196 622	1 606 827
Reinsurance claims	(2 889 002)	(1 164 474)
Incurred but not yet reported claims	517 368	21 999
Gross outstanding claims	1 575 770	315 978
Reinsurance share of outstanding claims	(1 163 764)	(77 169)
	2 236 994	**703 161**
(e) Net commissions		
Commission received	1 189 541	837 889
Commission	(1 394 464)	(724 589)
Deferred acquisition costs	(19 108)	(22 601)
Net commission	**(224 031)**	**(90 699)**

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

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

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

24.Categories of Financial Instruments

	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
December 2012					
Financial assets					
Balances with banks and cash	-	-	180 186 510	-	180 186 510
Money market assets	24 896 421	-	-	-	24 896 421
Advances	-	-	854 689 983	-	854 689 983
Insurance assets	-	-	4 706 525	-	4 706 525
Investments	2 181 257	-	-	-	2 181 257
Other assets	-	-	52 217 859	-	52 217 859
Total	**27 077 678**	**-**	**1 091 800 877**	**-**	**1 118 878 554**
Financial liabilities					
Deposits	-	-	-	1 032 352 075	1 032 352 075
Other liabilities	-	-	-	16 019 797	16 019 797
Current tax payable	-	-	-	5 013 168	5 013 168
Total	**-**	**-**	**-**	**1 053 385 040**	**1 053 385 040**
December 2011					
Financial assets					
Balances with banks and cash	-	-	142 453 856	-	142 453 856
Money market assets	7 958 378	-	-	-	7 958 378
Advances	-	-	790 340 120	-	790 340 120
Other assets	-	-	18 351 278	-	18 351 278
Investments	-	2 452 858	-	-	2 452 858
Total	**7 958 378**	**2 452 858**	**951 145 254**	**-**	**961 556 490**
Financial liabilities					
Deposits	-	-	-	829 896 724	829 896 724
Other liabilities	-	-	-	94 336 878	94 336 878
Current tax payable	-	-	-	5 241 028	5 241 028
Total	**-**	**-**	**-**	**929 474 630**	**929 474 630**

		31 Dec 2012 US$	31 Dec 2011 US$
25.	**FUNDS UNDER MANAGEMENT**		
	Pensions	90 399 455	71 091 528
	Private	11 208 428	11 842 171
	Unit trust	1 574 283	1 162 372
	Money market	7 918 821	4 092 431
		111 100 987	**88 188 502**

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

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

26.1 Segment operational results

31 DECEMBER 2012	Commercial Banking US$	Mortgage finance US$	Asset management US$	Insurance US$	Property Investment US$	Other operations & consolidation adjustment US$	Consolidated US$
Income							
Income from customers	117 928 150	18 724 227	1 434 948	5 231 622	1 730 357	21 091 510	166 140 814
Elimination of Inter segment revenue						(22 006 683)	(22 006 683)
Total Income							144 134 131
Depreciation and amortisation	3 542 186	1 459 770	68 255	156 736	-	297 891	5 524 838
Results							
Profit / (loss) before taxation	42 316 993	11 311 694	(215 941)	1 897 445	1 687 800	20 564 314	77 562 305
Elimination of inter segment profit						(22 006 683)	(22 006 683)
Profit before taxation							55 555 622
Other material non cash items							
Impairment of assets (incl loan loss provision)	4 242 173	376 000	-	14 273	-	-	4 632 446
Reportable segment liabilities	1 019 818 563	86 427 121	1 169 122	7 831 252	1 480 416	(54 310 482)	1 062 415 992

31 DECEMBER 2011	Commercial Banking US$	Mortgage finance US$	Asset management US$	Insurance US$	Property Investment US$	Other operations & consolidation adjustment US$	Consolidated US$
Income							
Income from customers	105 784 065	14 422 983	1 134 962	3 347 125	1 394 916	2 597 858	128 681 909
Elimination of Inter segment revenue	-	-	-	-	-	(5 590 803)	(5 590 803)
Total Income							123 091 106
Depreciation and amortisation	2 333 328	1 177 465	64 327	131 297	-	299 564	4 005 981
Results							
Profit / (loss) before taxation	33 369 113	7 682 912	(238 536)	558 247	1 358 811	1 066 449	43 796 996
Elimination of inter segment profit	-	-	-	-	-	(5 590 803)	(5 590 803)
Profit before taxation	-	-	-	-	-	-	38 206 193
Other material non cash items							
Impairment of assets (incl loan loss provision)	13 721 785	729 579	-	(14 290)	-	-	14 437 074
Reportable segment liabilities	903 500 078	74 754 011	1 191 619	4 952 185	2 261 344	(50 211 083)	936 448 154

26.2	**Total segment assets**	31 Dec 2012 US$	31 Dec 2011 US$
	Commercial Banking	1 115 110 169	981 767 058
	Mortgage financing	133 744 951	108 746 772
	Asset Management	2 306 100	2 097 576
	Insurance	11 706 116	7 066 503
	Property Investment	9 957 383	12 840 313
	Total Segment Assets	**1 272 824 719**	**1 112 518 222**
	Other operations (inc consolidation journals)	(49 731 492)	(56 820 726)
	Total Segment Assets	**1 223 093 227**	**1 055 697 496**

27. CAPITAL MANAGEMENT

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

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

28. CONTINGENCIES AND COMMITMENTS

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

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

29. EMPLOYEE BENEFITS

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

Short term benefits

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

Post employment benefits

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

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

	31 Dec 2012 US$	31 Dec 2011 US$
NSSA contributions	353 960	342 500
Defined contribution scheme	1 428 872	1 267 918
	1 782 832	**1 610 418**

30. CLOSING EXCHANGE RATES

	31 Dec 2012	31 Dec 2011
ZAR	8.48	8.17
GBP	1.62	1.54
EUR	1.32	1.29

31. CAPITAL ADEQUACY

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

	31 Dec 2012 Bank US$	31 Dec 2012 Building Society US$	31 Dec 2011 Bank US$	31 Dec 2011 Building Society US$
Risk weighted assets	**780 353 072**	**125 027 823**	**753 796 864**	**101 719 801**
Total qualifying capital	**100 702 263**	**46 237 294**	**83 984 157**	**33 992 384**
Tier 1				
Share capital	5 118 180	7 500 000	5 118 180	7 500 000
Share premium	11 198 956	9 028 622	11 198 956	9 028 622
Revenue reserves	65 260 266	19 281 078	50 796 424	8 020 660
Less tier 1 deductions	(21 268 004)	(4 723 173)	(16 273 205)	(2 367 818)
	60 309 398	**31 086 527**	**50 840 355**	**22 181 464**
Tier 2				
Revaluation reserve	13 714 204	11 508 131	11 153 419	9 443 480
General provisions	9 754 413	1 339 440	9 422 461	963 439
	23 468 617	**12 847 571**	**20 575 880**	**10 406 919**
Tier 3				
Capital allocated for market risk	1 045 058	30 315	880 997	3 223
Capital allocated to operational risk	15 879 190	2 272 882	11 686 925	1 400 778
	16 924 248	**2 303 197**	**12 567 922**	**1 404 001**
Capital adequacy	**12.90%**	**36.98%**	**11.14%**	**33.42%**
-Tier 1	7.73%	24.86%	6.74%	21.81%
-Tier 2	3.00%	10.28%	2.73%	10.23%
-Tier 3	2.17%	1.84%	1.67%	1.38%

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

32. RISK MANAGEMENT

32.1 RISK OVERVIEW

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

32.2 GROUP RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

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

32.3 CREDIT RISK

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

Credit risk management framework

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

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

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

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

Credit mitigation

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

Non – performing loans and advances

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

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

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

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

32.3. (a) Credit risk exposure

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

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

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

The Group held cash equivalents of US$140 615 263 (excluding notes and coins) as at 31 December 2012 which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

	31 Dec 2012 US$	31 Dec 2011 US$
1 to 3 months	83 169 024	54 621 885

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

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

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

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

	31 Dec 2012 US$ Gross maximum exposure	31 Dec 2012 US$ Net maximum exposure (not covered by mortgage security)	31 Dec 2011 US$ Gross maximum exposure	31 Dec 2011 US$ Net maximum exposure (not covered by mortgage security)
Private	94 382 701	12 250 926	93 207 221	72 620 263
Agriculture	266 467 187	48 681 925	233 144 973	64 347 431
Mining	13 562 452	1 801 697	7 209 438	2 842 420
Manufacturing	153 521 287	29 115 753	114 845 350	45 437 943
Distribution	216 351 971	49 299 014	184 867 072	72 773 458
Construction	4 607 354	2 280 646	20 669 243	3 375 828
Transport	21 584 514	13 303 576	44 413 867	20 302 173
Communication	6 636 850	-	5 014 143	-
Services	111 954 128	20 357 059	107 625 300	30 391 533
Financial Organisations	1 076 745	266 745	1 010 683	5 600 608
Gross value at 31 December	**890 145 189**	**177 357 340**	**812 007 290**	**317 691 657**

	31 Dec 2012 US$	31 Dec 2011 US$
Collateral (mortgage security)	726 740 897	549 288 548
Cash cover	26 543 980	31 500 760
Other forms of security including		
Notarial General Covering Bonds (NGCBs), cessions, etc	397 534 723	286 235 283
Total	**1 150 819 600**	**867 024 591**

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

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

*See definition on note 32.3.1

32.3 (e) Credit Quality per Class of Financial Assets

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

32 RISK MANAGEMENT (continued)

DECEMBER 2012

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

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

DECEMBER 2011

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

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is $8.3 million.

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

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

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

32.3.1 Credit quality definitions

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

Special mention grade
(i) if the asset in question is past due for more than 30 days but less than 90 days; or
(ii) although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asset or inadequately protect the institution's position at some future date, for example, where:

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

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

Substandard grade
(i) if the asset in question is past due for more than 90 days but less than 180 days; or
(ii) is a renegotiated loan, unless all past due interest is paid by the borrower in cash at the time of renegotiation and a sustained record of timely repayment of principal and interest under a realistic repayment programme has been demonstrated for a period of not less than 180 days; or
(iii) whether or not it is past due, is inadequately protected by the current sound worth and paying capacity of the obligor by reason of the fact that:

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

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

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

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

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

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

32.4 MARKET RISK

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

32.4.1 Group market risks management framework

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

32.5 LIQUIDITY RISK

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

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

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

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

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

32.5.1 GAP ANALYSIS

LIQUIDITY PROFILE AS AT 31 DECEMBER 2012

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Total US$
Assets						
Advances	488 726 450	22 299 913	74 406 430	169 986 402	99 270 788	854 689 983
Balances with banks and cash	96 839 402	83 347 108	-	-	-	180 186 510
Investment in equities	1 723 718	-	256 769	-	200 770	2 181 257
Money market assets	9 773 025	14 213 170	803 414	106 812	-	24 896 421
Financial guarantees	-	-	-	196 279	-	196 279
Other assets	235 516	11 926 230	3 484 538	-	-	15 646 284
Total	**597 298 111**	**131 786 421**	**78 951 151**	**170 289 493**	**99 471 558**	**1 077 796 734**
Liabilities						
Deposits	643 962 477	159 132 448	85 851 088	125 737 783	17 668 279	1 032 352 075
Current tax payable	(724)	5 029 692	-	-	(15 800)	5 013 168
Other liabilities	-	4 647 128	11 042 699	330 000	-	16 019 797
Financial guarantees	-	-	-	23 220 366	-	23 220 366
Total	**643 961 753**	**168 809 268**	**96 893 787**	**149 288 149**	**17 652 479**	**1 076 605 406**
Liquidity gap	(46 663 642)	(37 022 847)	(17 942 636)	21 001 344	81 819 079	1 191 328
Cumulative liquidity gap	**(46 663 642)**	**(83 686 489)**	**(101 629 125)**	**(80 627 781)**	**1 191 328**	**1 191 328**

LIQUIDITY PROFILE AS AT 31 DECEMBER 2011

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

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

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

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

	CBZ Bank Limited	CBZ Building Society
	%	%
At 31 December 2011	25.99	10.15
At 31 December 2012	33.09	14.23
Average for the period	29.79	12.07
Maximum for the period	33.63	14.26
Minimum for the period	22.48	9.65

32.5.2 Interest rate risk

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

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

32. RISK MANAGEMENT (continued)

32.5.2 Market Related Risk (continued)

INTEREST RATE REPRICING

31 December 2012

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Non- interest bearing US$	Total US$
Assets							
Balance with banks and cash	96 839 402	83 347 108	-	-	-	-	180 186 510
Money market assets	9 773 025	14 213 170	803 414	106 812	-	-	24 896 421
Advances	488 726 450	22 299 913	74 406 430	169 986 402	99 270 788	-	854 689 983
Insurance assets	-	-	-	-	-	4 706 525	4 706 525
Other assets	235 516	7 405 492	-	-	-	44 576 851	52 217 859
Investment in equities	-	-	-	-	-	2 181 257	2 181 257
Investment properties	-	-	-	-	-	20 335 977	20 335 977
Property and equipment	-	-	-	-	-	74 248 554	74 248 554
Deferred taxation	-	-	-	-	-	2 090 819	2 090 819
Intangible assets	-	-	-	-	-	7 539 322	7 539 322
Total Assets	**595 574 393**	**127 265 683**	**75 209 844**	**170 093 214**	**99 270 788**	**155 679 305**	**1 223 093 227**
Liabilities and Equity							
Deposits	643 962 477	159 132 448	85 851 088	125 737 783	17 668 279	-	1 032 352 075
Insurance liabilities	-	-	-	-	-	6 647 107	6 647 107
Other liabilities	-	-	-	-	-	16 019 797	16 019 797
Deferred taxation	-	-	-	-	-	5 013 168	5 013 168
Current tax payable	-	2 400 369	-	-	-	(16 524)	2 383 845
Equity and reserves	-	-	-	-	-	160 677 235	160 677 235
Total Equity and Liabilities	**643 962 477**	**161 532 817**	**85 851 088**	**125 737 783**	**17 668 279**	**188 340 783**	**1 223 093 227**
Interest rate repricing gap	(48 388 084)	(34 267 134)	(10 641 244)	44 355 431	81 602 509	(32 661 478)	-
Cumulative gap	**(48 388 084)**	**(82 655 218)**	**(93 296 462)**	**(48 941 031)**	**32 661 478**	**-**	**-**

31 December 2011

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Non- interest bearing US$	Total US$
Assets							
Balance with banks and cash	58 789 018	83 664 838	-	-	-	-	142 453 856
Money market assets	-	7 430 012	508 031	20 335	-	-	7 958 378
Advances	417 646 993	28 428 126	78 056 700	226 932 346	39 275 955	-	790 340 120
Insurance assets	-	-	-	-	-	1 521 203	1 521 203
Other assets	-	-	-	-	-	18 351 278	18 351 278
Investment in equities	-	-	-	-	-	2 452 858	2 452 858
Investment properties	-	-	-	-	-	17 821 110	17 821 110
Property and equipment	-	-	-	-	-	66 501 576	66 501 576
Deferred taxation	-	-	-	-	-	5 759 724	5 759 724
Intangible assets	-	-	-	-	-	2 537 393	2 537 393
Total Assets	**476 436 011**	**119 522 976**	**78 564 731**	**226 952 681**	**39 275 955**	**114 945 142**	**1 055 697 496**
Liabilities and Equity							
Deposits	550 445 283	99 207 182	74 200 453	106 043 806	-	-	829 896 724
Insurance liabilities	-	-	-	-	-	3 874 334	3 874 334
Other liabilities	-	-	-	-	-	94 336 878	94 336 878
Deferred taxation	-	-	-	-	-	3 099 190	3 099 190
Current tax payable	-	-	-	-	-	5 241 028	5 241 028
Equity and reserves	-	-	-	-	-	119 249 342	119 249 342
Total Equity and Liabilities	**550 445 283**	**99 207 182**	**74 200 453**	**106 043 806**	**-**	**225 800 772**	**1 055 697 496**
Interest rate repricing gap	(74 009 272)	20 315 794	4 364 278	120 908 875	39 275 955	(110 855 630)	-
Cumulative gap	**(74 009 272)**	**(53 693 478)**	**(49 329 200)**	**71 579 675**	**110 855 630**	**-**	**-**

32.6 EXCHANGE RATE RISK

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

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

At 31 December 2012, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the period would have been US$677 431 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Bank as at 31 December 2012 is as below:

Foreign currency position as at 31 December 2012

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	180 186 510	158 103 460	16 858 548	2 597 105	2 627 397
Money market assets	24 896 421	11 731 755	6 339 123	2 161 870	4 663 673
Advances	854 689 983	853 806 685	1 241 611	257 029	(615 342)
Insurance assets	4 706 525	4 706 525	-	-	-
Other Assets	52 217 859	50 825 225	1 291 389	53 945	47 300
Investment in equities	2 181 257	2 037 614	-	-	143 643
Investment properties	20 335 977	20 335 977	-	-	-
Property and equipment	74 248 554	74 159 315	13 130	-	76 109
Deferred taxation	7 539 322	7 539 322	-	-	-
Intangible assets	2 090 819	2 090 819	-	-	-
Total Assets	**1 223 093 227**	**1 185 336 697**	**25 743 801**	**5 069 949**	**6 942 780**
Liabilities and Equity					
Deposits	1 032 352 075	994 388 628	29 870 209	6 082 124	2 011 114
Insurance liabilities	6 647 107	6 647 107	-	-	-
Other liabilities	16 019 797	2 767 325	6 339 299	2 241 959	4 671 214
Current tax payable	5 013 168	5 013 168	-	-	-
Deferred taxation	2 383 845	2 383 845	-	-	-
Equity and reserves	160 677 235	160 677 235	-	-	-
Total Equity and Liabilities	**1 223 093 227**	**1 171 877 308**	**36 209 508**	**8 324 083**	**6 682 328**

32.6 EXCHANGE RATE RISK (continued)

Foreign currency position as at 31 December 2011

Position expressed in US$

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

Foreign currency position as at 31 December 2012

Underlying currency in US$

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

Foreign Currency Position as at 31 December 2011

Underlying currency in US$

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

32.7 OPERATIONAL RISK

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

32.7.1 Operational risk management framework

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

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

32.8 STRATEGIC RISK

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

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

32.9 REGULATORY RISK

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

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

32.10 REPUTATION RISK

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

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

32.11 MONEY-LAUNDERING RISK

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

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

32.12 INSURANCE RISK

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

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

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

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

CBZ Group

Risk Matrix Summary

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

CBZ Bank Limited

Risk Matrix Summary

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

CBZ Asset Management

Risk Matrix Summary

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

Key

Level of inherent risk

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

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

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

Adequacy of Risk Management Systems

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

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

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

Overall Composite Risk

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

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

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

Direction of Overall Composite

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

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

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

32.13 RISK AND CREDIT RATINGS
32.13.1 External Credit Rating

CBZ Bank Limited

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

32.13.2 Reserve Bank Ratings

CAMELS RATING MATRIX

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

Key

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

33. CORPORATE GOVERNANCE STATEMENT

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

33.1 Disclosure policy

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

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

33.2 Code of conduct

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

The Directors and employees of the Group are all expected to comply with the principles of the code of conduct. There was close monitoring of both Directors and employees in this regard and cases of non-compliance received appropriate disciplinary action which was enforced with consistency.

33.3 Financial reporting

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

33.4 Internal oversight functions

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

Internal Oversight Functions in the Group are integrated as follows:

- The Risk Division conducts the overall risk assessment within the Business Units and provides the resulting data in the form of risk matrices to Internal Audit and to the Compliance function to use as a starting point for their analysis.
- Internal audit concentrates on the financial risks highlighted on the risk matrices and on testing processes.
- Compliance assesses the significant regulatory risks highlighted by risk matrices, reviews and documents factors which aggravate the risk, considers the control environment, sets with Business Units the policy on managing that risk and, finally, monitors the risk that in fact ensues.
- The Legal function focuses on the legal risks highlighted by the risk matrices.

Internal oversight functions offer independent objective assurance designed to add value to and improve the Group's operations. They help the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and compliance processes.

33.5 Fraud and illegal acts

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

33.6 The role of the Board of Directors

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

The Board actively embraces its responsibilities and brings its collective skills and experiences in providing independent, objective and thoughtful oversight and guidance to the Group.

The Group has an active and engaged Board, which shapes and executes successful strategies. The Board contributes to organisational performance through fulfilling the following four major responsibilities;

- The Board approves the strategic direction of the Group. Such approval sets the organization in motion. Consequently, Directors are knowledgeable about the central business issues and non-financial factors that drive the business so that they can be able to identify winning strategies from risky or problematic ones. The Group has put in place systems and procedures to ensure that, Directors are aware of the key issues and drivers of the business;
- The Board ensures that resources are used effectively to achieve the strategy hence it oversees the financial actions of the Group. It sets fiscal policy and approves large capital expenditures. The Group has systems and structures in place to ensure that, once a strategic expenditure is approved, Directors obtain sufficient feedback on whether the expenditure generated the desired benefits;
- The Board approves the hiring of senior executives, assesses their performance and rewards them appropriately. The Directors are also actively involved in succession planning; and
- The Board is a watchdog for uncompensated risk and a guardian for compliance. Directors receive sufficient information to effectively address key compliance issues and business risks that can prevent the Group from achieving its strategic targets.

33.7 The role of the Board in Risk Management

The Board identifies and monitors key risk areas, key performance areas and non financial aspects relevant to the Group. To ensure that this role is executed efficiently, the Board:

- has a general understanding of the types of risks to which the Group may be exposed and of the techniques used to measure and manage those risks;
- reviews and approves the overall risk philosophy and risk tolerance of the Group. Systems and procedures are in place to ensure that the Board is aware of material changes to the Group's business strategies or risk tolerance levels and the limits within which individuals are authorized to act;
- reviews and approves significant policies or changes in policies for accepting, monitoring, managing and reporting on the significant risks to which the Group is exposed;
- monitors and ensures that management have a suitable and acceptable process for determining the Group's desired level of capital, taking into account risks assumed, and ensuring that capital management strategies are in place;
- requires from management timely and accurate reporting on significant risks faced by the institution, the procedures and controls in place to manage these risks, and the overall effectiveness of risk management processes.
- assures itself that the risk management functions of the Group, have sufficient independence, status and visibility and are subject to periodic reviews; and
- includes in its reviews of changes in strategies or new business initiatives, a review of requisite or related changes in risk management and controls.

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

The Board of Directors is ultimately responsible for ensuring that a sound system of internal controls is established and maintained. As part of this responsibility, the Board regularly, reviews the system of internal controls to determine that it works as expected and that it remains appropriate. Internal controls focus on critical risk areas and are based on policies and procedures. Adequate segregation of duties are in place to enhance the effectiveness of these controls.

Useful inputs into internal control reviews include:

- management reports on the operations and financial condition of the Group, the performance of risk management and other control systems during the period under review and any significant non-compliance with controls, the Group's code of conduct, laws and regulations;
- internal and external audit opinions on the adequacy of controls for the Group as a whole and for individual business entities, and recommendations for improvements; liabilities, on the current and prospective position of the Group, and on matters that might have a material adverse impact on its financial condition;
- the audit report on the audited financial statements, including the auditor's management letter;
- views, solicited by the Board, from the Group's external and internal auditors and legal counsel; and
- The views and observations of the regulators on the Group.

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

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

- actively exercises its responsibility for recommending to shareholders a suitable nominee for appointment as external auditor;
- takes an active interest in the selection of heads of internal oversight functions;
- reviews the mandates, structures and scope of the proposed activities of the internal control functions, and approves any major changes thereto.
- requires that those who are responsible for fulfilling these functions are independent from the operations under review and free of influences that may affect their ability to perform their responsibilities objectively;
- requires that the internal oversight providers and the external auditor have unrestricted access to the Board;
- satisfies itself that those who are responsible for fulfilling these functions have the resources and authority required to perform their duties appropriately and receive support from senior management;
- satisfies itself that the remuneration provided to key individuals in these functions adequately reflects the importance of the function and that the incentives contained in these remuneration packages for the function are not inconsistent with its role and responsibilities;
- discusses key findings of the reports produced by these functions, understands how material disagreements are dealt with, and follow-up on any concerns raised by these functions; and
- regularly reviews the nature of the function being carried out as well as the effectiveness and independence of those fulfilling these functions.

33.10 Compliance

The Banking, Building Society and Asset Management subsidiaries are subject to regulation by the Reserve Bank of Zimbabwe and the Registrar of Banks and financial institutions where appropriate, the Group participates in industry consultative committees and discussion groups aimed at enhancing the business environment**.**

Board structure

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

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

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

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

Subsidiary boards

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

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

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

Appointment, Induction, Development, Evaluation and Succession of Directors

The Board is authorised by the company's Articles of Association to appoint new directors based on recommendations by the Human Resources and Remuneration Committee. Eligibility for appointment as a director is guided by the Director's Fit and Proper test requirements of the Companies Act [Chapter 24:0.3] and best practice.

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

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

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

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.

Board Meetings

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

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

Board meetings are conducted in a manner that encourages open communication, active participation and timely resolution of issues. Sufficient time is provided during Board meetings for thoughtful discussions. Board meetings are facilitated, but not overly influenced by the Chairperson.

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

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

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

KEY

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

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

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

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

* Executive Directors
** Not a committee member

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

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

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

* Executive Directors
** Not a committee member

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

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

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

* Executive Directors
** Not a committee member

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

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

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

* Executive Directors

Committee	Number of Meetings Held
Main Board	4

STATEMENT OF COMPLIANCE

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

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

By order of the Board

R.A. JAKANANI
GROUP LEGAL CORPORATE SECRETARY

26 February 2013

AUDITED FINANCIAL RESULTS *For The Year Ended 31 December 2012*

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	31 Dec 2012 US$	31 Dec 2011 US$
ASSETS			
Balances with banks and cash	8	175 932 794	140 060 364
Money market assets	9	57 004 893	5 050 000
Advances	10	774 152 205	729 508 116
Other assets	11	52 312 287	58 971 404
Investment in equities	12	172 206	263 376
Property and equipment	13	46 698 149	40 677 195
Investment properties	14	2 745 000	2 288 000
Intangible assets	15	1 175 445	1 560 091
Deferred taxation	16	4 917 190	3 388 512
TOTAL ASSETS		**1 115 110 169**	**981 767 058**
LIABILITIES			
Deposits	17	1 003 429 254	809 124 335
Other liabilities	18	11 863 027	89 549 418
Current tax payable		4 526 282	4 826 325
TOTAL LIABILITIES		**1 019 818 563**	**903 500 078**
EQUITY AND RESERVES			
Share capital	19	5 118 180	5 118 180
Share premium	19.1	11 198 956	11 198 956
Non-distributable reserve	19.2	5 522 755	5 522 755
Revaluation reserve	19.3	8 191 449	6 267 162
Available-for-sale reserve	19.4	-	(636 498)
Revenue reserves	19.5	65 260 266	50 796 425
TOTAL EQUITY & RESERVES		**95 291 606**	**78 266 980**
TOTAL LIABILITIES, EQUITY AND RESERVES		**1 115 110 169**	**981 767 058**

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

	Share capital US$	Share premium US$	Non-Distritable reserve US$	Revaluation reserve US$	Available for sale reserve US$	Revenue reserve US$	Total US$
2011							
Balance at the beginning of the year	5 118 180	11 198 956	5 522 755	5 102 562	(403 714)	30 098 060	56 636 799
Total comprehensive income	-	-	-	1 164 600	(232 784)	24 698 365	25 630 181
Dividends	-	-	-	-	-	(4 000 000)	(4 000 000)
Balance at 31 December 2011	**5 118 180**	**11 198 956**	**5 522 755**	**6 267 162**	**(636 498)**	**50 796 425**	**78 266 980**
2012							
Balance at 1 January 2012	5 118 180	11 198 956	5 522 755	6 267 162	(636 498)	50 796 425	78 266 980
Total comprehensive income	-	-	-	1 924 287	636 498	31 044 211	33 604 996
Dividends	-	-	-	-	-	(16 580 370)	(16 580 370)
Balance at 31 December 2012	**5 118 180**	**11 198 956**	**5 522 755**	**8 191 449**	**-**	**65 260 266**	**95 291 606**

STATEMENT OF CASH FLOWS
For the year ended 31 December 2012

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

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

1. INCORPORATION AND ACTIVITIES

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

2. NET INTEREST INCOME

	31 Dec 2012 US$	31 Dec 2011 US$
Interest income		
Overdrafts	76 158 477	72 108 272
Loans	46 132 793	28 086 289
Staff loans	2 599 255	2 480 342
	124 890 525	**102 674 903**
Short-term money market assets	728 026	801 705
Other Investments	21 184 167	1 272 037
	146 802 718	**104 748 645**
Interest expense		
Savings deposits	4 644 212	6 674 895
Call deposits	68 409	172 536
Money market deposits	39 158 953	17 089 446
Other offshore deposits	16 767 030	10 181 108
	60 638 604	**34 117 985**

3. NON-INTEREST INCOME

	31 Dec 2012 US$	31 Dec 2011 US$
Fair value adjustments on investment property	447 070	60 500
Net income from foreign currency dealings	4 119 356	6 032 224
Commission and fee income	20 925 162	20 271 893
Loss on sale of property and equipment	(28 233)	(24 762)
Other operating income	6 300 682	8 813 550
	31 764 037	**35 153 405**

4. OPERATING EXPENDITURE

	31 Dec 2012 US$	31 Dec 2011 US$
Staff costs	40 936 172	33 576 507
Administration expenses	26 579 830	22 641 943
Audit fees	310 796	141 389
Depreciation	2 999 193	2 333 328
Amortisation of intangible assets	542 993	-
	71 368 984	**58 693 167**
Remuneration of directors and key management personnel		
Fees for services as directors	464 628	313 308
Pension for past and present directors	153 360	72 245
Salaries and other benefits	3 936 323	2 175 604
	4 554 311	**2 561 157**
Operating Leases		
The following is an analysis of expenses related to operating leases		
Non cancellable leases are paid as follows :		
Less than 1 year	156 816	55 327
Between 1 and 5 years	1 265 251	977 559
	1 422 067	**1 032 886**

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

During the year ended 31 December 2012, an amount of US$922 469 was recognised as rental expense in the statement of comprehensive income.

5. TAXATION

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

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

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

6. EARNINGS PER SHARE

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

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

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

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

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

		31 Dec 2012 US$	31 Dec 2011 US$
	EARNINGS		
	Basic earnings	31 044 211	24 698 365
	Fully diluted	31 044 211	24 698 365
	Headline	31 290 627	24 665 652
6.2	**Reconciliation of numerators used for calculating basic and diluted earnings per share:**		
	Basic earnings	31 044 211	24 698 365
	Effective potentially dilutive transactions	-	-
	Diluted earnings	**31 044 211**	**24 698 365**
6.3	**Reconciliation of denominators used for calculating Basic and diluted earnings per share:**		
	Weighted average number of shares used for basic earnings per share	511 817 951	511 817 951
	Potentially dilutive shares	-	-
	Weighted average number of shares used for diluted EPS	**511 817 951**	**511 817 951**
6.4	**Reconciliation of earnings used for calculating basic and headline earnings per share:**		
	Profit attributable to shareholders	31 044 211	24 698 365
	Adjusted for excluded re- measurements:		
	Disposal losses on property and equipment	28 233	24 762
	Gains on investment properties valuations	(447 070)	(60 500)
	Gains on available-for-sale reclassified from equity	643 003	-
	Tax relating to re- measurements	22 250	3 025
		31 290 627	**24 665 652**
7.	**DIVIDENDS**		
	Interim dividend paid	9 030 000	-
	Final dividend paid	7 550 370	4 000 000
		16 580 370	**4 000 000**
8.	**BALANCES WITH BANKS AND CASH**		
	Balance with the Reserve Bank of Zimbabwe	**102 502 494**	**83 882 443**
	Statutory reserve	-	9 238 996
	Current accounts	102 502 494	74 643 447
	Balances with other banks and cash	**73 430 300**	**56 177 921**
	Cash	40 815 918	37 445 087
	Nostro accounts	32 605 515	18 720 501
	Interbank clearing accounts	8 867	12 333
		175 932 794	**140 060 364**

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

		31 Dec 2012 US$	31 Dec 2011 US$
9.	**MONEY MARKET ASSETS**		
	Call placements	45 992 285	5 000 000
	Treasury bills and placements	10 942 842	-
	Accrued interest	69 766	50 000
		57 004 893	**5 050 000**
	Money market portfolio analysis		
	Held for trading portfolio	57 004 893	5 050 000
		57 004 893	**5 050 000**
	Maturity analysis		
	Between 1 and 3 months	47 007 906	5 050 000
	Between 3 months and 1 year	9 996 987	-
		57 004 893	**5 050 000**
	Maturity value	57 122 799	5 052 033
	Book value	57 004 893	5 050 000
10	**ADVANCES**		
	Overdrafts	474 849 515	426 496 608
	Loans	288 582 634	285 159 285
	Mortgage advances	37 158 222	32 309 558
		800 590 371	**743 965 451**
	Interest accrued	7 006 485	6 183 574
	Total gross advances	**807 596 856**	**750 149 025**
	Impairment	(33 444 651)	(20 640 909)
	Net advances	**774 152 205**	**729 508 116**

		31 Dec 2012	%	31 Dec 2011	%
10.1	**Sectoral analysis**				
	Private	51 268 781	6	51 865 835	7
	Agriculture	255 563 449	32	225 799 243	30
	Mining	13 120 322	2	7 209 438	1
	Manufacturing	151 717 080	19	114 845 350	15
	Distribution	205 807 416	25	179 001 953	24
	Construction	3 119 161	-	18 373 527	2
	Transport	17 070 839	2	44 411 295	6
	Communication	6 636 850	1	5 014 143	1
	Services	102 216 773	13	102 197 558	14
	Financial Organisations	1 076 185	-	1 430 683	-
		807 596 856	**100**	**750 149 025**	**100**

		31 Dec 2012 US$	31 Dec 2011 US$
10.2	**Maturity analysis**		
	Demand	508 663 930	428 043 045
	Between 1 and 3 months	21 687 862	28 319 415
	Between 3 and 6 months	12 434 738	9 572 963
	Between 6 months and 1 year	49 740 824	54 018 623
	Between 1 and 5 years	142 679 444	197 437 243
	More than 5 years	72 390 058	32 757 736
		807 596 856	**750 149 025**

Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity.

		31 Dec 2012 US$	31 Dec 2011 US$
10.3	**Loans to directors, key management and employees**		
	Loans to directors and key management		
	Included in advances are loans to directors and key management:-		
	Opening balance	3 541 884	1 889 747
	Advances made during the year	3 228 160	3 447 156
	Repayment during the year	(1 018 972)	(1 795 019)
	Balance at end of year	**5 751 072**	**3 541 884**
	Loans to employees		
	Included in advances are loans to employees: -		
	Opening balance	32 933 309	24 812 647
	Advances made during the year	7 774 075	16 107 825
	Repayments during the year	(5 793 256)	(7 987 163)
	Balance at end of year	**34 914 128**	**32 933 309**
10.4	**Non performing advances**		
	Total advances on which interest is suspended	**41 386 122**	**47 223 532**
10.5	**Impairment of advances**		
	Opening balance	20 640 909	4 874 499
	Charge for impairment	4 242 173	13 721 785
	Interest in suspense	8 561 569	2 044 625
	Balance at end of year	**33 444 651**	**20 640 909**
	Comprising:		
	Specific impairments	18 432 176	8 938 131
	Portfolio impairments	15 012 475	11 702 778
		33 444 651	**20 640 909**
10.6	**Collaterals**		
	Notarial general covering bonds	396 259 583	289 378 234
	Mortgage bonds	649 281 010	493 612 956
		1 045 540 593	**782 991 190**
11.	**OTHER ASSETS**		
	Intercompany balances	7 405 492	47 111 628
	Land development	15 941 157	4 410 374
	Prepaid bond issue costs	-	3 538 669
	Prepayments and deposits	1 437 173	401 401
	Receivables	27 528 465	3 509 332
		52 312 287	**58 971 404**
12.	**INVESTMENTS IN EQUITIES**		
	Listed investments	-	130 092
	Unlisted investments	172 206	133 284
		172 206	**263 376**
	At cost	172 206	133 284
	At fair value	-	130 092
		172 206	**263 376**
	Portfolio analysis		
	Available for sale	**172 206**	**263 376**

13. PROPERTY AND EQUIPMENT

Cost	Land US$	Buildings US$	Leasehold improvements US$	Motor vehicles US$	Computer and equipment US$	Work in progress US$	31 Dec 2012 US$	31 Dec 2011 US$
Opening balance	2 205 000	21 559 500	398 281	2 327 856	10 498 520	7 212 450	44 201 607	34 557 432
Additions	-	115 628	34 074	165 071	2 561 388	4 070 434	6 946 595	9 057 471
Revaluation	445 000	1 485 890	-	-	-	-	1 930 890	1 058 894
Disposals	-	-	-	(16 600)	(170 428)	(312 263)	(499 291)	(472 190)
Transfers	-	190 482	9 884	27 728	1 390 166	(1 618 260)	-	-
Closing balance	**2 650 000**	**23 351 500**	**442 239**	**2 504 055**	**14 279 646**	**9 352 361**	**52 579 801**	**44 201 607**
Accumulated depreciation								
Opening balance	-	-	90 118	853 992	2 580 302	-	3 524 412	1 723 256
Charge for the year	-	536 383	39 410	537 353	1 886 047	-	2 999 193	2 333 328
Disposals	-		-	(13 500)	(92 070)	-	(105 570)	(40 746)
Revaluation	-	(536 383)	-	-	-	-	(536 383)	(491 426)
Closing balance	-	-	129 528	1 377 845	4 374 279	-	5 881 652	3 524 412
Net Book Value	**2 650 000**	**23 351 500**	**312 711**	**1 126 210**	**9 905 367**	**9 352 361**	**46 698 149**	**40 677 195**

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

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

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

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$16 063 983 had they been carried at cost.

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

14. INVESTMENT PROPERTIES

	31 Dec 2012 US$	31 Dec 2011 US$
Opening balance	2 288 000	2 227 500
Additions	9 930	-
Fair valuation gain	447 070	60 500
Closing balance	**2 745 000**	**2 288 000**

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Bank's investment properties. The properties were valued as at 31 December 2012.

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

15 INTANGIBLE ASSETS

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

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

16 DEFERRED TAXATION

	31 Dec 2012 US$	31 Dec 2011 US$
Deferred tax related to items charged or credited to statement of other comprehensive income during the period is as follows:		
Revaluation of property and equipment	(542 986)	(385 720)
Fair value adjustment – Available for sale financial assets	(6 505)	1 382
	(549 491)	**(384 338)**
The deferred tax included in the statement of financial position and changes recorded in the income tax expenses are as follows:		
Deferred tax liability		
Fair value adjustments	(22 850)	3 025
Prepayments	(143 409)	619 837
Impairment allowance	1 092 359	3 533 358
Property and equipment	(120 467)	490 172
Other	1 272 536	153 420
	2 078 169	**4 799 812**
Add:		
Opening balance	3 388 512	(1 026 962)
Closing balance	**4 917 190**	**3 388 512**

17. DEPOSITS

	31 Dec 2012 US$	31 Dec 2011 US$
Call deposits	5 356 014	24 326
Savings and other deposits	484 462 910	519 863 169
Money market deposits	332 855 042	162 500 956
Offshore deposits	171 716 509	121 750 620
Accrued interest	9 038 779	4 985 264
	1 003 429 254	**809 124 335**

17.1 Deposits by source

	31 Dec 2012 US$	31 Dec 2011 US$
Banks	36 114 207	8 843 127
Money market	308 364 851	155 668 367
Customers	485 661 677	521 085 367
Offshore deposits	173 288 519	123 527 474
	1 003 429 254	**809 124 335**

17.2 Deposits by type

	31 Dec 2012 US$	31 Dec 2011 US$
Retail	43 014 045	39 208 113
Corporate	442 647 632	481 877 255
Money market	344 479 058	164 511 493
Offshore deposits	173 288 519	123 527 474
	1 003 429 254	**809 124 335**

17.3. Sectoral Analysis

	31 Dec 2012 US$	%	31 Dec 2011 US$	%
Private	111 312 920	11	94 399 174	12
Agriculture	33 069 968	3	26 642 552	4
Mining	9 986 027	1	8 045 161	1
Manufacturing	122 452 318	12	98 652 716	12
Distribution	130 789 472	13	105 369 477	13
Construction	23 394 093	2	18 847 261	2
Transport	15 994 662	2	12 885 970	2
Communication	60 589 459	6	48 813 406	6
Services	190 277 630	19	153 295 628	19
Financial organisations	282 952 584	29	213 604 909	25
Financial and investments	22 610 121	2	28 568 081	4
	1 003 429 254	**100**	**809 124 335**	**100**

17.4 Maturity analysis

	31 Dec 2012 US$	31 Dec 2011 US$
Repayable on demand	630 194 168	535 444 329
Between 1 and 3 months	159 130 548	99 096 473
Between 3 months and 6 months	48 834 228	74 200 453
Between 6 months and 1 year	35 162 346	-
Between 1 year and 5 years	124 723 283	100 383 080
More than 5 years	5 384 681	-
	1 003 429 254	**809 124 355**

Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity.

18. OTHER LIABILITIES

	31 Dec 2012 US$	31 Dec 2011 US$
Revenue received in advance	826 328	17 286 586
Sundry creditors	10 111 298	7 859 358
Salaries outward suspense	-	33 997 421
RTGS suspense	-	28 919 232
Other	925 401	1 486 821
	11 863 027	**89 549 418**

19. SHARE CAPITAL

	31 Dec 2012 US$	31 Dec 2011 US$
Authorised		
600 000 000 ordinary shares of US$ 0.01each	6 000 000	6 000 000
Issued and fully paid		
511 817 951 ordinary shares of US$ 0.01each	5 118 180	5 118 180

		31 Dec 2012 US$	31 Dec 2011 US$
19.1	**Share premium**		
	Opening balance	11 198 956	11 198 956
	Movement for the year	-	-
	Closing balance	**11 198 956**	**11 198 956**
19.2	**Non-distributable reserve**		
	Opening balance	5 522 755	5 522 755
	Movement for the year	-	-
	Closing balance	**5 522 755**	**5 522 755**
19.3	**Revaluation reserve**		
	Opening balance	6 267 162	5 102 562
	Revaluation adjustments made during the period	1 924 287	1 164 600
	Closing balance	**8 191 449**	**6 267 162**
19.4	**Available for sale reserve**		
	Opening balance	(636 498)	(403 714)
	Total comprehensive income	636 498	(232 784)
	Closing balance	**-**	**(636 498)**
19.5	**Revenue reserve**		
	Opening balance	50 796 425	30 098 060
	Profit for the year	31 044 211	24 698 365
	Dividend paid	(16 580 370)	(4 000 000)
	Closing balance	**65 260 266**	**50 796 425**

20. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
December 2011					
Financial assets					
Balances with banks and cash	-	-	140 060 364	-	140 060 364
Money market assets	5 050 000	-	-	-	5 050 000
Advances	-	-	729 508 116	-	729 508 116
Other assets	-	-	43 937 871	-	43 937 871
Investments	-	263 376	-	-	263 376
Total	**5 050 000**	**263 376**	**913 506 351**	**-**	**918 819 727**
Financial liabilities					
Deposits	-	-	-	809 124 335	809 124 335
Other liabilities	-	-	-	72 262 834	72 262 834
Current tax payable	-	-	-	4 826 325	4 826 325
Total	**-**	**-**	**-**	**886 213 494**	**886 213 494**

21. CAPITAL MANAGEMENT

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

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

22. CONTINGENCIES AND COMMITMENTS

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

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

23. CAPITAL ADEQUACY

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

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

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

24. RISK MANAGEMENT

24.1 Risk Overview

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

24.2 Bank Risk Management Framework

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

24.3 (a) Credit risk exposure

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24.3 (e) Credit Quality per Class of Financial Assets

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

DECEMBER 2012

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

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

DECEMBER 2011

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

The Bank has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Bank, assuming all guarantees are called on, is $8.3 million.

24.4 Liquidity risk

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

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

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

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

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

24.4.1 Liquidity gap analysis

LIQUIDITY PROFILE AS AT 31 DECEMBER 2012

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

LIQUIDITY PROFILE AS AT 31 DECEMBER 2011

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Total US$
Assets						
Advances	407 402 136	28 319 415	63 591 586	197 437 243	32 757 736	729 508 116
Balances with banks and cash	56 599 078	83 461 286	-	-	-	140 060 364
Money market assets	-	5 050 000	-	-	-	5 050 000
Other assets	-	49 237 871	-	-		49 237 871
Total	**464 001 214**	**166 068 572**	**63 591 586**	**197 437 243**	**32 757 736**	**923 856 351**
Liabilities						
Deposits	535 444 329	99 096 473	74 200 453	100 383 080 -		809 124 335
Current tax payable	-	4 826 325	-	-	-	4 826 325
Other liabilities	-	72 262 834	-	-	-	72 262 834
Financial guarantees	-	-	8 258 351	-	-	8 258 351
Total	**535 444 329**	**176 185 632**	**82 458 804**	**100 383 080**	-	**894 471 845**
Liquidity gap	(71 443 115)	(10 117 060)	(18 867 218)	97 054 163	32 757 736	29 384 506
Cumulative liquidity gap	**(71 443 115)**	**(81 560 175)**	**(100 427 393)**	**(3 373 230)**	**29 384 506**	**29 384 506**

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

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

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

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

24.5 Interest rate risk

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

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

24.5.1 Interest rate repricing

31 December 2012

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

December 2011

	Demand US$	1 to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Above 5 years US$	Non- interest bearing US$	Total US$
Assets							
Balance with banks and cash	56 599 078	83 461 286	-	-	-	-	140 060 364
Money market assets	-	5 050 000	-	-	-	-	5 050 000
Advances	407 402 136	28 319 415	63 591 586	197 437 243	32 757 736	-	729 508 116
Other assets	-	46 756 196	-	-	-	12 215 208	58 971 404
Investment in equities	-	-	-	-	-	263 376	263 376
Investment properties	-	-	-	-	-	2 288 000	2 288 000
Property and equipment	-	-	-	-	-	40 677 195	40 677 195
Deferred taxation	-	-	-	-	-	3 388 512	3 388 512
Intangible assets	-	-	-	-	-	1 560 091	1 560 091
Total Assets	**464 001 214**	**163 586 897**	**63 591 586**	**197 437 243**	**32 757 736**	**60 392 382**	**981 767 058**
Liabilities and Equity							
Deposits	535 444 329	99 096 473	74 200 453	100 383 080	-	-	809 124 335
Other liabilities	-	-	-	-	-	89 549 418	89 549 418
Current tax payable	-	-	-	-	-	4 826 325	4 826 325
Equity and reserves	-	-	-	-	-	78 266 980	78 266 980
Total Equity and Liabilities	**535 444 329**	**99 096 473**	**74 200 453**	**100 383 080**	**-**	**172 642 723**	**981 767 058**
Interest rate repricing gap	(71 443 115)	64 490 424	(10 608 867)	97 054 163	32 757 736	(112 250 341)	-
Cumulative gap	**(71 443 115)**	**(6 952 691)**	**(17 561 558)**	**79 492 605**	**112 250 341**	**-**	**-**

24.6. Exchange rate risk

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

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

At 31 December 2012, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the period would have been US$33 270 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Bank as at 31 December 2012 is as below:

Foreign currency position as at 31 December 2012

Position expressed in US$

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

Foreign currency position as at 31 December 2011

Position expressed in US$

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

Foreign currency position as at 31 December 2012

Underlying currency in US$

	ZAR	GBP	Other foreign currencies
Assets			
Balances with banks and cash	139 535 403	1 606 468	2 621 618
Money market assets	53 734 847	-	4 663 674
Advances	10 515 955	159 073	(615 340)
Other assets	9 874 699	27 620	48 290
Investments in equities	-	-	143 642
Property and equipment	-	-	76 109
Total Assets	**213 660 904**	**1 793 161**	**6 937 994**
Liabilities			
Deposits	252 005 317	3 761 068	2 005 739
Other liabilities	-	38 287	7 539
Total liabilities	**252 005 317**	**3 799 355**	**2 013 278**
Net position	**(38 344 413)**	**(2 006 194)**	**4 924 716**

Foreign Currency Position as at 31 December 2011

Underlying currency in US$

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

STATEMENT OF COMPLIANCE

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

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

AUDITED FINANCIAL RESULTS *For The Year Ended 31 December 2012*

32nd Anniversary
STANDING THE TEST OF TIME

DATVEST
Investing with Confidence
A member of the CBZ Group

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

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

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

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

STATEMENT OF CASH FLOWS
For the year ended 31 December 2012

	31 Dec 2012 US$	31 Dec 2011 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(215 941)	(238 537)
Non cash items:		
Depreciation and amortisation	68 255	64 327
Fair value adjustment	47 503	270 829
Loss/(profit) on sale of property and equipment	1 369	(39 464)
Impairment of intangible assets	-	19 022
Operating (loss)/profit before changes in operating assets and liabilities	**(98 814)**	**87 882**
Changes in operating assets and liabilities		
Advances	4 686	(276 871)
Money market assets	(221 594)	-
Other assets	(102 583)	(112 352)
Investment securities	166 700	179 875
Other liabilities	86 733	354 477
Provisions	1 937	(134 713)
	(64 121)	**10 410**
Corporate tax paid	-	(15 800)
Net cash flow from operating activities	**(162 935)**	**82 492**
CASH FLOWS FROM INVESTING ACTIVITIES		
	-	
Purchase of investment properties	-	(61 750)
Proceeds on disposal of property and equipment	3 750	97 301
Purchase of property and equipment	(10 412)	(42 768)
Purchase of intangible assets	(78 008)	(319 554)
Net cash flow from investing activities	**(84 670)**	**(326 771)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Rights issue	385 000	-
Proceeds from borrowings	-	450 000
Repayment of borrowings	(90 000)	(30 000)
Net cash flow from financing activities	**295 000**	**420 000**
Net increase in balances with banks and cash	47 395	175 721
Balances with banks and cash at the beginning of the year	170 532	(5 189)
Balances with banks and cash at end of the year	**217 927**	**170 532**

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

1. INCORPORATION AND ACTIVITIES

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

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

4. TAXATION

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

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

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

		31 Dec 2012 US$	31 Dec 2011 US$
7.1	**Maturity analysis**		
	Between 3 months and 1 year	28 674	-
	Between 1 and 5 years	289 421	322 781
		318 095	**322 781**

Maturity analysis is based on the remaining period from 31 December 2012 to contractual maturity.

		31 Dec 2012 US$	31 Dec 2011 US$
7.2	**Loans to directors, key management and employees**		
	Loans to directors and key management		
	Included in advances are loans to executive directors and key management:-		
	Opening balance	125 799	26 429
	Advances made during the year	40 309	108 190
	Repayments during the year	(38 865)	(8 820)
	Balance at end of year	**127 243**	**125 799**
	Loans to employees		
	Included in advances are loans to employees: -		
	Opening balance	196 982	50 202
	Advances made during the year	100 400	254 951
	Repayments during the year	(106 530)	(108 171)
	Balance at end of year	**190 852**	**196 982**
8.	**OTHER ASSETS**		
	Prepayments	96 007	24 332
	Management fees receivables	138 308	105 400
	Sundry debtors	1 200	3 200
		235 515	**132 932**
9.	**INVESTMENT SECURITIES**		
	Listed investments	626 485	863 938
		626 485	**863 938**
	At cost	-	-
	At fair value	626 485	863 938
		626 485	**863 938**
	Portfolio analysis		
	Trading	626 485	863 938
		626 485	**863 938**
10.	**INVESTMENT PROPERTY**		
	Opening balance	61 750	-
	Additions	-	61 750
	Fair value adjustments	23 250	-
	Closing balance	**85 000**	**61 750**

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. A valuation was carried out at the year ended 31 December 2012. The rental income derived from the investment property amounted to US$7 800 without direct operating expenses.

11. PROPERTY AND EQUIPMENT

Cost	Motor vehicles US$	Computer and equipment US$	31 Dec 2012 US$	31 Dec 2011 US$
Opening balance	30 000	139 158	169 158	238 090
Additions	-	10 412	10 412	42 768
Disposals	-	(5 345)	(5 345)	(111 700)
Closing balance	**30 000**	**144 225**	**174 225**	**169 158**
Accumulated depreciation				
Opening balance	6 667	78 854	**85 521**	94 079
Charge for the year	2 500	11 389	13 889	45 305
Disposals	-	(226)	(226)	(53 863)
Closing balance	**9 167**	**90 017**	**99 184**	**85 521**
Net Book Value	**20 833**	**54 208**	**75 041**	**83 637**

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