

for the Year Ended 31 December



2014

## Chairman's Statement

I am pleased to report that CBZ Holdings Limited delivered a healthy performance that is consistent with our promise to our stakeholders. The Group remains profitable despite the challenges in the various sectors of our economy. Against the backdrop of a slowdown in the economic fundamentals, the growth in the banking sector has remained under pressure.

The Group has continued to enhance its risk management policies in order to safeguard and grow shareholder value and stakeholder interests through the application of prudential banking and good business practices in our operations.

#### **Operating Environment**

Zimbabwe's growth rate for 2014 was affirmed at 3.1% (2013: 3.3%), by both the Government of Zimbabwe and the International Monetary Fund (IMF). However, the economy continued to face significant headwinds, as evidenced by the reduction in industry capacity utilization, depressed Government revenue collections, increased delinquent loans in the banking sector, external trade imbalances and a continued disinflationary environment. The annual average inflation rate fell from 1.64% in 2013 to -0.8% in 2014. A subdued stock market performance saw the industrial index fall by 19%.

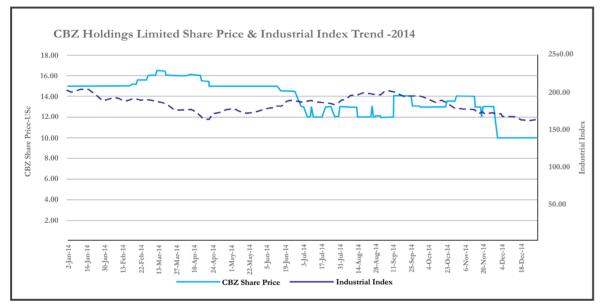
#### **Financial Market**

In its Monthly Economic Review report for December 2014 the Reserve Bank of Zimbabwe indicated that Broad Money supply was at US\$4.40 billion a figure which reflected a 15.58% annual growth, the highest such increase in nearly two years. This was on account of increases across all deposit classes with the exception of short-term deposits. This did not have a significant impact on fixed term deposit rates as they remained largely unchanged from the previous year.

It is very encouraging to note the imminent resumption of the interbank facility supported by the African Export-Import Bank (Afreximbank). The January 2015 Monetary Policy issued by the Reserve Bank of Zimbabwe highlights the US\$200 million facility which we believe will go a long way in supporting the financial services sector to provide the financial intermediary role with relative ease.

#### **Equities Market**

The industrial index closed the year with a cumulative loss of 19.46% on the prior year. Annual total market turnover of US\$452 million was 7% below the 2013 level of US\$486 million as a result of the economic downturn faced during the year.



CBZ Holdings Limited's share opened the year at 15 cents before rising to a twelve month high of 16.5 cents in March 2014. In line with market fundamentals, the share declined during the last quarter to close the year at 10 cents.

## Overview of the Group's performance

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

	Audited Year Ended 31 Dec 2014 US\$m	Audited Year Ended 31 Dec 2013 US\$m
Financial Performance		
Profit before taxation	37.0	42.2
Profit after taxation	33.0	36.7
Total comprehensive income	35.7	39.9
Total assets	1 670.4	1 558.7
Total equity and reserves	231.7	205.8
Total deposits	1 416.9	1 332.6
Total advances	1 125.9	1 028.1
Other statistics		
Basic earnings per share(cents)	5.6	6.3
Non- interest Income to total Income %	42 .8	36.7
Cost to income ratio %	63.8	59.0
Return on assets %	2.3	3.0
Return on equity %	15.1	20.0
Growth in deposits (YOY)%	6.3	29.1
Growth in advances (YOY)%	9.5	20.3
Growth in PBT (YOY)%	(12.4)	(24.0)
Growth in PAT (YOY)%	(9.9)	(18.6)

## Directorship

Following the appointment of Dr John Mangudya as the Governor of the Reserve Bank of Zimbabwe, Messrs Never Nyemudzo and Colin Chimutsa were appointed as Group Chief Executive Officer and Group Chief Finance Officer, respectively, with effect from 1 May 2014. Mr David Mutambara retired from the board of Directors as a shareholder representative of NSSA with effect from 31 May 2014.

## Governance

We believe that a business built on good governance is more likely to succeed over the long term. Given the volatile environment, the Board has continued to be vigilant in managing key risk areas.

## Dividend

In line with the Group's dividend growth policy and considering the need for prudent capitalization, the Board has proposed the declaration of a final gross dividend of US\$1 388 945. Having declared an interim dividend of US\$1 259 245, this, translates to a total annual dividend of US\$2 648 190, a 10% growth from the prior year.

## Outlook

The economy continues to face several challenges and the Government has shown its commitment by coming up with measures to address the country's external debt situation, high risk premium, cost of doing business, infrastructure deficiencies, structural weaknesses and the challenges in the financial services sector, among others. The implementation of these measures, therefore, needs to be expedited in-order for the country to attain its growth targets for 2015.

**Closing Balance** 

## Appreciation

My appreciation goes to the Boards of the Group, the Company's management and staff for their valued contribution and commitment to growth and success. Our stakeholders remain the mainstay of our very existence and it is our commitment to sustain these relationships and remain the preferred provider of financial solutions as we extend our products and services to a global audience.

## R V Wilde



## AUDITOR'S STATEMENT

These financial results should be read in conjuction with the complete set of financial statements for the year ended 31 December 2014, 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

25 February 2015

25 Tebruary 2015								
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2014								
	Notes	31 Dec 2014 US\$	31 Dec 2013 US\$					
Interest income Interest expense Net interest income Non-interest income Underwriting income (net) Total income Operating expenditure Operating income	2 2 3 4 5	190 213 435 (101 861 755) <b>88 351 680</b> 58 085 822 8 131 790 <b>154 569 292</b> (98 662 955) <b>55 906 337</b>	171 798 621 (76 531 111) <b>95 267 510</b> 48 106 088 7 171 217 <b>150 544 815</b> (88 813 016) <b>61 731 799</b>					
Charge for impairment Transfer to life fund Profit before taxation Taxation Profit for the year after taxation	11.5/12.1 21 6	(18 035 952) (862 165) <b>37 008 220</b> (3 976 837) <b>33 031 383</b>	(19 445 247) (63 567) <b>42 222 985</b> (5 570 643) <b>36 652 342</b>					
Other comprehensive income Gains on property revaluation Deferred Income tax relating to components of other comprehensive income Other comprehensive income for the year, net of tax Total comprehensive income for the year	6.1 6.1	3 247 571 (547 980) 2 699 591 35 730 974	3 774 521 (561 057) 3 213 464 39 865 806					
Profit for the year attributable to: Equity holders of parent Non-controlling interests Profit for the year	23.8	32 945 695 85 688 33 031 383	36 469 338 183 004 36 652 342					
Total comprehensive income attributable to: Equity holders of parent Non-controlling interests Total comprehensive income for the year	23.8	35 645 286 85 688 <b>35 730 974</b>	39 682 802 183 004 39 865 806					
Earnings per share(cents): Basic Fully diluted Headline	7.1 7.1 7.1	5.59 5.44 5.61	6.30 6.14 6.18					

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2014						
	Notes	31 Dec 2014 US\$	31 Dec 2013 US\$			
ASSETS		033	033			
Balances with banks and cash	9	73 296 010	152 612 007			
Money market assets	10	240 402 431	175 131 880			
Advances	11	1 125 938 280	1 028 118 742			
Insurance assets	12	4 151 998	3 980 123			
Other assets	13	91 315 003	71 078 468			
Investments in other financial assets	14	13 092 885	11 797 778			
Property and equipment	15	76 950 172	76 444 894			
Investment properties	16	25 161 306	21 849 043			
Intangible assets	17	1 339 462	1 603 965			
Deferred taxation	18.1	17 215 314	16 050 111			
Current tax receivable		1 490 391	-			
TOTAL ASSETS		1 670 353 252	1 558 667 011			
LIABILITIES						
Deferred taxation	18.2	2 606 658	2 581 481			
Deposits	19	1 416 930 877	1 332 564 255			
Insurance liabilities	20	5 134 718	3 619 146			
Life fund	21	2 311 493	1 614 683			
Other liabilities	22	11 514 727	10 485 516			
Current tax payable		165 147	1 956 968			
TOTAL LIABILITIES		1 438 663 620	1 352 822 049			
EQUITY AND RESERVES						
Share capital	23.1	6 866 065	6 862 084			
Share premium	23.2	39 983 305	26 938 904			
Treasury shares	23.3	(13 503 280)	(6 104 335)			
Non-distributable reserve	23.4	-	13 000 000			
Revaluation reserve	23.5	26 305 791	23 606 200			
Share option reserve	23.6	907 067	772 890			
Revenue reserves	23.7	170 846 270	140 099 968			
Equity and reserves attributable to		231 405 218	205 175 711			
equity holders of the parent	23.8	284 414	669 251			
Non-controlling interests TOTAL EQUITY AND RESERVES	23.8	284 414	205 844 962			
TOTAL EQUITY AND RESERVES  TOTAL LIABILITIES, EQUITY AND RESERVES		1 670 353 252	1 558 667 011			
IVIAL LIADILITIES, EQUIT I AND RESERVES		1 0/0 333 232	1 338 007 011			

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2014

	Share capital US\$	Share premium US\$	Treasury shares US\$	Non distributable Reserve US\$	Revaluation reserve US\$	Share option reserve US\$	Revenue reserve US\$	Non- controlling interests US\$	Total US\$
2013									
Opening balance	6 841 445	26 708 659	(8 195 417)	13 000 000	20 392 736	499 637	100 941 818	486 247	160 675 125
Total comprehensive income	-	-	-	-	3 213 464	-	36 469 338	183 004	39 865 806
Treasury shares acquisition	-	-	(1711465)	-	-	-	-	-	(1711465)
Treasury shares disposal	-	-	3 802 547	-	-	-	4 676 947	-	8 479 494
Employee share option reserve	-	-	-	-	-	342 300	-	-	342 300
Exercise of share options	20 639	230 245	-	-	-	(69 047)	-	-	181 837
Dividends paid	-	-	-	-	-	-	(1 988 135)	-	(1 988 135)
Closing Balance	6 862 084	26 938 904	(6 104 335)	13 000 000	23 606 200	772 890	140 099 968	669 251	205 844 962
2014									
Opening Balance	6 862 084	26 938 904	(6 104 335)	13 000 000	23 606 200	772 890	140 099 968	669 251	205 844 962
Total comprehensive income	-	-	-	-	2 699 591	-	32 945 695	85 688	35 730 974
Treasury shares acquisition	-	-	(7 398 945)	-	-	-	-	-	(7 398 945)
Change in degree of ownership	-	-	-	-	-	-	20 995	(470 525)	(449 530)
Employee share option reserve	-	-	-	-	-	147 493	-	-	147 493
Exercise of share options	3 981	44 401	-	-	-	(13 316)	-	-	35 066
Dividends paid	-	-		-	-	-	(2 220 388)	-	(2 220 388)
Inter category transfer	_	13 000 000	_	(13 000 000)	_	_	_	_	_





#### CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2014

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			1.
	31 Dec 2014	31 Dec 2013	
	US\$	US\$	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	37 008 220	42 222 985	
Non cash items:			
Depreciation	7 467 207	5 482 586	•
Amortisation of intangible assets	859 402	814 575	2.
Impairment of property, equipment and land inventory Fair value adjustments on investment properties	524 623 (576 488)	746 093 (1 730 859)	
Fair value adjustments on financial instruments	391 657	(225 365)	
Impairment on advances and insurance assets	18 035 952	19 445 247	
Unrealised gain on foreign currency position	(1 522 557)	(2 505 158)	
Profit on disposal of investment properties	(1 322 337)	55 891	
Unearned premium	679 526	530 904	
Claims provision incurred but not reported (IBNR)	946 179	(176 210)	
Loss on sale of property and equipment	53 972	24 578	
Employee share option expense	147 493	342 300	
Operating cash inflow before changes in operating assets and liabilities	64 015 186	65 027 567	
Changes in operating assets and liabilities			
Deposits	85 889 179	302 717 338	
Advances	(126 652 786)	(200 216 662)	
Money market assets	(65 270 551)	(150 235 459)	
Insurance assets	(320 295)	441 027	
Insurance liabilities	586 677	(1 767 972)	
Other assets	(11 793 323)	(14 972 576)	
Other liabilities	1 029 210	(5 534 281)	3.
Corporate tax paid	<b>(116 531 889)</b> (8 947 056)	<b>(69 568 585)</b> (17 503 163)	
Net cash outflow from operating activities	(61 463 759)	(22 044 181)	
rectasti outilott from operating activities	(01 103 733)	(22 011 101)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of investment property	-	176 609	
Net change in investments	(1 686 763)	(1 763 123)	
Purchase of investment properties	(77 897)	(14 707)	
Proceeds on disposal of property and equipment	444 628	810 232	
Purchase of property and equipment	(6 024 260)	(9 423 343)	
Purchase of intangible assets	(474 149)	(277 721)	4.
Net cash outflow from investing activities	(7 818 441)	(10 492 053)	
CASH FLOWS FROM FINANCING ACTIVITIES	25.044	101 007	
Employee share options	35 066	181 837	
Acquisition of additional shares in subsidiary	(449 530)	(1 711 465)	
Treasury shares acquisition Treasury shares disposal	(7 398 945)	(1 711 465) 8 479 494	
Dividends paid	(2 220 388)	(1 988 135)	
Net cash (outflow)/inflow from financing activities	(10 033 797)	4 961 731	
receasii (Sucilow)/iiiilow iroin iiilaneilig activities	(10 033 797)	<del></del>	
NET DECREASE IN BALANCES WITH BANKS AND CASH	(79 315 997)	(27 574 503)	5.
Balances with banks and cash at the beginning of the year	152 612 007	180 186 510	
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	73 296 010	152 612 007	

#### **ACCOUNTING POLICIES** for the year ended 31 December 2014

## **GROUP ACCOUNTING POLICIES**

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

#### 1.1 **BASIS OF PREPARATION**

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

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

## **Basis of consolidation**

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

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

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

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

#### SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS 1.2

In the process of applying the Group's accounting policies, management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Kindly refer to our website (www.cbz.co.zw) for a detailed analysis of the significant accounting estimates and judgements, which are consistent with those which were applied in the Group's 2013 annual report.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

#### 1. **INCORPORATION AND ACTIVITIES**

The consolidated financial results of the Group for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2014. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

	financial services and is incorporated in Zimbabwe.		
		31 Dec 2014	31 Dec 2013
•	INTEREST	US\$	US\$
	Interest income		
	Bankers acceptances	1 824 740	4 283 512
	Overdrafts	110 437 175	96 150 349
	Loans	43 431 551	48 219 640
	Mortgage loans	16 445 029	10 431 765
	Staff loans	2 972 558	2 591 187
		175 111 053	161 676 453
		15 125 200	4 200 201
	Short-term money market assets	15 135 300	4 200 301
	Other investments	(32 918) <b>190 213 435</b>	5 921 867 <b>171 798 621</b>
	Interest expense	190 213 433	1/1/98021
	Call deposits	611 394	457 047
	Savings deposits	9 349 815	5 471 339
	Money market deposits	70 244 424	46 684 514
	Other offshore deposits	21 656 122	23 918 211
		101 861 755	76 531 111
	NET INTEREST INCOME	88 351 680	95 267 510
	NET INTEREST INCOME	88 331 080	93 207 310
•	NON-INTEREST INCOME		
	Net income from trading securities		237 337
	Fair value adjustments on financial instruments	(391 657)	225 365
	Fair value adjustments on investment properties	576 488	1 730 859
	Net income from foreign currency exchange dealings	4 080 933	6 099 364
	Unrealised gain on foreign currency exchange	1 522 557	2 505 158
	Commission and fee income	45 984 265	31 543 315
	Loss on disposal of assets	(53 972)	(80 469)
	Other operating income	6 367 208	5 845 159
		58 085 822	48 106 088
•	UNDERWRITING INCOME (NET)		
	Grace incurance promium	18 319 992	15 217 421
	Gross insurance premium Reinsurance	(4 758 546)	(4 234 666)
	Net written premium	13 561 446	10 982 755
	Unearned premium	(706 065)	(243 824)
	Net earned premium	12 855 381	10 738 931
	Net commission	(1 476 974)	(700 767)
	Net claims	(3 246 617)	(2 866 947)
		8 131 790	7 171 217
	OPERATING EXPENDITURE		
•	Staff costs	53 674 636	48 882 802
	Administration expenses	35 584 882	32 252 844
	Audit fees	552 206	634 116
	Depreciation	7 467 207	5 482 586
	Amortisation of intangible assets	859 402	814 575
	Impairment of property and equipment	455 965	746 093
	Impairment of land inventory	68 657 <b>98 662 955</b>	88 813 016
		98 002 933	88 813 010
	Remun`eration of directors and key management		
	personnel (included in staff costs)		
	Fees for services as directors	1 187 609	1 156 665
	Pension for past and present directors	620 446	274 046
	Salaries and other benefits	6 152 946 <b>7 961 001</b>	4 390 130 <b>5 820 841</b>
	Operating leases	7 301 001	<u> </u>
	The following is an analysis of expenses related to operating leases:		
	Non-cancellable lease rentals are payable as follows:		
	Less than 1 year	1 597 369	842 910
	Between 1 and 5 years	1 132 697	930 755
	More than 5 years	510 000	570 000
		3 240 066	2 343 665

The Group leases a number of buildings under operating leases. The buildings are mainly used by the Bank for its various branches. The leases run for a period of 5 years with an option to renew the lease after the expiry date. During the year ended 31 December 2014, an amount of US\$2 310 634 was recognised as rental expenditure in statement of comprehensive income.

3 240 066

#### **TAXATION** 6.

6.1

6.2

The following constitutes the major components of income tax expense recognised in the statement of

comprehensive income.						
	31 Dec 2014 US\$	31 Dec 2013 US\$				
Current tax	5 664 844	14 446 963				
Deferred tax	(1 688 007)	(8 876 320)				
Income tax expense	3 976 837	5 570 643				
Income tax relating to components of other comprehensive incom	me					
Gross revaluation adjustment	3 247 571	3 774 521				
Tax benefit/(expense)	(547 980)	(561 057)				
Net revaluation adjustment	2 699 591	3 213 464				
Total tour day	547.000	564.057				
Total taxation	547 980	561 057				
Tax rate reconciliation						
	%	%				
Notional tax	25.00	25.00				
Aids levy	0.75	0.75				
Permanent differences	(14.18)	(12.23)				
Tax credit	(0.82)	(0.33)				
Effective tax rate	10.75	13.19				

#### **7. EARNINGS PER SHARE**

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

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

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



**ADVANCES** 

Overdrafts

Mortgage advances

Impairment provision (including interest in suspense)

Interest accrued **Total gross advances** 

Sectoral analysis

Manufacturing

Distribution

Construction

Communication

**Maturity analysis** Less than 1 month

More than 5 years

Financial organisations

Between 1 and 3 months

Between 3 and 6 months

Between 6 months and 1 year Between 1 and 5 years

Transport

Services

Loans

Private Agriculture

Mining

11.

11.2

# **AUDITED FINANCIAL RESULTS**





	The following reflects the income and shareholding data used in the	e basic and diluted e	arnings per share				31 Dec 2014 US\$	31 Dec 2013 US\$
	computations:		annigo per snare	11.3	Loans to directors, key management and employees			
7.1	Formings now share/souts).	31 Dec 2014	31 Dec 2013		Loans to directors and key management			
7.1	Earnings per share(cents): Basic	5.59	6.30		Included in advances are loans to executive directors and key management:-			
	Fully diluted Headline	5.44 5.61	6.14 6.18		Opening balance Advances made during the year		7 691 443 536 868	5 993 289 2 635 763
		US\$	US\$		Repayments during the year		(1 623 118)	(937 609)
7.2	Earnings				Balance at end of year		6 605 193	7 691 443
	Basic earnings (earnings attributable to equity holders of parent) Fully diluted earnings Headline earnings	32 945 695 32 945 695 33 046 194	36 439 338 36 469 340 35 773 928		Loans to employees Included in advances are loans to employees:			
	Number of shares used in calculations (weighted)				Opening balance Advances made during the year		37 838 477 7 857 898	37 882 668 1 289 824
	Basic earnings per share (weighted)	<b>Shares</b> 589 866 928	<b>Shares</b> 578 552 839		Repayments during the year  Balance at end of year		(1 317 626) 44 378 749	(1 334 015) <b>37 838 477</b>
	Fully diluted earnings per share (weighted) Headline earnings (weighted)	605 123 808 589 866 928	594 207 764 578 552 839		•		44 3/6 /49	3/ 030 4//
		369 600 926	370 332 039	11.4	Non performing advances Total advances on which interest is suspended	_	87 094 321	46 985 693
7.3	Reconciliation of denominators used for calculating basic and diluted earnings per share:			11.5	Impairment provisions			
	Weighted average number of shares before adjustment for treasury shares	686 510 096	686 208 540	11.5	Opening balance		35 915 744	35 455 206
	Less: Treasury shares held	(96 643 168)	(107 655 701)		Charge for impairment on advances Interest in suspense		17 887 532 16 479 820	19 159 872 13 699 706
	Weighted average number of shares used for basic EPS Potentially dilutive shares	<b>589 866 928</b> 15 256 880	<b>578 552 839</b> 15 654 925		Amounts written off during the year		(4 451 137)	(32 399 040)
	Weighted average number of shares used for diluted EPS	605 123 808	594 207 764		Balance at end of year		65 831 959	35 915 744
		31 Dec 2014	31 Dec 2013		Comprising: Specific impairments		37 640 994	17 410 620
7.4	Headline earnings	US\$	US\$		Portfolio impairments		28 190 965	18 505 124
	Profit attributable to ordinary shareholders	32 945 695	36 469 338	11.6	Collaterals		65 831 959	35 915 744
	Adjusted for: Impairment on property and equipment and land inventory	524 623	746 093		Cash cover Mortgage bonds		151 961 284 845 898 806	31 776 798 737 233 914
	Disposal loss on property and equipment Gains on investment properties valuations	53 972 (576 488)	80 469 (1 730 859)		Notarial general covering bonds		754 069 932	657 516 198
	Tax relating to re-measurements	98 392	208 887			1	751 930 022	1 426 526 910
	Headline earnings	33 046 194	35 773 928	12.	INSURANCE ASSETS			
8.	DIVIDENDS				Reinsurance unearned premium reserve		1 259 713	1 076 997
	Interim dividend paid	1 103 009	961 305		Reinsurance receivables Deferred acquisition cost		869 957 530 652	1 151 399 443 141
	Final dividend proposed	1 388 945 <b>2 491 954</b>	1 262 708 2 224 013		Insurance premium receivables		1 537 898	1 408 104
	Dividends are paid on shares held at the record date net of treasury s				Suspended premium		(46 222) <b>4 151 998</b>	(99 518) <b>3 980 123</b>
9.	BALANCES WITH BANKS AND CASH			12.1	Impairment on insurance assets			
9.					Opening balance Provision for doubtful insurance receivables		179 204 148 420	89 557 285 375
	Cash foreign Nostro accounts	29 239 147 17 529 169	35 820 181 22 530 964		Amounts written off during the year	_	(127 483) <b>200 141</b>	(195 728) <b>179 204</b>
	Balance with the Reserve Bank of Zimbabwe	26 522 329	94 237 886		Balance at end of year		200 141	179 204
	Interbank clearing accounts	5 365 <b>73 296 010</b>	22 976 <b>152 612 007</b>	13.	OTHER ASSETS			
10.	MONEY MARKET ASSETS				Work in progress		-	1 734 385
		4 422 000	100,000		Land inventory Prepayments and deposits		77 563 434 1 411 962	65 964 183 1 669 340
	AMA/Agro bills Call placements	1 422 000 64 764 086	100 000 82 244 680		Other receivables		12 339 607 <b>91 315 003</b>	1 710 560 <b>71 078 468</b>
	Treasury bills Bankers acceptances	147 838 853 21 428 062	54 171 471 35 700 159				71313003	71 070 400
	Accrued interest	4 949 430	2 915 570	14.	INVESTMENTS IN OTHER FINANCIAL ASSETS			
10.1	Maturity analysis	240 402 431	175 131 880		Investments in equity instruments Investments in debenture instruments		5 462 918 7 629 967	4 169 747 7 628 031
	Less than 1 month Between 1 and 3 months	24 010 837 72 768 110	85 506 749 24 403 863				13 092 885	11 797 778
	Between 3 and 6 months	1 727 933	18 261 279	14.1	INVESTMENTS IN EQUITIES Unlisted investments		3 775 138	2 750 324
	Between 6 months and 1year Between 1 and 5 years	4 395 084 137 500 467	40 000 000 6 959 989		Listed investments		1 687 780 <b>5 462 918</b>	1 419 423 <b>4 169 747</b>
	•	240 402 431	175 131 880					
10.2	Financial assets held for trading				At cost At fair value		3 775 138 1 687 780	2 750 324 1 419 423
	Maturity value Book value	240 052 181 233 714 027	173 049 063 166 359 546				5 462 918	4 169 747
10.3					Portfolio analysis Trading		4 982 148	3 968 976
10.3	<b>Financial assets classification</b> Financial assets held at fair value through profit or loss	306 987 254	166 359 546		Available for sale		480 770 <b>5 462 918</b>	200 771 <b>4 169 747</b>
	The Group holds Treasury Bills aquired from the Reserve Bank of Zimb	oabwe worth \$147 23	8 853		Austhalia famania incontrata di Alia			7 105 7 47
	(2013: \$54 171 471). These financial assets have been classified as hel	ld for trading.	- 555		Available for sale investments are held at cost.			
		21 Doc 2014	21 Doc 2012		31	1 Dec 2014	31 🛭	Dec 2013

10

28

8

25

23

614 542 440

35 045 651

21 247 394

208 199 408

157 392 983

155 342 362

1 191 770 238 1 064 034 486

116 692 382

337 137 187

20 142 355

97 172 797

293 006 084

4 635 813

22 777 858

6 927 291

271 335 148

21 943 323

1 191 770 238

Maturity analysis is based on the remaining period from 31 December 2014 to contractual maturity.

1 125 938 280 1 028 118 742

107 684 586

294 181 688

16 809 125

96 973 194

246 431 922

5 299 981

25 308 141

243 360 650

19 073 889

100 1 064 034 486 100

8 911310

613 145 157

13 090 851

128 262 783

180 355 875

120 193 349

8 986 471

10

27

9

23

31 Dec 2014	21 Dec 2012			31 Dec 2014		31 Dec 2013	
31 Dec 2014	31 Dec 2013			US\$	%	US\$	%
US\$	US\$	14.2	Investment in subsidiaries				
			CBZ Bank Limited	21 839 891	100	21 839 891	100
660 405 004	550,000,000		CBZ Asset Management	1 987 950	100	1 987 950	100
660 125 004			CBZ Building Society	19 114 990	100	19 114 990	100
347 187 101	355 480 541		CBZ Insurance (Private) Limited	824 109	86.63	374 579	58.50
171 359 744			CBZ Properties (Private) Limited	4 779 144	100	4 779 144	100
1 178 671 849	1 051 595 010		CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
13 098 389	12 439 476		CBZ Asset Management - Mauritius	132 991	100	-	-
1 191 770 238	1 064 034 486		ab_risset management maannas	50 067 089		49 484 568	
(65 831 958)	(35 915 744)			30 007 007		15 10 1 500	

Refer to note 23.8.1 for the changes in investment in CBZ Insurance.

## **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 2014 US\$	31 Dec 2013 US\$
Opening balance	5 100 094	51 637 774	695 174	3 722 853	26 880 795	1 764 124	89 800 814	83 426 767
Additions	-	1 069 691	107 255	1 146 968	3 239 475	460 871	6 024 260	9 423 342
Revaluation surplus	599 253	(79 501)	-	-	_	-	519 752	2 630 750
Impairments	-	(455 965)	-	-	_	-	(455 965)	(721 573)
Disposals	-	_	-	(192 651)	(527 986)	(353 707)	(1 074 344)	(988 507)
Transfers to non PPE assets	-	-	-		-	(344 781)	(344 781)	(3 969 965)
Transfers	-	117 300	3 006	-	272 845	(393 151)	-	-
Closing balance	5 699 347	52 289 299	805 435	4 677 170	29 865 129	1 133 356	94 469 736	89 800 814
Accumulated depreciation and i	mpairment							
Opening balance	-	-	196 862	2 146 295	11 012 763	-	13 355 920	9 178 213
Charge for the year	-	2 727 819	74 795	655 695	4 008 898	-	7 467 207	5 482 586
Disposals	-	-	-	(154718)	(421 026)	-	(575 744)	(153 697)
Revaluation	-	(2727819)	-	-	-	-	(2 727 819)	(1 143 771)
Impairments		-	-	-	-	-	-	(7 411)
Closing balance	-	-	271 657	2 647 272	14 600 635	-	17 519 564	13 355 920
Net book value	5 699 347	52 289 299	533 778	2 029 898	15 264 494	1 133 356	76 950 172	76 444 894
Net book value (2013)	5 100 094	51 637 774	498 312	1 576 558	15 868 032	1 764 124		

Properties were revalued on an open market basis by an independent professional valuer, Mabikacheche & Associates, as at 31 December 2014 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.



for the Year Ended 31 December 2014

19.3

19.4

20.

20.1

21.

22.

23.23.1

23.2

23.3

455 866 918

506 094 335

303 691 694

1 332 564 255

505 720 011

570 786 502

236 576 786

1 416 930 877

**Sectoral Analysis** 

Private

Agriculture



31 Dec 2013

66 088 820

US\$

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:

Buildings40 yearsMotor vehicles3 – 5 yearsLeasehold improvements10 yearsComputer equipment5 yearsFurniture and fittings10 years

The carrying amount of buildings would have been US\$31 804 389 (2013: \$32 382 280) had they been carried at cost.

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

16.	INVESTMENT PROPERTIES	31 Dec 2014	31 Dec 2013
		US\$	US\$
	Opening balance	21 849 043	20 335 977
	Additions	77 897	14 707
	Disposals	-	(232 500)
	Transfer from other assets	2 657 878	-
	Fair valuation gain	576 488	1 730 859
	Closing balance	25 161 306	21 849 043

The carrying amount of the investment property is the fair value of the property as determined by Mabikacheche & Associates, a registered independent appraiser having, an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties. The properties were valued as at 31 December 2014.

The rental income derived from investment properties amounted to US\$ 1 391 420 (2013: US\$ 1 317 835) and direct operating expenses amounted to US\$ 173 598 (2013: US\$ 175 678).

17.	INTANGIBLE ASSETS	31 Dec 2014 US\$	31 Dec 2013 US\$
	Computer software		
	At cost	4 013 282	3 418 383
	Accumulated amortisation	(2 673 820)	(1 814 418)
		1 339 462	1 603 965
	Movement in intangible assets:		
	Opening balance	1 603 965	2 090 819
	Additions	474 149	277 721
	Transfer from property and equipment	120 750	50 000
	Amortisation charge	(859 402)	(814 575)
	Closing balance	1 339 462	1 603 965

Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets, which

	Intangible assets are carried at cost less accumulated amortisation c comprise computer software are amortised over a useful life of 3 years.		le assets, which
18.	DEFERRED TAXATION	24 D - 2014	24 D - 2042
	Analysis of temporary differences	31 Dec 2014 US\$	31 Dec 2013 US\$
18.1	Deferred tax asset Opening balance Assessed loss Impairments and provisions Tax claimable impairments Other Closing balance	16 050 111 263 977 3 777 181 (4 908 545) 2 032 590 17 215 314	7 539 322 161 378 657 112 8 377 977 (685 678) 16 050 111
18.2	Deferred tax liability		
	Deferred tax related to items charged or credited to statement of comprehensive income during the period is as follows: Revaluation of property and equipment	547 980 <b>547 980</b>	561 057 <b>561 057</b>
	The deferred tax included in the statement of financial position and changes recorded in the income tax expense are comprised of:		
	Fair value adjustments Prepayments Property and equipment Other	98 392 16 429 404 639 (1 042 263) (522 803)	208 886 589 907 (1 042 633 (121 691) (365 531)
	Add: Opening balance Closing balance	2 581 481 2 606 658	2 385 955 2 581 481
19.	DEPOSITS		
	Call deposits Savings and other deposits Money market deposits Lines of credit Accrued interest	23 671 484 608 023 548 537 399 502 234 727 287 13 109 056 1 416 930 877	10 439 337 521 227 248 490 348 487 299 481 272 11 067 911 1 332 564 255
19.1	Deposits by source Banks Money market Customers Lines of credit	62 558 182 508 228 320 609 567 589 236 576 786 1 416 930 877	37 647 610 468 446 725 522 778 226 303 691 694 1 332 564 255
19.2	Deposits by type Retail	103 847 578	66 911 308

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

31 Dec 2014

83 693 796

35 739 298

US\$

Agriculture Mining Manufacturing Distribution Construction Transport Communication Services Financial organisations Financial and investments	1	35 739 298 2 10 792 075 1 78 303 262 6 135 342 475 10 25 282 409 2 17 285 714 1 31 564 254 2 442 694 646 31 525 654 196 37 30 578 752 2 416 930 877 100	33 618 095 3 11 045 154 1 124 870 103 9 133 636 078 10 23 766 879 2 16 249 538 1 62 095 991 5 324 718 478 24 487 294 770 37 49 180 349 3 1 332 564 255 100
Maturity analysis Repayable on demand Between 1 and 3 months Between 3 and 6 months Between 6 months and 1 year Between 1 and 5 years More than 5 years  Maturity analysis is based on the remaining per	riod from 31 Dece	31 Dec 2014 US\$ 602 465 271 100 964 340 57 606 556 308 929 280 317 679 170 29 286 260 1 416 930 877	31 Dec 2013 US\$ 805 831 152 192 584 821 121 254 263 102 362 566 89 710 470 20 820 983 1 332 564 255
Reinsurance payables Gross outstanding claims Gross unearned premium reserve Deferred reinsurance acquisition revenue		695 165 1 066 353 3 082 376 290 824 5 134 718	549 367 635 779 2 202 048 231 952 3 619 146
Insurance contract provisions  (a) Provision for unearned premiums	Gross US\$	Reinsurance US\$	Net US\$
Unearned premiums beginning of year Written premiums Premiums earned during the year Additional Unearned Risk Reserve (AURR) Unearned premiums at end of year	3 002 414 18 319 992 (17 457 751) 3 864 655	1 076 997 4 758 546 (4 575 831) 1 <b>259 712</b>	1 925 417 13 561 446 (12 881 920) <b>2 604 943</b>
Outstanding claims provision Outstanding claims at beginning of year Claims incurred Incurred but not reported claims provision (IBNR)	614 363 5 590 615 258 328	122 900 1 641 637 -	491 463 3 948 978 258 328
Claims paid Outstanding claims at end of year	(5 254 709) <b>1 208 597</b>	(1 388 512) <b>376 025</b>	(3 866 197) <b>832 572</b>
(b) Reinsurance payables		Gross US\$	Reinsurance US\$
Reinsurance payables at beginning of year Premiums ceded during the year Reinsurance paid Reinsurance payables at end of year		549 367 4 758 546 (4 612 748) <b>695 165</b>	1 058 715 4 235 432 (4 744 780) <b>549 367</b>
	Unearned Commission US\$	Deferred Acquisition US\$	Net US\$
(c) Commissions Unearned at the beginning of year Written premiums Earned during the year Unearned at end of year	231 953 924 663 (868 078) <b>288 538</b>	246 176 1 008 865 (906 173) 348 868	(14 223) (84 202) 38 095 ( <b>60 330</b> )
(d) Net claims Gross claims incurred Reinsurance claims Incurred but not yet reported claims Gross outstanding claims Reinsurance share of outstanding claims  (e) Net commissions Commission received Commission paid		31 Dec 2014 US\$ 5 197 235 (1 413 805) 683 132 612 305 (227 832) 4 851 035 973 514 (2 479 129)	31 Dec 2013 US\$ 4 377 900 (1 882 360) 459 275 664 930 (122 900) 3 496 845 953 886 (1 872 444)
Deferred acquisition costs  Net commission		28 641 (1 476 974)	217.791 (700.767)
LIFE FUND Unearned Premium Reserve US\$ Opening balance Transfer (to)/from income Interest on GEP Fund Early Maturity GEP claims Closing balance Transfer (to)/from income Tran	Incurred But Not Reported US\$ 424 805 200 853	Guaranteed Educati Plan Provisi U 390 2 687 8 50 1 (215 5 <b>912 7</b>	on Total US\$ 277 1 614 683 851 862 165 145 50 145 00) (215 500)
OTHER LIABILITIES		31 Dec 2014 US\$	31 Dec 2013 US\$
Revenue received in advance Sundry creditors Other		3 236 546 6 521 473 1 756 708 11 514 727	1 124 626 7 234 689 2 126 201 <b>10 485 516</b>
EQUITY AND RESERVES Share capital Authorised			
1 000 000 ordinary shares of US\$ 0.01each  Issued and fully paid		10 000 000	10 000 000
686 606 495 ordinary shares of US\$ 0.01each(2) Opening balance	013: 686 208 400)	6 866 065 6 862 084	6 862 084 6 841 445
Exercise of share options Closing balance		3 981 <b>6 866 065</b>	20 639 6 862 084
Share premium  Opening balance Exercise of Share option reserve Transfer from non-distributable reserve Closing balance		26 938 904 44 401 13 000 000 39 983 305	26 708 659 230 245 - <b>26 938 904</b>
Treasury shares Opening balance Share buyback Disposal of shares Closing balance		6 104 335 7 398 945 - 13 503 280	8 195 417 1 711 465 (3 802 547) <b>6 104 335</b>
Non-distributable reserve Opening balance Transfer to share premium Closing balance		13 000 000 (13 000 000)	13 000 000 - 13 000 000

Corporate Money market

Lines of credit



for the Year Ended 31 December 2014

26.

27.



7 793 728

136 359 722

9 720 336 140 171 216

		31 Dec 2014 US\$	31 Dec 2013 US\$
23.5	Revaluation reserve		
	Opening balance	23 606 200	20 392 736
	Net revaluation gain	2 699 591	3 213 464
	Closing balance	26 305 791	23 606 200
23.6	Employee share option reserve		
	Opening balance	772 890	499 637
	Share options to employees	134 177	273 253
	Closing balance	907 067	772 890

During the year 398 045 shares were exercised after vesting and \$35 066 was realised from the exercise.

#### **Shares under option**

The Directors are empowered to grant share options to senior executives and staff of the company up to a maximum of 40 000 000 shares. The options are granted for a period of 10 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2014 were as follows:

	Subscription price	Number of Shares
Granted 1 June 2012	\$0.00881	40 000 000
Movement for the year Balance as at 31 December 2013 Options exercised Options forfeited		37 951 792 (398 045)
Balance as at 31 December 2014		37 553 747

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

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

#### **Valuation inputs:**

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

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

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

#### Risk free rate of return

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

23.7	Revenue reserve The revenue reserve comprises: Holding company Subsidiary companies Effects of consolidation journals	31 Dec 2014 US\$ 21 230 305 153 407 951 (3 791 986) 170 846 270	31 Dec 2013 US\$ 18 743 685 125 022 672 (3 666 389) 140 099 968
23.8	Non-controlling interests Non-controlling interests comprise: Opening balance Total comprehensive income Equity adjustment Closing balance	669 251 85 688 (470 525) <b>284 414</b>	486 247 183 004 - <b>669 251</b>

Non controlling interest acquisition CBZ Holdings acquired further shareholding in its subsidiary (CBZ Insurance) at a consideration of US\$ 449 530. This resulted in CBZ Holdings increasing its interest from 58.5% to 86.63%

Net asset value of NCI at acquisition	694 163	-
Fair value of consideration paid Value of NCI disposed (28.13%/41.5% of 694 163)	449 530 (470 525)	-
	(20.995)	

## **CATEGORIES OF FINANCIAL INSTRUMENTS**

## 31 December 2014

Einameial accepts	At fair value through profit or loss US\$	Available for sale US\$	Loans and receivables US\$	Financial assets/ liabilities at amortised cost US\$	Total carrying amount US\$
Financial assets Balances with banks and cash Money market assets Advances Insurance assets Investments Other assets Total	240 402 431 - 4 982 148 - 245 384 579	480 770 -	73 296 010 - 1 125 938 280 4 151 998 7 629 967 46 065 681 1 257 081 936	- - - - -	73 296 010 240 402 431 1 125 938 280 4 151 998 13 092 885 46 065 681 1 502 947 285
Financial liabilities Deposits Life fund Insurance liabilities Other liabilities Total	-	- - - - -	- - - - -	1 416 930 877 2 311 493 5 134 718 11 514 727 1 435 891 815	1 416 930 877 2 311 493 5 134 718 11 514 727 <b>1 435 891 815</b>
31 December 2013	At fair value through profit or loss US\$	Available for sale US\$	Loans and	Financial assets/ liabilities at amortised cost US\$	Total carrying amount US\$
31 December 2013  Financial assets Balances with banks and cash Money market assets Advances Insurance assets Investments Other assets Total	through profit or loss	for sale	Loans and receivables	liabilities at amortised cost US\$ - - - - -	carrying amount

## **25. CAPITAL MANAGEMENT**

Total

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

CONTINGENCIES AND COMMITMENTS	31 Dec 2014 US\$	31 Dec 2013 US\$
Contingent liabilities Guarantees	145 598 708	155 884 234
Guarantees	143 330 700	133 004 234
Capital commitments		
Authorised and contracted for	215 823	209 519
Authorised and but not yet contracted for	234 642	31 685
	450 465	241 204
The capital commitments will be funded from the		
Group`s own resources.		
FUNDS UNDER MANAGEMENT		
Pensions	118 672 559	116 750 198
Private	9 081 111	12 697 695
Unit trust	812 324	1 002 987

#### 28. **OPERATING SEGMENTS**

Money market

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

The table below shows the segment operational results for the year ended 31 December 2014:

#### **Segment operational results** 28.1

	Commercial banking	Mortgage finance	Asset management	Insurance	Property Investment		Elimination of intersegment	Consolidated
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Income								
Total income for the year ended 31 Dec 2014 Total income for the year ended 31 Dec 2013	116 816 275 116 435 622	27 072 179 23 623 732	2 307 221 2 119 670	8 366 698 7 867 177	658 441 1 209 871	4 955 762 1 387 929	(5 607 284) (2 099 186)	154 569 292 150 544 815
lotal income for the year ended 51 Dec 2015	110 433 022	23 023 732	2 119 070	7 007 177	1 209 07 1	1 307 323	(2 055 100)	130 344 613
Depreciation and amortisation for the year ended 31 Dec 2014	5 489 616	1 999 304	184 463	271 864	-	132 362	249 000	8 326 609
Depreciation and amortisation for the year ended 31 Dec 2013	4 176 727	1 513 249	160 513	191 298	-	146 020	109 374	6 297 161
Impairment of assets for the year ended 31 Dec 2014	17 389 824	1 022 331	_	148 420	_	_	_	18 560 575
Impairment of assets for the year ended 31 Dec 2013	19 082 552	792 351	2 611	285 374	28 452	-	-	20 191 340
D It .								
Results Profit before taxation for the year ended 31 Dec 2014	20 161 938	13 962 547	461 670	3 250 193	635 452	4 330 771	(5 794 350)	37 008 220
Profit before taxation for the year ended 31 Dec 2013	23 287 628	14 954 494	494 751	3 878 458	1 190 625	(219 388)	(1 363 583)	42 222 985
6-1-0								
Cash flows: Used in operating activities for the year ended 31 Dec 2014	(69 240 531)	528 241	(87 293)	352 153	1 035 429	5 325 015	623 227	(61 463 759)
Used in operating activities for the year ended 31 Dec 2013	(18 788 527)	721 630	597 531	709 598	(82 586)	2 379 979	(7 581 806)	(22 044 181)
Used in investing activities for the year ended 31 Dec 2014 Used in investing activities for the year ended 31 Dec 2013	(5 019 784) (7 518 894)	(671 320) (702 982)	(74 608) (177 233)	(570 497) (501 876)	. ,	(1 987 019) (2 725 634)	582 191 957 957	(7 818 441) (10 492 053)
osed in investing activities for the year ended 31 Dec 2013	(7 3 10 034)	(702 302)	(1// 233)	(301 870)	170 009	(2 /23 034)	731 731	(10 492 033)
Used in financing activities for the year ended 31 Dec 2014	(4 672 000)	-	-		(1 000 000)	, , , , , , , , , , , , , , , , , , , ,	5 222 471	(10 033 797)
Generated from financing activities for the year ended 31 Dec 201	1300 000	-	(330 000)	(13 135)	-	4 746 786	(741 920)	4 961 731
Assets and liabilities								
Reportable segment liabilities for the year ended 31 Dec 2014	1 392 496 591	145 402 597	436 012	8 577 965	1 432 895	3 022 432	(112 704 874)	1 438 663 620
Reportable segment liabilities for the year ended 31 Dec 2013	1 315 070 925	121 203 013	511 198	6 366 358	1 333 994	2 927 634	(94 591 073)	1 352 822 049
Total segment assets for the year ended 31 Dec 2014	1 518 413 377	224 215 589	2 841 965	19 229 814	10 745 290	58 562 723	(163 655 505)	1 670 353 252
Total segment assets for the year ended 31 Dec 2013	1 427 833 599		2 574 542	12 047 019	11 126 562	62 142 072	(145 077 258)	1 550 667 011

## 29. RELATED PARTIES

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

31 December 2014 Loans to directors	Gross limits US\$ 5 861 816	Utilised limits US\$ 5 436 334	Value of security US\$ 5 901 674	Percentage of capital 2.5%
31 December 2013 Loans to directors	10 729 585	8 896 793	12 521 122	4.95%

The loans to directors' companies above include companies directly owned or significantly influenced by executive and non-executive directors and/or their close family members.

31 Dec 2014

31 Dec 2013

## **Transactions with related parties**

Compensation of key management personnel of the Group

US\$ US\$ Interest income 815 863 569 395 Commission and fee income 10 478 53 433 826 341

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

30. EXCHANGE RATES AT 31 DECEMBER	2014	2013	
	US\$	US\$	
ZAR	11.5798	10.4310	
GBP	1.5560	1.6479	
EUR	1.2152	1.3790	

## **31. RISK MANAGEMENT**

## 31.1 Risk overview

1 346 668 917 1 346 668 917

CBZ Group Enterprise Wide Risk Management Framework is anchored on the desire to uphold a High Risk Management and Compliance Culture as one of the major strategic thrusts and is supported by a clearly defined risk appetite in terms of various key exposures. This approach has given direction to the Group's overall Going Concern underpinned by robust strategic planning and policies .Through the CBZ Group risk management function, the Group regularly carries risk analysis through value at risk (VaR) assessments, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and its desired risk appetite.

## 31.2 Group risk management framework

The Group's risk management framework looks at enterprise wide risks and recognises that for effective risk management to take root, it has to be structured in terms of acceptable appetite, defined responsibility, accountability and independent validation of set processes. The Group Board is responsible for setting and reviewing the risk appetite as well as Group Policies. Management and staff are responsible for the implementation of strategies aimed at the management and control of the risks that fall within their strategic organisational responsibilities. The CBZ Group Enterprise Wide Risk Management function is responsible for ensuring that the Group's risk taking remains within the set risk benchmarks. The Group Internal Audit function on the other hand provides independent assurance on the adequacy and effectiveness of the deployed risk management processes. The CBZ Group Enterprise Wide Governance and Compliance Unit evaluate quality of compliance with 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:



for the Year Ended 31 December 2014



\*Doubtful

\*Doubtful

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

IT& Business Development Committee - oversees the harmonisation, adequacy, relevance and effectiveness of Group IT systems in supporting as well as delivering services to the Group's stakeholders. In addition, the committee looks at the integrity of the Group's management information systems.

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

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

#### 31.3 Credit risk

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

#### Credit risk management framework

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

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

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

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

#### **Credit mitigation**

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

#### Non-performing loans and advances

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

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

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

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

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

## 31.3. (a) Credit risk exposure

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

	US\$	US\$
Balances with banks Money market assets Advances Other assets <b>Total</b>	44 056 863 240 402 431 1 125 938 280 46 065 681 <b>1 456 463 25</b> 5	116 791 825 175 131 880 1 028 118 742 18 917 844 1 338 960 291
Contingent liabilities Commitments Total	145 598 708 450 465 <b>146 049 173</b>	155 884 234 241 204 <b>156 125 438</b>

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\$44 056 863 (excluding notes and coins) as at 31 December 2014, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks

## (b) Aging analysis of past due but not impaired loans (special mention loans):

21 Doc 2014

	31 Dec 2014	31 Dec 2013
	US\$	US\$
1 to 3 months	386 767 615	139 561 250

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

(c) Aging analysis of impaired loans (non-performing loans)	31 Dec 2014 US\$	31 Dec 2013 US\$
3 to 6 months	69 765 678	44 457 364
6 months and above	17 328 643	2 528 329
<b>Total</b>	<b>87 094 321</b>	<b>46 985 692</b>

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

	31 Dec 2014 US\$	31 Dec 2014 US\$	31 Dec 2013 USS	31 Dec 2013 US\$
	Gross maximum	Net maximum	Gross maximum	Net maximum
	exposure	exposure (not covered by mortgage security)	exposure	exposure (not covered by mortgage security)
Private	116 692 382	27 046 809	107 684 586	26 238 122
Agriculture	337 137 187	99 843 537	294 181 688	90 836 324
Mining	20 142 355	3 268 421	16 809 125	3 361 813
Manufacturing	97 172 797	52 818 285	96 973 194	54 327 514
Distribution`	293 006 084	100 876 767	246 431 922	102 533 658
Construction	4 635 813	4 137 273	5 299 981	4 255 491
Transport	22 777 858	21 707 418	25 308 141	22 327 686
Communication	6 927 291	7 094 723	8 911 310	7 297 448
Services	271 335 148	17 498 135	243 360 650	17 528 754
Financial organisations	21 943 323	_	19 073 889	
Total	1 191 770 238	334 291 368	1 064 034 486	328 706 810

21 Dec 2014

21 Dec 2012

21 Dec 2012

31 Dec 2014 31 Dec 2013 **Collateral held** USS USS 857 478 870 737 233 914 Mortgage bonds Cash cover 151 961 284 31 776 798 Other forms of security including Notarial General Covering Bonds (NGCBs) cessions, etc. 754 069 932 657 516 198 426 526 910 763 510 086

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

	31 Dec 2014 US\$	31 Dec 2013 US\$
Against doubtful* and loss* grades		
Property	4 005 082	350 000
Other	14 899 320	-
Against substandard* grade		
Property	24 058 503	21 948 578
Other	48 297 547	42 113 360
Against special mention* grade		
Property	195 688 144	62 921 656
Other	224 489 903	72 182 308
Against normal* grade		
Property	633 727 141	652 013 680
Other	618 344 446	574 997 328
	1 763 510 086	1 426 526 910

31.3(e) Credit Quality per Class of Financial Assets

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

#### **DECEMBER 2014**

\*See definition on note 31.3.1

	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	and loss grade US\$	Total US\$
Advances	400 000 050	400 440 407	47400060		227427427
Agriculture	128 828 853	188 412 407	17 103 863	2 792 064	337 137 187
Manufacturing	43 683 018	42 718 195	10 771 584	-	97 172 797
Commercial	221 726 104	39 487 176	7 106 768	3 015 100	271 335 148
Individuals and households	92 915 108	21 283 841	1 939 148	554 285	116 692 382
Mining	3 381 257	14 645 923	2 115 175	-	20 142 355
Distribution	188 279 311	68 324 290	28 884 124	7 518 359	293 006 084
Construction	1 001 724	3 435 570	198 519	-	4 635 813
Transport	9 929 313	7 753 213	1 646 497	3 448 835	22 777 858
Communication	6 927 291	-	-	-	6 927 291
Financial services	21 236 323	707 000	-	-	21 943 323
	717 908 302	386 767 615	69 765 678	17 328 643	1 191 770 238

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is US\$145 598 708.

#### **DECEMBER 2013**

	*Normal grade	*Special mention grade	*Sub- standard grade	and loss grade	Total
	US\$	US\$	US\$	US\$	US\$
Advances					
Agriculture	219 956 497	69 137 561	4 228 769	858 861	294 181 688
Manufacturing	77 912 512	6 705 548	12 355 134	-	96 973 194
Commercial	226 094 370	10 742 019	5 617 567	906 694	243 360 650
Individuals and households	89 380 436	10 787 074	7 517 076	-	107 684 586
Mining	14 283 064	2 517 508	8 553	-	16 809 125
Distribution	200 327 643	34 057 912	11 336 928	709 439	246 431 922
Construction	4 959 466	189 235	151 280	-	5 299 981
Transport	16 588 356	5 424 393	3 242 057	53 335	25 308 141
Communication	8 911 310	-	-	-	8 911 310
Financial services	19 073 889	-	-	-	19 073 889
	877 487 543	139 561 250	44 457 364	2 528 329	1 064 034 486

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

## Allowances for impairment

The Group creates an allowance for impairment on assets carried at amortised cost or classified as available-for-sale that represents its estimate of incurred losses in its loan and investment debt security portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant exposure 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 are generally based on a productspecific past due status.

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

# 31.3.1 Credit quality definations

Concentration of credit risk

## Normal grade

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

## Special mention grade

An asset is classified as special mention.

if the asset in question is past due for more than 30 days but less than 90 days; or although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asset or

- although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asse inadequately protect the institution's position at some future date, for example, where:
   the asset in question cannot be properly supervised due to an inadequate loan agreement; or
   the condition or control of the collateral for the asset in question is deteriorating; or
   the repayment capacity of the obligor is jeopardised because of deteriorating economic conditions or adverse trends in the obligor's financial position; or
   there is an unreasonably long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset:

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

**Substandard grade** An asset is classified as substandard,

- if the asset in question is past due for more than 90 days but less than 180 days; or 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
- 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
  - generally, there is more than a normal degree of risk attaching to the asset due to the borrower's unsatisfactory financial condition.

## Doubtful

An asset is classified as doubtful.

documentation in regard to the asset; or

- if the asset in question is past due for more than 180 days but less than 360 days; or 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.



for the Year Ended 31 December 2014



#### Loss:

An asset is classified as a loss,

- (i) if the asset in question is past due for more than 360 days, unless such asset is well secured and legal action has actually commenced which is expected to result in the timely realisation of the collateral or enforcement of any guarantee relating to the asset; or
- (ii) if the asset had been characterised as doubtful on account of any pending event, and the event concerned did not occur within 360 days, whether or not the event is still pending thereafter; or
- (iii) if the asset is otherwise considered uncollectible or of such little value that its continuance as an asset is not warranted.

#### 31.3.2 Market risk

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

#### 31.3.3 Group market risks management framework

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

#### 31.4 Liquidity risk

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

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

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

The Group's liquidity risk management framework ensures that limits are set under respective Group Strategic business.

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

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

3 to

6 to 12

1 to

5 years

1 to 3

#### 31.4.1 Gap analysis

#### LIQUIDITY PROFILE AS AT 31 DECEMBER 2014

	Demand	months	6 months	Months	5 years	and above	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Assets							
Advances	548 710 482	35 045 651	21 285 311	208 199 408	157 355 066	155 342 362	1 125 938 280
Balances with banks and cash	73 296 010	-	-	-	-	-	73 296 010
Investment in other financial asse		-	-	248 181	7 629 967	-	7 878 163
Money market assets	24 010 837	72 768 110	1 727 933	4 395 084	137 500 467	-	240 402 431
Financial guarantees	1 402 000	2 092 367	5 502 381	1 821 960	123 100 000	11 680 000	145 598 708
Current tax receivable	1 009	1 489 382	-	-			1 490 391
Other liquid assets	756 602	41 371 164	-	3 937 915	-	-	46 065 681
Total	648 176 955	152 766 674	28 515 625	218 602 548	425 585 500	167 022 362	1 640 669 664
Liabilities							
Deposits	602 465 271	100 964 340	57 606 556	308 929 280	317 679 170	29 286 260	1 416 930 877
Current tax payable	-	165 147	-	-	-		165 147
Insurance liabilities	30 287	802 648	_	4 301 783	_	_	5 134 718
Other liabilities	415 287	10 765 980	333 460	-	_	_	11 514 727
Financial guarantees	1 402 000	2 092 367	5 502 381	1 821 960	123 100 000	11 680 000	145 598 708
Total	604 312 845	114 790 482	63 442 397	315 053 023	440 779 170		1 579 344 177
iotai	004 312 043	114 / 30 402	03 442 397	313 033 023	440777170	40 900 200	1379344177
Liquidity gap	43 864 110	37 976 192	(34 926 772)	(96 450 475)	(15 193 670)	126 056 102	61 325 487
Cumulative liquidity gap	43 864 110	81 840 302	46 913 530	(49 536 945)	(64 730 615)	61 325 487	61 325 487
LIQUIDITY PROFILE AS AT 31 DI	ECEMBER 2013						
•		1 to 3	3 to	6 to 12	1 to	F	
		1 (0 3	3 10	0 (0 12	1 10	5 years	
	Demand	months	6 months	Months	5 years	and above	Total
	Demand US\$						Total US\$
Assets		months	6 months	Months	5 years	and above	
<b>Assets</b> Advances	US\$	months US\$	6 months US\$	Months US\$	5 years US\$	and above US\$	US\$
Advances	<b>US\$</b> 588 794 298	months US\$ 12 677 692	6 months	Months	5 years	and above	<b>US\$</b> 1 028 118 742
Advances Balances with banks and cash	<b>US\$</b> 588 794 298 60 886 163	months US\$	6 months US\$ 8 725 613	Months US\$	<b>5 years US\$</b> 175 199 449	and above US\$ 118 562 560	<b>US\$</b> 1 028 118 742 152 612 007
Advances Balances with banks and cash Investment in other financial asse	US\$ 588 794 298 60 886 163 ets 20	months US\$ 12 677 692 91 725 844	6 months US\$ 8 725 613 - 288 076	Months US\$ 124 159 130	5 years US\$ 175 199 449 - 11 481 118	and above US\$ 118 562 560	US\$ 1 028 118 742 152 612 007 11 797 778
Advances Balances with banks and cash Investment in other financial asse Money market assets	US\$  588 794 298 60 886 163 ets 20 85 506 749	months US\$ 12 677 692 91 725 844 - 24 403 863	6 months US\$ 8 725 613 - 288 076 18 261 279	Months US\$ 124 159 130 - 40 000 000	<b>5 years US\$</b> 175 199 449	and above US\$ 118 562 560 - 28 564	US\$ 1 028 118 742 152 612 007 11 797 778 175 131 880
Advances Balances with banks and cash Investment in other financial asse Money market assets Insurance assets	US\$ 588 794 298 60 886 163 ets 20	months US\$ 12 677 692 91 725 844	6 months US\$ 8 725 613 - 288 076	Months US\$ 124 159 130 - - 40 000 000 70 000	5 years US\$ 175 199 449 - 11 481 118	and above US\$ 118 562 560 - 28 564	US\$ 1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674
Advances Balances with banks and cash Investment in other financial asse Money market assets Insurance assets Financial guarantees	588 794 298 60 886 163 ets 20 85 506 749 994 917	months US\$ 12 677 692 91 725 844 - 24 403 863 122 900	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857	Months US\$ 124 159 130 - 40 000 000	5 years US\$ 175 199 449 - 11 481 118	and above US\$ 118 562 560 - 28 564	US\$ 1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234
Advances Balances with banks and cash Investment in other financial asse Money market assets Insurance assets	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967	months US\$ 12 677 692 91 725 844 - 24 403 863 122 900 - 18 917 844	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785	Months US\$ 124 159 130 - - 40 000 000 70 000 155 884 234	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - -	and above US\$ 118 562 560 - 28 564 - - -	US\$ 1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596
Advances Balances with banks and cash Investment in other financial asse Money market assets Insurance assets Financial guarantees Other liquid assets Total	588 794 298 60 886 163 ets 20 85 506 749 994 917	months US\$ 12 677 692 91 725 844 - 24 403 863 122 900	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857	Months US\$ 124 159 130 - - 40 000 000 70 000	5 years US\$ 175 199 449 - 11 481 118	and above US\$ 118 562 560 - 28 564 - - -	US\$ 1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234
Advances Balances with banks and cash Investment in other financial asse Money market assets Insurance assets Financial guarantees Other liquid assets Total Liabilities	US\$ 588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967 736 820 114	months US\$ 12 677 692 91 725 844  24 403 863 122 900  18 917 844 147 848 143	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785 29 737 610	Months US\$ 124 159 130 	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - - - - 193 640 556	and above US\$ 118 562 560 - 28 564 - - - - - 118 591 124	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911
Advances Balances with banks and cash Investment in other financial asse Money market assets Insurance assets Financial guarantees Other liquid assets Total  Liabilities Deposits	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967 736 820 114	months US\$ 12 677 692 91 725 844 	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785	Months US\$ 124 159 130 - - 40 000 000 70 000 155 884 234	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - -	and above US\$ 118 562 560 - 28 564 - - -	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911
Advances Balances with banks and cash Investment in other financial asse Money market assets Insurance assets Financial guarantees Other liquid assets Total  Liabilities Deposits Current tax payable	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967 736 820 114	months US\$ 12 677 692 91 725 844 	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785 29 737 610	Months US\$ 124 159 130 	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - - - - 193 640 556	and above US\$ 118 562 560 - 28 564 - - - - - 118 591 124	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911
Advances Balances with banks and cash Investment in other financial asse Money market assets Insurance assets Financial guarantees Other liquid assets Total  Liabilities Deposits Current tax payable Insurance liabilities	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967  736 820 114  805 831 152 - 34 108	months US\$  12 677 692 91 725 844 24 403 863 122 900 18 917 844  147 848 143  192 584 821 1 956 968 425 727	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785 29 737 610 121 254 263 - 3 159 311	Months US\$ 124 159 130 	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - - - - 193 640 556	and above US\$ 118 562 560 - 28 564 - - - - - 118 591 124	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911 1 332 564 255 1 956 968 3 619 146
Advances Balances with banks and cash Investment in other financial asses Money market assets Insurance assets Financial guarantees Other liquid assets Total  Liabilities Deposits Current tax payable Insurance liabilities Other liabilities	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967 736 820 114	months US\$ 12 677 692 91 725 844 	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785 29 737 610	Months US\$ 124 159 130 	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - - - - 193 640 556	and above US\$ 118 562 560 - 28 564 - - - - - 118 591 124	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911 1 332 564 255 1 956 968 3 619 146 10 484 516
Advances Balances with banks and cash Investment in other financial asses Money market assets Insurance assets Financial guarantees Other liquid assets Total  Liabilities Deposits Current tax payable Insurance liabilities Other liabilities Financial guarantees	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967 736 820 114  805 831 152 - 34 108 443 189	months US\$  12 677 692 91 725 844 24 403 863 122 900 18 917 844  147 848 143  192 584 821 1 956 968 425 727 1 711 129	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785 29 737 610 121 254 263 - 3 159 311 8 330 198	Months US\$  124 159 130	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - - - - 193 640 556 89 710 470 - - -	and above US\$  118 562 560 - 28 564	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911 1 332 564 255 1 956 968 3 619 146 10 484 516 155 884 234
Advances Balances with banks and cash Investment in other financial asses Money market assets Insurance assets Financial guarantees Other liquid assets Total  Liabilities Deposits Current tax payable Insurance liabilities Other liabilities	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967 736 820 114  805 831 152 - 34 108 443 189 - 806 308 449	months US\$  12 677 692 91 725 844 24 403 863 122 900 18 917 844  147 848 143  192 584 821 1 956 968 425 727 1 711 129 196 678 645	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785 29 737 610 121 254 263 - 3 159 311 8 330 198 - 132 743 772	Months US\$  124 159 130	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - - - 193 640 556 89 710 470 - - - 89 710 470	and above US\$ 118 562 560 - 28 564 - - - - 118 591 124 20 820 983 - - - - -	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911 1 332 564 255 1 956 968 3 619 146 10 484 516 155 884 234 1 504 509 119
Advances Balances with banks and cash Investment in other financial asses Money market assets Insurance assets Financial guarantees Other liquid assets Total  Liabilities Deposits Current tax payable Insurance liabilities Other liabilities Financial guarantees Total Liquidity gap	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967 736 820 114  805 831 152 - 34 108 443 189 - 806 308 449 (69 488 335)	months US\$  12 677 692 91 725 844 24 403 863 122 900 18 917 844  147 848 143  192 584 821 1 956 968 425 727 1 711 129 196 678 645 (48 830 502)	6 months US\$ 8 725 613 	Months US\$  124 159 130	5 years US\$  175 199 449 - 11 481 118 6 959 989 193 640 556  89 710 470 89 710 470 103 930 086	and above US\$  118 562 560	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911 1 332 564 255 1 956 968 3 619 146 10 484 516 155 884 234 1 504 509 119 42 241 792
Advances Balances with banks and cash Investment in other financial asses Money market assets Insurance assets Financial guarantees Other liquid assets Total  Liabilities Deposits Current tax payable Insurance liabilities Other liabilities Financial guarantees Total	US\$  588 794 298 60 886 163 ets 20 85 506 749 994 917 - 637 967 736 820 114  805 831 152 - 34 108 443 189 - 806 308 449	months US\$  12 677 692 91 725 844 24 403 863 122 900 18 917 844  147 848 143  192 584 821 1 956 968 425 727 1 711 129 196 678 645	6 months US\$ 8 725 613 - 288 076 18 261 279 2 418 857 - 43 785 29 737 610 121 254 263 - 3 159 311 8 330 198 - 132 743 772	Months US\$  124 159 130	5 years US\$ 175 199 449 - 11 481 118 6 959 989 - - - 193 640 556 89 710 470 - - - 89 710 470	and above US\$ 118 562 560 - 28 564 - - - - 118 591 124 20 820 983 - - - - -	1 028 118 742 152 612 007 11 797 778 175 131 880 3 606 674 155 884 234 19 599 596 1 546 750 911 1 332 564 255 1 956 968 3 619 146 10 484 516 155 884 234 1 504 509 119

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

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

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

	CBZ Bank Limited
	%
At 31 December 2013	32
At 31 December 2014	35
Average for the period	31
Maximum for the period	35
Minimum for the period	30

## 31.5 Interest rate risk

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

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

#### 31.5.1 Interest rate repricing

#### 31 December 2014

	Demand US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non- interest bearing US\$	Total US\$
Assets								
Balance with banks and cash	73 296 010	-	-	-	-	-	-	73 296 010
Money market assets	24 010 837	72 768 110	1 727 933	4 395 084	137 500 467	-	-	240 402 431
Advances	548 710 481	35 045 652	21 285 311	208 199 408	157 392 983	155 304 445	-	1 125 938 280
Insurance assets	-	-	-	-	-	-	4 151 998	4 151 998
Other assets	-	-	-	-	-	-	91 315 003	91 315 003
Investment in other financial as	ssets -	-	-	-	7 629 967	-	5 462 918	13 092 885
Investment properties		-	-	-	-	-	25 161 306	25 161 306
Property and equipment	-	-	-	-	-	-	76 950 172	76 950 172
Deferred taxation	-	-	-	-	-	-	17 215 314	17 215 314
Intangible assets	-	-	-	-	-	-	1 339 462	1 339 462
Current tax receivable	-	-	-	-	-	-	1 490 391	1 490 391
Total assets	646 017 328	107 813 762	23 013 244	212 594 492	302 523 417	155 304 445	223 086 564	1 670 353 252
Equity and liabilities								
Deposits	602 465 271	100 964 340	57 606 556	308 929 280	317 679 170	29 286 260	-	1 416 930 877
Insurance liabilities	-	-	-	-	-	-	5 134 718	5 134 718
Life fund	-	-	-	-	-	-	2 311 493	2 311 493
Other liabilities	-	-	-	-	-	-	11 514 727	11 514 727
Deferred taxation	-	-	-	-	-	-	2 606 658	2 606 658
Current tax payable	-	-	-	-	-	-	165 147	165 147
Equity and reserves	-	-	-	-	-	-	231 689 632	231 689 632
Total equity and liabilities	602 465 271	100 964 340	57 606 556	308 929 280	317 679 170	29 286 260	253 422 375	1 670 353 252
Interest rate repricing gap Cumulative gap	43 522 057 43 522 057	6 849 422 50 401 479	(34 593 312) 15 808 167	(96 334 788) (80 526 621)	(15 155 753) (95 682 374)	126 018 185 30 335 811	(30 335 811)	
31 December 2013								
	Demand US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non- interest bearing US\$	Total US\$
Assets		months	6 months	months	5 years	and above	bearing	
<b>Assets</b> Balance with banks and cash		months	6 months	months	5 years	and above	bearing	
	US\$	months US\$	6 months	months	5 years	and above	bearing	US\$
Balance with banks and cash	<b>US\$</b> 60 886 162	months US\$ 91 725 845	6 months US\$	months US\$	5 years US\$	and above	bearing US\$ - - -	<b>US\$</b> 152 612 007
Balance with banks and cash Money market assets	<b>US\$</b> 60 886 162 85 506 749	months US\$ 91 725 845 24 403 863	6 months US\$ - 18 261 279	months US\$ - 40 000 000	<b>5 years</b> <b>US\$</b> - 6 959 989	and above US\$ -	bearing US\$ - - - 3 980 123	US\$ 152 612 007 175 131 880
Balance with banks and cash Money market assets Advances	<b>US\$</b> 60 886 162 85 506 749	months US\$ 91 725 845 24 403 863 12 677 692	6 months US\$ - 18 261 279 8 725 613	months US\$ - 40 000 000 124 159 130	5 years US\$ - 6 959 989 175 199 449 - -	and above US\$ - - 118 562 561	bearing US\$ - - - 3 980 123 71 078 468	US\$  152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as	US\$ 60 886 162 85 506 749 588 794 297	months US\$ 91 725 845 24 403 863 12 677 692	6 months US\$ - 18 261 279 8 725 613	months US\$ - 40 000 000 124 159 130	<b>5 years</b> <b>US\$</b> - 6 959 989	and above US\$ - - 118 562 561	bearing US\$ - - 3 980 123 71 078 468 4 169 746	US\$  152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties	US\$ 60 886 162 85 506 749 588 794 297	months US\$ 91 725 845 24 403 863 12 677 692	6 months US\$ - 18 261 279 8 725 613	months US\$ - 40 000 000 124 159 130	5 years US\$ - 6 959 989 175 199 449 - -	and above US\$ - - 118 562 561 - -	bearing US\$ - - 3 980 123 71 078 468 4 169 746 21 849 043	US\$  152 612 007 175 131 880 1028 118 742 3 980 123 71 078 468 11 797 778 21 849 043
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment	US\$ 60 886 162 85 506 749 588 794 297	months US\$ 91 725 845 24 403 863 12 677 692	6 months US\$ - 18 261 279 8 725 613	months US\$ - 40 000 000 124 159 130	5 years US\$ - 6 959 989 175 199 449 - -	and above US\$ - - 118 562 561 - -	bearing US\$ - - 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894	US\$  152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation	US\$ 60 886 162 85 506 749 588 794 297	months US\$ 91 725 845 24 403 863 12 677 692	6 months US\$ - 18 261 279 8 725 613	months US\$ - 40 000 000 124 159 130	5 years US\$ - 6 959 989 175 199 449 - -	and above US\$ - 118 562 561 - - -	bearing US\$ 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation Intangible assets	US\$  60 886 162 85 506 749 588 794 297 ssets	months US\$ 91 725 845 24 403 863 12 677 692 - - - - -	6 months US\$ - 18 261 279 8 725 613 - - - - -	months US\$ - 40 000 000 124 159 130 - - - - -	5 years US\$ - 6 959 989 175 199 449 - 7 628 032 - - -	and above US\$ - - 118 562 561 - - - - - -	bearing US\$ - - 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation	US\$ 60 886 162 85 506 749 588 794 297	months US\$ 91 725 845 24 403 863 12 677 692	6 months US\$ - 18 261 279 8 725 613	months US\$ - 40 000 000 124 159 130	5 years US\$ - 6 959 989 175 199 449 - -	and above US\$ - 118 562 561 - - -	bearing US\$ 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965	US\$  152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation Intangible assets	US\$  60 886 162 85 506 749 588 794 297 ssets	months US\$ 91 725 845 24 403 863 12 677 692 - - - - -	6 months US\$ - 18 261 279 8 725 613 - - - - -	months US\$ - 40 000 000 124 159 130 - - - - -	5 years US\$ - 6 959 989 175 199 449 - 7 628 032 - - -	and above US\$ - - 118 562 561 - - - - - -	bearing US\$ - - 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation Intangible assets Total assets  Equity and liabilities Deposits	US\$  60 886 162 85 506 749 588 794 297 ssets	months US\$ 91 725 845 24 403 863 12 677 692 - - - - -	6 months US\$ - 18 261 279 8 725 613 - - - - -	months US\$ - 40 000 000 124 159 130 - - - - -	5 years US\$ - 6 959 989 175 199 449 - 7 628 032 - - -	and above US\$ - - 118 562 561 - - - - - -	bearing US\$ - - 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation Intangible assets Total assets	US\$  60 886 162 85 506 749 588 794 297 ssets 735 187 208	months US\$ 91 725 845 24 403 863 12 677 692 - - - - 128 807 400	6 months US\$ - 18 261 279 8 725 613 - - - - - - - - - - 26 986 892	months US\$ - 40 000 000 124 159 130 - - - - - - - 164 159 130	5 years US\$ - 6 959 989 175 199 449 - - 7 628 032 - - - - 189 787 470	and above US\$ - 118 562 561 - - - - - 118 562 561	bearing US\$ 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111 195 176 350	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation Intangible assets Total assets  Equity and liabilities Deposits	US\$  60 886 162 85 506 749 588 794 297 ssets 735 187 208	months US\$ 91 725 845 24 403 863 12 677 692 - - - - 128 807 400	6 months US\$ - 18 261 279 8 725 613 - - - - - - - - - - 26 986 892	months US\$ - 40 000 000 124 159 130 - - - - - - - 164 159 130	5 years US\$ - 6 959 989 175 199 449 - - 7 628 032 - - - - 189 787 470	and above US\$ - 118 562 561 - - - - - 118 562 561	bearing US\$ 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111 195 176 350	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111 1 558 667 011
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial assets Investment properties Property and equipment Deferred taxation Intangible assets Total assets  Equity and liabilities Deposits Insurance liabilities	US\$  60 886 162 85 506 749 588 794 297 ssets 735 187 208	months US\$ 91 725 845 24 403 863 12 677 692 - - - - 128 807 400	6 months US\$ - 18 261 279 8 725 613 - - - - - - - - - - 26 986 892	months US\$ - 40 000 000 124 159 130 - - - - - - - 164 159 130	5 years US\$ - 6 959 989 175 199 449 - - 7 628 032 - - - - 189 787 470	and above US\$ - 118 562 561 - - - - - 118 562 561	bearing US\$ 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111 195 176 350	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111 1 558 667 011
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation Intangible assets Total assets  Equity and liabilities Deposits Insurance liabilities Life fund	US\$  60 886 162 85 506 749 588 794 297 ssets 735 187 208	months US\$ 91 725 845 24 403 863 12 677 692 - - - - 128 807 400	6 months US\$ - 18 261 279 8 725 613 - - - - - - - - - - 26 986 892	months US\$ - 40 000 000 124 159 130 - - - - - - - 164 159 130	5 years US\$ - 6 959 989 175 199 449 - - 7 628 032 - - - - 189 787 470	and above US\$ - 118 562 561 - - - - - 118 562 561	bearing US\$ 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111 195 176 350	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111 1 558 667 011
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial as Investment properties Property and equipment Deferred taxation Intangible assets Total assets  Equity and liabilities Deposits Insurance liabilities Life fund Other liabilities	US\$  60 886 162 85 506 749 588 794 297 ssets 735 187 208	months US\$ 91 725 845 24 403 863 12 677 692 - - - - 128 807 400	6 months US\$ - 18 261 279 8 725 613 - - - - - - - - - - 26 986 892	months US\$ - 40 000 000 124 159 130 - - - - - - - 164 159 130	5 years US\$ - 6 959 989 175 199 449 - - 7 628 032 - - - - 189 787 470	and above US\$ - 118 562 561 - - - - - 118 562 561	bearing US\$ 3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111 195 176 350	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111 1558 667 011 1 332 564 255 3 619 146 1 614 683 10 485 516
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial assets Investment properties Property and equipment Deferred taxation Intangible assets Total assets  Equity and liabilities Deposits Insurance liabilities Life fund Other liabilities Deferred taxation	US\$  60 886 162 85 506 749 588 794 297 ssets 735 187 208	months US\$ 91 725 845 24 403 863 12 677 692 - - - - 128 807 400	6 months US\$ - 18 261 279 8 725 613 - - - - - - - - - - 26 986 892	months US\$ - 40 000 000 124 159 130 - - - - - - - 164 159 130	5 years US\$ - 6 959 989 175 199 449 - - 7 628 032 - - - - 189 787 470	and above US\$ - 118 562 561 - - - - - 118 562 561	bearing US\$  3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111  195 176 350  3 619 146 1 614 683 10 485 516 2 581 481	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111 1 558 667 011 1 332 564 255 3 619 146 1 614 683 10 485 516 2 581 481
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial assets Investment properties Property and equipment Deferred taxation Intangible assets Total assets  Equity and liabilities Deposits Insurance liabilities Life fund Other liabilities Deferred taxation Current tax payable	US\$  60 886 162 85 506 749 588 794 297 ssets 735 187 208	months US\$ 91 725 845 24 403 863 12 677 692 - - - - 128 807 400	6 months US\$ - 18 261 279 8 725 613 - - - - - - - - - - 26 986 892	months US\$ - 40 000 000 124 159 130 - - - - - - - 164 159 130	5 years US\$ - 6 959 989 175 199 449 - - 7 628 032 - - - - 189 787 470	and above US\$ - 118 562 561 - - - - - 118 562 561	bearing US\$  3 980 123 71 078 468 4 169 746 21 849 043 76 444 894 1 603 965 16 050 111  195 176 350  3 619 146 1 614 683 10 485 516 2 581 481 1 956 968	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111 1 558 667 011 1 332 564 255 3 619 146 1 614 683 10 485 516 2 581 481 1 956 968
Balance with banks and cash Money market assets Advances Insurance assets Other assets Investment in other financial assets Investment properties Property and equipment Deferred taxation Intangible assets Total assets  Equity and liabilities Deposits Insurance liabilities Life fund Other liabilities Deferred taxation Current tax payable Equity and reserves	US\$  60 886 162 85 506 749 588 794 297	months US\$  91 725 845 24 403 863 12 677 692 128 807 400  192 584 821	18 261 279 8 725 613	months US\$  - 40 000 000 124 159 130 164 159 130  102 362 566	5 years US\$	and above US\$	bearing US\$	152 612 007 175 131 880 1 028 118 742 3 980 123 71 078 468 11 797 778 21 849 043 76 444 894 1 603 965 16 050 111 1 558 667 011  1 332 564 255 3 619 146 1 614 683 10 485 516 2 581 481 1 956 968 205 844 962

#### 31.6 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.

Supervision is at Board level through the Board Risk Management Committee which covers ALCO processes by way of strategic policy and benchmarking reviews and approval. The management assets and liabilities committee (ALCO) which meets on a monthly basis reviews performance against set benchmarks embedded under acceptable currencies, currency positions as well as stop loss limits. Derivative contracts with characteristics and values derived from underlying financial instruments, exchange rates which relates to futures, forwards, swaps and options can be used to mitigate exchange risk.

At 31 December 2014, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the period would have been US\$136 616 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Group as at 31 December 2014 is as below:

## Foreign currency position as at 31 December 2014

## Position expressed in US\$

	Total	USD	ZAR	GBP	currencies
Assets					
Balances with banks	73 296 010	62 742 743	9 251 286	656 381	645 600
and cash					
Money market assets	240 402 431	240 402 431	-	-	-
Advances	1 125 938 280	1 125 386 988	15 829	366	535 097
Insurance assets	4 151 998	4 151 998	_	_	_
Other assets	91 315 003	91 010 238	187 147	59 609	58 009
Investment in equities	13 092 885	12 949 242	_	-	143 643
Investment properties	25 161 306	25 161 306	_	_	-
Property and equipment	76 950 172	76 874 063	_	_	76 109
Deferred taxation	17 215 314	17 215 314	_	_	-
Intangible assets	1 339 462	1 339 462	_	_	_
Current tax receivable	1 490 391	1 490 391	_	_	_
Total assets	1 670 353 252	1 658 724 176	9 454 262	716 356	1 458 458
10141435013	1 07 0 333 232	1030721170	7 13 1 202	710330	1 -150 -150
Equity and liabilities					
Deposits	1 416 930 877	1 402 585 730	12 903 011	449 680	992 456
Insurance liabilities	5 134 718	5 134 718	_	_	-
Life fund	2 311 493	2 311 493	_	-	-
Other liabilities	11 514 727	11 498 481	3 877	10 722	1 647
Current tax payable	165 147	165 147	_	_`	-
Deferred taxation	2 606 658	2 606 658	_	_	_
Equity and reserves	231 689 632	231 689 632	_	_	_
Total equity and liabilities	1 670 353 252	1 655 991 859	12 906 888	460 402	994 103

## Foreign currency position as at 31 December 2013 Position expressed in US\$

Total equity and liabilities

	Total	USD	ZAR	GBP	currencies
Assets	1000				
Balances with banks					
and cash	152 612 007	139 065 884	7 825 865	2 883 446	2 836 812
	175 131 880	175 131 880	7 023 003	2 003 440	2 030 012
Money market assets			220 200	- (21	462.274
Advances	1 028 118 742	1 027 326 458	329 289	621	462 374
Insurance assets	3 980 123	3 980 123	-	-	-
Other assets	71 078 468	70 739 147	182 804	94 523	61 994
Investment in equities	11 797 778	11 654 136	-	-	143 642
Investment properties	21 849 043	21 849 043	-	_	-
Property and equipment	76 444 894	76 361 916	6 869	_	76 109
Deferred taxation	16 050 111	16 050 111	-	_	-
Intangible assets	1 603 965	1 603 965	_	_	_
Total assets	1 558 667 011	1 543 762 663	8 344 827	2 978 590	3 580 931
iotal assets	1 338 667 011	1 343 / 02 003	0 344 02/	2 9 / 0 3 9 0	3 300 33 1
Equity and liabilities					
Deposits	1 332 564 255	1 317 746 551	13 848 544	307 406	661 754
Insurance liabilities	3 619 146	3 619 146	-	-	-
Life fund	1 614 683	1 614 683	_	_	
Other liabilities	10 485 516	10 421 050	14 722	48 185	1 550
			14 / 22	48 185	1 559
Current tax payable	1 956 968	1 956 968	-	-	-
Deferred taxation	2 581 481	2 581 481	-	-	-
Equity and reserves	205 844 962	205 844 962	-	-	-

Other foreign

Other foreign







#### Foreign currency position as at 31 December 2014

Underlying currency	ZAR	GBP	Other foreign currencies
Assets Cash and short term assets Advances Investment in equities	107 128 036 183 302	421 839 235	645 600 535 097 143 643
Other assets Property and equipment Total assets	2 167 124 79 747 <b>109 558 209</b>	38 309 4 <b>60 383</b>	58 009 76 109 1 458 458
Liabilities			
Deposits Other liabilities	149 414 292 44 895	288 997 6 891	992 456 1 646
Total liabilities	149 459 187	295 888	994 102
Net position	(39 900 978)	164 495	464 356
Foreign currency position as at 31 December 2013			
Underlying currency	ZAR	GBP	Other foreign currencies
Assets			
Cash and short term assets Advances Investment in equities	81 631 601 3 434 814	1 749 770 377 -	2 836 812 462 374 143 642
Advances Investment in equities Other assets Property and equipment	3 434 814 - 1 906 830 	377 - 57 360 -	462 374 143 642 61 994 76 109
Advances Investment in equities Other assets Property and equipment Total assets	3 434 814 1 906 830	377	462 374 143 642 61 994
Advances Investment in equities Other assets Property and equipment	3 434 814 - 1 906 830 	377 - 57 360 -	462 374 143 642 61 994 76 109

#### 31.7 Operational risk

**Net position** 

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

(57 562 832) (1 462 675)

Group Operational Policies and maintaining standards for operational risk.

31.7.1 Operational risk management framework The Group Risk Management Committee exercises adequate oversight over operational risks across the Group with the support of SBU Boards as well as business and functional level committees. Group Risk Management is responsible for setting and approving of

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

#### 31.8 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 processes, weak decision making processes as well as weak strategic implementation programs.

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

#### 31.9 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 exists;
- A reporting structure of the Group Enterprise Wide Compliance Function exists that ensures independence and effectiveness;
- Periodic compliance and awareness training targeting employees in compliance sensitive areas is carried out.

#### 31.10 Reputation risk

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

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

## 31.11 Money-laundering risk

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

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

## 31.12 Insurance risk

The principal risk that the insurance segment 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

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

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

## 31.13 Risk and Credit Ratings

## 31.13.1 External Credit Rating

## **CBZ Bank Limited**

Rating agent	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating (Short Term)	A1	A1	-	-	-	-	-	-	A1	A1
Global Credit Rating (Long Term)	A+	A+	A+	A+	А	A	А	A+	A+	Α

No short-term ratings were provided by the rating agent from 2007 to 2012.

## 31.12.2 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

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

## **OUR APPROACH TO CORPORATE GOVERNANCE**

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

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

CDE GIOGP					
Risk Matrix Summary					
Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk	Lov
Credit Risk	Moderate	Acceptable	Moderate	Stable	wit
Liquidity Risk	Moderate	Acceptable	Moderate	Stable	Мо
Interest Rate Risk	Moderate	Acceptable	Moderate	Stable	COL
Foreign Exchange Risk	Low	Acceptable	Low	Stable	Hig
Strategic Risk	Moderate	Acceptable	Moderate	Stable	Ad
Operational Risk	Moderate	Acceptable	Moderate	Stable	We
Legal & Compliance Risk	Low	Acceptable	Low	Stable	giv Ins
Reputation Risk	Moderate	Acceptable	Moderate	Stable	wa
Overall	Moderate	Acceptable	Moderate	Stable	asc

#### **CBZ Bank Limited**

**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 Asset Management**

2917618

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

#### evel of inherent risk

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

oderate- could reasonably be expected to result in a loss which buld be absorbed by an institution in the normal course of business. igh-reflects a higher than average probability of potential loss. igh inherent risk could reasonably be expected to result in a gnificant and harmful loss to the institution.

#### dequacy 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 recognised and are being addressed. Management information systems are generally adequate.

Strong - management effectively identifies and controls all types of 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 veaknesses in the risk management systems may result in a noderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.

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

ncreasing - 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 xpected to be stable in the next twelve month:

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

Effective governance is thus critical and must manifest in our decisions and behaviour that reflect values that are in line with the highest standards of ethical behavior. The Group continues to place greater focus on appropriate corporate behavior.

#### Our corporate governance structure as at 31 December 2014:-



## THE BOARD OF DIRECTORS

At the commencement of the reporting year, the Board of Directors comprised of twelve directors of which ten were non-executive and two were executive. On 11 February 2014, we announced the retirement of Mr. Luxon Zembe as Board Chairman with effect from 10 February 2014. Mr Richard Victor Wilde was appointed as Board Chairman with effect from 20 February 2014 and Mr E Mugamu was appointed as non-executive Board Member on 20 February 2014. Dr J P Mangudya retired as the Group Chief Executive Officer with effect from 30 April 2014 and Mr D. Mutambara retired with effect from 31 May 2014. Mr. N. Nyemudzo and Mr C. Chimutsa were appointed the Group Chief Executive Officer and Group Finance Officer respectively with effect from 1 May 2014.

The composition of the Board is monitored and discussed by the directors on an on-going basis to ensure that the Board has the evant and appro interests are protected.

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. Appointments to the Board are made with due cognisance of the need to ensure that the Board comprises a diverse range of skills, knowledge and expertise and has the requisite independence, professional and industry knowledge necessary to meet the Group's strategic objectives. All appointments follow a transparent procedure and are subject to confirmation by shareholders at our Annual General Meeting. Eligibility for appointment as a director is guided by the, potential Board appointees' fitness and probity in line with RBZ prudential guidlines.

## **Board of Directors as at 31 December 2014**

Non Executive	R V Wilde, E Mugamu, A. Lowe, R Pasi, G Taputaira, T Bere, FM Dernawi, R Nhamo,
Executive	N Nyemudzo and C Chimutsa

BOARD COMMITTEES					
Committee	Members as at 31 December 2014				
Audit and Finance	E Mugamu, R Pasi, A Lowe, N Nyemudzo, C Chimutsa				
Risk Management & Compliance	R Pasi, T Bere, A Lowe, FM Dernawi, N Nyemudzo, C Chimutsa				
Human Resources & Remuneration	R Nhamo, R V Wilde, T Bere, N Nyemudzo				
IT & Business Development	G Taputaira, FM Dernawi, N Nyemudzo, C Chimutsa				

## Independence

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

## **Diversity and inclusion**

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

## Openness and transparency

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

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

## **BOARD COMMITTEES**

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

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

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

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

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



for the Year Ended 31 December 2014



Group Board Member	Subsidiary Board Membership
Wilde, R. V.	Member of the CBZ Bank Limited Board
Bere, T.	Member of the CBZ Asset Management Board
Pasi, R.	Member of the CBZ Bank Limited Board
Mugamu, E.	Chairman of the CBZ Bank Limited Board
Nhamo, R.	Chairperson of the CBZ Insurance Limited Board

#### **Analysis of the Committees**

#### **Audit & Finance**

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

The functions of the Committee include:

- Review of the company's financial statements

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

#### **Risk Management & Compliance**

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

The functions of the Committee include:

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

#### **Human Resources & Remuneration**

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

During the Year the Committee's work included:

Implementation of programmes to strengthen the safety, health and wellness culture; and

Approval of the Group's Human Resources and Remuneration Philosophy

#### **IT & Business Development**

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

During the year some of the committee's work included

Review of the company's IT Governance structures; Approval of the Group IT Strategic Plan;

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

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

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

#### **Board Remuneration**

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

**Board Evaluation** 

The Board, led by the Chairman, uses a detailed questionnaire, completed by each director, as the basis of these evaluations. This evaluation is aimed at determining how the board's effectiveness can be improved. The evaluation process is governed by the Reserve  $Bank of Zimbabwe \ which is \ ultimately \ the \ custodian \ of the \ Board \ Evaluation \ Report \ in \ line \ with \ its \ Corporate \ Governance \ Guidelines.$ 

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

#### **Succession Planning**

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

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

## STRATEGIC LEADERSHIP

The strategic leadership of the company is the responsibility of the Board, comprising of two executive directors and nine independent

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

## Internal Financial Control

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

## **Financial Reporting**

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

## 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.

As at 31 December 2014, the Group was not involved in any material litigation, disputes or arbitration proceedings which may have had a significant effect on its financial position.

## **Shareholders**

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

## **BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER**

## The Boards of Directors of the various units as at 31 December 2014 were constituted as tabulated below:

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

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

\*\* Death of Muchenje - Deceased 21 Áugust 2014 \*\*\*\*\*\*Retirement of Mundangepfupfu - Retired as at 30 September 2014

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

This table outlines details of Board and Committee member's attendance of Board and Board Committee meetings for 2014

CR7 HOLDINGS LIMITED ROARD COMMITTEE AND ROARD ATTENDANCE REGISTER (January to December 2014)

	Audit & Finance	Risk Management & Compliance	Human Resources & Remuneration	IT & Business Development	Main Board
Number of Meetings Held	4	4	4	4	4
Bere, T	**	3	3	**	3
Dernawi, F M	**	4	**	4	4
Lowe, A	*	4	**	**	3
Mugamu, E	4	**	**	**	4
Mutambara, D	**	**	1	1	1
Nhamo, R	**	**	4	**	4
Pasi, R	4	4	**	**	4
Taputaira, G	**	**	**	4	4
Wilde, R V	**	**	4	**	4
Mangudya, J P*	1	1	1	1	1
Nyemudzo, N*	4	4	3	3	4
C. Chimutsa*	3	3	**	3	3

<u>KEY</u> \* Executive directors \*\* Not a member

MAIN BOARD

**Meeting** AUDIT AND FINANCE RISK MANAGEMENT & COMPLIANCE HUMAN RESOURCES & REMUNERATION

IT & BUSINESS DEVELOPMENT

Number of meetings held

**BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2014)** 

	ALCO	LENDING	LOANS REVIEW	MAIN BOARD
R V Wilde	4	3	**	4
S G R Harnden	**	**	4	3
J P Mangudya	1	1	1	1
N Nyemudzo	4	3	3	4
C Chimutsa	3	3	4	3
R Mabeza-Chimedza	3	3	**	3
R Pasi	4	3	**	3
E Mugamu	**	**	4	4
F B Chirimuuta	**	2	**	3
P S Whata	4	**	**	4
P S Madzonga	**	**	4	4
*P Zimunya	4	3	4	4
*M Mudondo	4	3	3	3

Executive directors \*\* Not a committee member

Meeting Number of meetings held LENDING LOANS REVIEW MAIN BOARD

#### CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2014)

	Audit & Compliance	Investments & Risk	Main Board
Meetings held	2	4	4
Mrs. Naik	**	4	4
Mr. Jones	2	4	4
Mr. Harris	2	4	4
Dr. Mangudya	1	1	1
Mr. Zirobwa	**	**	4
Mr. Bere	**	4	4
Mr. Nyemudzo	2	4	4
Mr. Chimutsa	1	1	2
Mr. Smith*	2	4	4
Mr Muzadzi*	**	4	4

- Executive directors - Not a member

Number of meetings held

**Meeting** AUDIT & COMPLIANCE **INVESTMENTS & RISK** MAIN BOARD

## **CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER**

January to December 2014)	
	MAIN
R Dawes	4
F B Zizhou	4
V Masunda (Dr)	4
D Mutambara	2
J P Mangudya (Dr)	1
N Nyemudzo	4
C Chimutsa	2
*N Mureriwa	4

- Executive directors

\*\* – Did not attend

**Meeting** MAIN BOARD

Number of meetings held

\*\* - Did not attend

R Nhamo

P Mundangepfupfu

W Muchenje (Dr)

J P Mangudya (Dr)

Executive directors

N Nyemudzo

C Chimutsa

\*N Mureriwa

**Meeting** MAIN BOARD Number of meetings held

(January to December 2014)

CBZ INSURANCE BOARD ATTENDANCE REGISTER

MAIN

4

3

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ADDITIONAL SUPPORT TO THE BOARD

## **Group Legal Corporate Secretary**

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

The Group Secretary oversees the induction of new directors and assists the Group Chairman and the Group Chief Executive to determine the board agendas, as well as to formulate governance and Board-related issues

## STATEMENT OF COMPLIANCE

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

By order of the Board



Rumbidzayi A. Jakanani **GROUP LEGAL CORPORATE SECRETARY** 

25 February 2015





for the Year Ended 31 December 2014

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# STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2014

	Notes	31 Dec 2014 US\$	31 Dec 2013 US\$
Interest income	2	171 194 359	154 672 001
Interest expense	2	(100 612 451)	(75 173 779)
Net interest income		70 581 908	79 498 222
Non-interest income	3	46 234 367	36 937 400
Total income		116 816 275	116 435 622
Operating expenditure	4	(79 789 136)	(74 808 925)
Operating income		37 027 139	41 626 697
Charge for impairment on advances	10.3	(16 865 201)	(18 339 069)
Profit before taxation		20 161 938	23 287 628
Taxation	5	(3 906 350)	(5 759 942)
Profit for the year after taxation		16 255 588	17 527 686
Other comprehensive income Gains on property revaluations	20	2 057 281	1 702 888
Deferred tax relating to components of other comprehens	sive		
income	20	(486 757)	(459 506)
Other comprehensive income for the year net of tax	20	1 570 524	1 243 382
Total comprehensive income for the year		17 826 112	18 771 068
Profit attributable to:			
Equity holders of parent  Total comprehensive income attributed to:		16 255 588	17 527 686
Equity holders of parent		17 826 112	18 771 068
Earnings per share (cents): Basic Diluted Headline	6.5 6.5 6.5	3.18 3.18 3.31	3.42 3.42 3.58

## STATEMENT OF FINANCIAL POSITION as at 31 December 2014

	Notes	31 Dec 2014	31 Dec 2013
		US\$	US\$
ASSETS			
Balances with banks and cash	8	69 393 058	148 325 373
Money market assets	9	302 674 385	231 111 785
Advances	10	960 874 733	898 988 379
Other assets	11	107 297 353	76 946 779
Investment in other financial assets	12	8 082 173	7 800 238
Property and equipment	13	48 909 275	47 910 102
Investment properties	14	5 268 800	2 718 600
Intangible assets	15	362 337	777 176
Deferred taxation	16	14 069 925	13 255 167
Current tax receivable		1 481 338	-
TOTAL ASSETS		1 518 413 377	1 427 833 599
LIABILITIES			
Deposits	17	1 382 996 535	1 303 981 360
Other liabilities	18	9 500 056	9 187 466
Current tax payable	10	-	1 902 099
Total liabilities		1 392 496 591	1 315 070 925
EQUITY AND RESERVES	4.0	E 440 400	F 440 400
Share capital	19	5 118 180	5 118 180
Share premium	19.1	16 721 711	11 198 956
Non-distributable reserve	19.2	-	5 522 755
Revaluation reserve	19.3	11 005 355	9 434 831
Revenue reserve	19.4	93 071 540	81 487 952
Total equity and reserves		125 916 786	112 762 674
TOTAL LIABILITIES, EQUITY AND RESERVES		1 518 413 377	1 427 833 599

# STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2014

2012	Share capital US\$	Share premium US\$	Non- distributable reserve US\$	Revaluation reserve US\$	Revenue reserve US\$	Total US\$
2013 Balance at the beginning of the year Total comprehensive income Dividends Balance at the end of the year	5 118 180 - - 5 118 180	11 198 956 - - - 11 198 956	5 522 755 - - 5 <b>522 755</b>	8 191 449 1 243 382 - <b>9 434 831</b>	65 260 266 17 527 686 (1 300 000) <b>81 487 952</b>	95 291 606 18 771 068 (1 300 000) <b>112 762 674</b>
2014 Balance at the beginning of the year Total comprehensive income Dividends Inter category transfer Balance at the end of the year	5 118 180 - - - 5 118 180	11 198 956 - - 5 522 755 <b>16 721 711</b>	5 522 755 - - (5 522 755) -	9 434 831 1 570 524 - - 11 005 355	81 487 952 16 255 588 (4 672 000) - 93 071 540	112 762 674 17 826 112 (4 672 000) - 125 916 786

## STATEMENT OF CASHFLOWS

for the year ended	31 December 2	2014	
CASH FLOWS FROM ORFRATING ACTIVITIES		31 Dec 2014 US\$	31 Dec 2013 US\$
CASH FLOWS FROM OPERATING ACTIVITIES Profit before taxation		20 161 938	23 287 628
Non-cash items: Depreciation Amortisation Impairments on property, equipment Impairments on land inventory Fair value adjustment Impairment on advances Loss on sale of property and equipment Unrealised gain on foreign currency positions Operating profit before changes in operating assets an	13 15 13 4 14 10 3 3 d liabilities	4 895 294 594 323 455 964 68 659 107 678 16 865 201 41 183 (1 128 909) <b>42 061 331</b>	3 603 458 573 269 711 553 31 930 26 400 18 339 069 14 029 (2 013 602) 44 573 734
Changes in operating assets and liabilities Deposits Advances Money market assets Other assets Other liabilities		80 144 084 (89 697 274) (71 562 600) (21 907 360) 312 590 (102 710 560)	302 565 708 (150 803 275) (174 106 892) (21 160 631) (2 675 561) (46 180 651)
Corporate tax paid		(8 591 302)	(17 181 610)
Net cash outflow from operating activities		(69 240 531)	(18 788 527)
CASH FLOWS FROM INVESTING ACTIVITIES  Net change in investments  Proceeds on disposal of property and equipment  Purchase of property and equipment  Purchase of intangible assets  Net cash outflow from investing activities	13 15	(281 935) 418 632 (5 097 747) (58 734) (5 019 784)	794 665 (8 188 559) (125 000) ( <b>7 518 894</b> )
CASH FLOWS FROM FINANCING ACTIVITIES Dividends paid	7	(4 672 000)	(1 300 000)

(78 932 315)

148 325 373

69 393 058

## NOTES TO THE FINANCIAL RESULTS for the year ended 31 December 2014

#### **INCORPORATION 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, mortgage finance, commercial banking, investment banking, small to medium enterprise financing, treasury management, wealth management, agribusiness and custodial services.

and custodial services.		
NET INTEREST INCOME	31 Dec 2014 US\$	31 Dec 2013 US\$
Interest income	4.004.740	4.040.607
Bankers acceptances	1 824 740	4 213 607
Overdrafts	105 953 782	91 628 395
Loans	40 145 863	43 703 756
Staff loans	2 746 525	2 516 793
	150 670 910	142 062 551
Short-term money market assets	14 257 337	3 557 061
Other investments	6 266 112	9 052 389
	171 194 359	154 672 001
Interest expense		
Savings deposits	9 258 981	5 366 117
Call deposits	611 394	457 047
Money market deposits	69 923 964	46 308 956
Lines of credit	20 818 112	23 041 659
	100 612 451	75 173 779
Net interest income	70 581 908	79 498 222
NON-INTEREST INCOME		
Fair value adjustment on investment property	(107 678)	(26 400)
Net income from foreign currency dealings	4 080 937	6 099 427
Unrealised gains on foreign currency	1 128 909	2 013 602
Commission and fee income	36 903 894	26 059 699
Loss on sale of property and equipment	(41 183)	(14 029)
Other operating income	4 269 488	2 805 101
other operating meanic	46 234 367	36 937 400
OPERATING EXPENDITURE		50757 100
Staff costs	49 026 937	44 412 230
Administration expenses	24 500 483	25 147 704
Audit fees	247 476	328 781
Depreciation	4 895 294	3 603 458
Amortisation of intangible assets	594 323	573 269
Impairment on property and equipment	455 964	711 553
Impairment on land inventory	68 659	31 930
impairment off fatia inventory	79 789 136	74 808 925
	_ 73703130	7 1 000 323

Included in staff costs are pensions and contributions under the National Social Security Authority, a defined contribution fund and the Bank's separate trustee administered fund of US\$ 3 707 625 (2013:US\$ 3 147 586).

	31 Dec 2014 US\$	31 Dec 2013 US\$
Remuneration of directors and key management personnel		
Fees for services as directors	1 051 000	1 065 790
Pension for past and present directors	510 168	244 224
Salaries and other benefits	5 293 518	3 876 162
	6 854 686	5 186 176
Operating leases The following is an analysis of expenses related to operating leases Non cancellable leases are paid as follows:		520.674
Less than 1 year	1 202 102	538 674
Between 1 and 5 years	409 749	284 566
	1 611 851	823 240

The Bank leases a number of branches and other equipment under operating leases. The leases typically run for a period of less than five years with an option to renew the lease after that expiry date. During the year ended 31 December 2014, an amount of \$1 821 470 was recognised as rent expense in the statement of comprehensive income.

## TAXATION

5.

6.

6.1

6.2

(27 607 421)

175 932 794

148 325 373

The following constitutes the major components of income tax expense recognised in the statement of

comprehensive income.

	31 Dec 2014 US\$	31 Dec 2013 US\$
Analysis of tax charge in respect of the profit for the year		
Current income tax charge	5 207 865	14 557 427
Deferred income tax	(1 301 515)	(8 797 485)
Income tax expense	3 906 350	5 759 942
Tax rate reconciliation	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	(5.56)	(0.69)
Tax benefits	(0.82)	(0.33)
Effective rate	19.37	24.73

## EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax 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 is calculated by dividing the profit after tax 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 that would be issued on the conversion of all the dilutive potential ordinary shares into the ordinary shares.

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

The following notes, 6.2 and 6.3, reflect the respective earnings and share data used in the basic and diluted

earnings per snare computations:		
	31 Dec 2014 US\$	31 Dec 2013 US\$
Earnings Basic earnings Diluted earnings Headline earnings	16 255 588 16 255 588 16 929 072	17 527 686 17 527 686 18 311 598
Reconciliation of numerators used for basic and diluted earnings per share computation:		
Basic earnings Effect of potential dilutive transactions	16 255 588 -	17 527 686 -
Diluted earnings	16 255 588	17 527 686

Net decrease in balances with banks and cash

Balances with banks and cash at the beginning of the year

Balances with banks and cash at the end of the year



for the Year Ended 31 December 2014



		31 Dec 2014 Shares	31 Dec 2013 Shares
6.3	Reconciliation of denominators used for calculating basic		5.14.1.05
	and diluted earnings per share computation: Weighted average number of shares used for basic		
	earnings per share	511 817 951	511 817 951
	Potential dilutive shares Weighted average number of shares used for	-	-
	dilutive earnings per share	511 817 951	511 817 951
		31 Dec 2014	31 Dec 2013
6.4	Reconciliation of earnings used for calculating basic	US\$	US\$
	and headline earnings per share:		
	Profit attributable to shareholders	16 255 588	17 527 686
	Adjusted for: Impairment on property, equipment and land inventory	524 623	743 483
	Disposal losses on property and equipment	41 183	14 029
	Loss on investment property valuations <b>Headline earnings</b>	107 678 <b>16 929 072</b>	26 400 <b>18 311 598</b>
	Treatmine carrings	10727072	10311330
6.5	Earnings per share US (cents) Basic	3.18	3.42
	Diluted	3.18	3.42
	Headline	3.31	3.58
7.	DIVIDENDS		
	D: :		
	Dividend paid	4 672 000	1 300 000
8.	BALANCES WITH BANKS AND CASH	4 672 000	1 300 000
8.	BALANCES WITH BANKS AND CASH  Cash	31 595 539	37 876 479
8.	BALANCES WITH BANKS AND CASH  Cash Nostro accounts	31 595 539 11 269 824	37 876 479 16 188 032
8.	BALANCES WITH BANKS AND CASH  Cash	31 595 539 11 269 824 26 522 330 5 365	37 876 479 16 188 032 94 237 886 22 976
8.	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe	31 595 539 11 269 824 26 522 330	37 876 479 16 188 032 94 237 886
8. 9.	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe	31 595 539 11 269 824 26 522 330 5 365	37 876 479 16 188 032 94 237 886 22 976
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b>	37 876 479 16 188 032 94 237 886 22 976 <b>148 325 373</b>
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b>	37 876 479 16 188 032 94 237 886 22 976 <b>148 325 373</b> 139 992 744 54 171 471
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000 4 704 914	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628 2 311 942
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements Bankers acceptances Accrued interest	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements Bankers acceptances Accrued interest  Maturity analysis Less than 1 month	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000 4 704 914 <b>302 674 385</b>	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628 2 311 942 231 111 785
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements Bankers acceptances Accrued interest  Maturity analysis Less than 1 month Between 1 and 3 months	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000 4 704 914 <b>302 674 385</b>	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628 2 311 942 231 111 785  84 536 796 17 500 000
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements Bankers acceptances Accrued interest  Maturity analysis Less than 1 month Between 1 and 3 months Between 6 months and 1 year	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000 4 704 914 <b>302 674 385</b> 15 704 914 145 491 868	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628 2 311 942 231 111 785  84 536 796 17 500 000 82 115 000 40 000 000
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements Bankers acceptances Accrued interest  Maturity analysis Less than 1 month Between 1 and 3 months Between 3 and 6 months	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000 4 704 914 <b>302 674 385</b> 15 704 914 145 491 868	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628 2 311 942 231 111 785  84 536 796 17 500 000 82 115 000 40 000 000 6 959 989
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements Bankers acceptances Accrued interest  Maturity analysis Less than 1 month Between 1 and 3 months Between 6 months and 1 year Between 1 and 5 years	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000 4 704 914 <b>302 674 385</b> 15 704 914 145 491 868 3 977 137 137 500 466 <b>302 674 385</b>	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628 2 311 942 231 111 785  84 536 796 17 500 000 82 115 000 40 000 000 6 959 989 231 111 785
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements Bankers acceptances Accrued interest  Maturity analysis Less than 1 month Between 1 and 3 months Between 6 months and 1 year	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000 4 704 914 <b>302 674 385</b> 15 704 914 145 491 868	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628 2 311 942 231 111 785  84 536 796 17 500 000 82 115 000 40 000 000 6 959 989
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe Interbank clearing accounts  MONEY MARKET ASSETS  Call placements Treasury bills and placements Bankers acceptances Accrued interest  Maturity analysis Less than 1 month Between 1 and 3 months Between 3 and 6 months Between 6 months and 1 year Between 1 and 5 years	31 595 539 11 269 824 26 522 330 5 365 <b>69 393 058</b> 139 130 618 147 838 853 11 000 000 4 704 914 <b>302 674 385</b> 15 704 914 145 491 868 3 977 137 137 500 466 <b>302 674 385</b> 312 387 585	37 876 479 16 188 032 94 237 886 22 976 148 325 373  139 992 744 54 171 471 34 635 628 2 311 942 231 111 785  84 536 796 17 500 000 82 115 000 40 000 000 6 959 989 231 111 785

The Bank holds Treasury Bills from the Reserve Bank of Zimbabwe with a value of \$147 838 853 (2013: \$54 171 471). These financial assets have been classified at fair value through profit and loss.

31 Dec 2014

31 Dec 2013

		US\$	US\$
10.	ADVANCES		
	Overdrafts	630 948 129	536 211 484
	Loans	336 432 501	345 489 958
	Mortgage advances	43 165 341	39 009 054
		1 010 545 971	920 710 496
	Interest accrued	12 070 923	11 752 605
	Total gross advances	1 022 616 894	932 463 101
	Impairment	(61 742 161)	(33 474 722)
		960 874 733	898 988 379
10.1	Maturity analysis		
	Less than 1 month	585 905 254	589 456 884
	Between 1 and 3 months	33 590 723	12 254 011
	Between 3 and 6 months	19 720 377	7 736 867
	Between 6 months and 1 year	200 139 614	121 711 411
	Between 1 and 5 years	139 580 788	152 935 886
	More than 5 years	43 680 138	48 368 042
		1 022 616 894	932 463 101

	Between 1 and 3 months	33 590 723	12 254 011
	Between 3 and 6 months	19 720 377	7 736 867
	Between 6 months and 1 year	200 139 614	121 711 411
	Between 1 and 5 years	139 580 788	152 935 886
	More than 5 years	43 680 138	48 368 042
	·	1 022 616 894	932 463 101
	Maturity analysis is based on the remaining period from 31	December 2014 to o	contractual maturity.
10.2	Loans to directors and key management personnel and employees		
	Loans to directors and key management personnel		
	Included in advances are loans to directors and key		
	management:		
	Opening balance	7 680 011	5 751 072
	Advances made during the year	531 605	2 375 256
	Repayments during the year	(1 623 118)	(446 317)
	Closing balance	6 588 498	7 680 011
	Loans to employees		
	Included in advances are loans to employees:		
	Opening balance	34 462 137	34 914 128
	Advances made during the year	6 863 766	641 362
	Repayments during the year	(978 814)	(1 093 353)
	Closing balance	40 347 089	34 462 137
	Non performing advances		
	Total advances on which interest is suspended	84 179 167	45 764 666
10.3	Impairment of advances		
	Opening balance	33 474 722	33 444 651
	Charge for impairment	16 865 201	18 339 069
	Interest in suspense	15 715 364	14 090 042
	Amounts written off during the year	(4 313 126)	(32 399 040)
	Balance at the end of the year	61 742 161	33 474 722
10.4	Comprising:		
	Specific impairments	36 167 982	17 073 712
	Portfolio impairments	25 574 179	16 401 010
	·	61 742 161	33 474 722
	Collaterals		
	Cash cover	138 850 988	19 156 999
	Mortgage bonds	693 024 108	607 135 229
	Notarial general covering bonds and cessions	754 069 932	657 516 198
		1 585 945 028	1 283 808 426

		31 Dec 2014 US\$	%	31 Dec 2013 US\$ %
10.5	Sectoral Analysis			
	Private	62 048 617	6	49 964 036 5
	Agriculture	302 238 990	30	275 571 316 30
	Mining	19 230 510	2	16 140 238 2
	Manufacturing	94 648 682	9	95 131 867 10
	Distribution	233 317 898	23	211 092 444 23
	Construction	3 363 433	0	4 409 858 0
	Transport	18 605 789	2	21 271 938 2
	Communication	6 927 291	1	8 752 982 1
	Services	260 555 773	25	231 056 358 25
	Financial organisations	21 679 911	2	19 072 064 2
		1 022 616 894	100	932 463 101 100
11.	OTHER ASSETS			
	Intercompany balances	28 634 789		14 657 088
	Land inventory	66 434 423		58 253 810
	Prepayments	1 277 333		1 492 828
	Receivables	10 950 808		2 543 053
		107 297 353		76 946 779
12.	INVESTMENTS IN OTHER FINANCIAL ASSETS			
	Investments in equity instruments	452 206		172 206
	Investments in other instruments	7 629 967		7 628 032
		8 082 173	•	7 800 238
	At cost	452 206		172 206
	At amortised cost	7 629 967		7 628 032
		8 082 173		7 800 238
	Portfolio analysis			
	Available-for-sale	452 206		172 206
	Loans and receivables	7 629 967		7 628 032
		8 082 173		7 800 238

#### 13. **PROPERTY AND EQUIPMENT**

	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computers and equipment US\$	Work in progress : US\$	Total 31 Dec 2014 US\$	Total 31 Dec 2013 US\$
COST								
Opening balance	3 187 290	28 828 000	506 203	2 979 555	19 429 223	1 761 202	56 691 473	52 579 801
Additions	-	953 298	93 708	1 001 147	2 588 723	460 871	5 097 747	8 188 559
Revaluation reserve	586 710	(18 084)	-	-	-	-	568 626	1 089 454
Impairment	-	(455 964)	-	-	-	-	(455 964)	(711 553)
Disposals	-	_	-	(178 551)	(358 149)	(353 706)	(890 406)	(898 999)
Transfers to non PPE assets	-	-	-	_	-	(344 782)	(344 782)	(3 555 789)
Transfers	-	117 300	3 006	-	272 845	(393 151)	_	-
Closing balance	3 774 000	29 424 550	602 917	3 802 151	21 932 642	1 130 434	60 666 694	56 691 473
ACCUMULATED DEPRECIA	TION							
Opening balance	-	_	175 015	1 739 512	6 866 844	_	8 781 371	5 881 652
Charge for the year	_	1 488 655	55 898	473 908	2 876 833	_	4 895 294	3 603 458
Disposals	_	- 100 055	-	(142 027)	(288 564)	_	(430 591)	(90 305)
Revaluation	_	(1 488 655)	_	(1.12.027)	(200 30 1)	_	(1 488 655)	(613 434)
Closing balance	-	-	230 913	2 071 393	9 455 113	-	11 757 419	8 781 371
Net book value	3 774 000	29 424 550	372 004	1 730 758	12 477 529	1 130 434	48 909 275	47 910 102
Net book value (2013)	3 187 290	28 828 000	331 188	1 240 043	12 562 378	1 761 203		

Properties were revalued on an open market basis by an independent professional valuer, Mabikacheche & Associates as at 31 December 2014 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The revaluation of land and buildings entailed the following:

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

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

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

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

Adjustments were made to the following aspects:

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

15

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

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

The carrying amount of buildings would have been US\$ 21 603 110 (2013: US\$21 086 438) had they been carried at

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

14. INVESTMENT PROPERTIES	31 Dec 2014 US\$	31 Dec 2013 US\$
Opening balance	2 718 600	2 745 000
Fair value adjustment	(107 678)	(26 400)
Additions	2 657 878	-
<b>Closing balance</b>	<b>5 268 800</b>	2 718 600

Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2014 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The basis of valuation is consistent with that detailed in note 13 to the financial statements.

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

	31 Dec 2014 US\$	31 Dec 2013 US\$
INTANGIBLE ASSETS		
At cost Accumulated amortisation and impairment	2 072 923 (1 710 586) <b>362 337</b>	1 893 438 (1 116 262) <b>777 176</b>
Movement in intangible asset Opening balance Additions Transfers from property and equipment Amortisation charge Closing balance	777 176 58 734 120 750 (594 323) 362 337	1 175 445 125 000 50 000 (573 269) 777 176







Financial assets/

1 313 168 826 1 313 168 826

	31 Dec 2014	31 Dec 2013
	US\$	US\$
16 DEFERRED TAXATION		
Deferred tax related to items charged or credited to state of comprehensive income during the period is as follows:		
Revaluation of property and equipment	(486 757)	(459 506)
The deferred tax included in the statement of financial por and changes recorded in the income tax expense are as for Fair value adjustments Prepayments Impairment and provisions Property and equipment Tax claimable impairments Other  Add: Opening balance Closing deferred tax balance  17. DEPOSITS  Call deposits Savings and other deposits Money market deposits		(1 320) (575 460) 645 778 960 655 8 377 977 (610 147) 8 797 483 4 917 190 13 255 167
Foreign lines of credit Accrued interest	228 430 191 12 643 140 <b>1 382 996 535</b>	292 418 180 10 564 867 <b>1 303 981 360</b>
Deposits by source Banks Money market Customers Foreign lines of credit  Deposit by type Retail Corporate Money market Foreign lines of credit	62 558 182 502 762 516 587 400 245 230 275 592 <b>1 382 996 535</b> 87 644 553 499 755 692 565 320 698 230 275 592 <b>1 382 996 535</b>	37 647 610 461 792 904 507 916 828 296 624 018 <b>1 303 981 360</b> 51 899 397 456 017 431 499 440 514 296 624 018 <b>1 303 981 360</b>

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

	31 Dec 2014		31 Dec 2013
	US\$	%	US\$ %
Sectoral analysis			
Private	67 035 576	5	50 068 090 4
Agriculture	35 739 298	3	33 596 940 3
Mining	10 792 075	1	10 145 154 1
Manufacturing	77 836 630	6	124 403 603 10
Distribution	134 580 007	10	132 873 610 10
Construction	25 282 409	2	23 766 879 2
Transport	17 285 714	1	16 249 538 1
Communication	31 304 254	2	61 554 955 5
Services	422 807 044	30	306 563 443 23
Financial organisations	529 754 776	38	495 578 799 37
Investment organisations	30 578 752	2	49 180 349 4
-	1 382 996 535	100	1 303 981 360 100
Maturity analysis			
Less than one month	580 139 174		790 916 957
Between 1 and 3 months	100 956 440		192 580 921
Between 3 months to 6 months	57 288 556		121 254 263
Between 6 months and 1 year	308 717 280		102 362 566
Between 1 year and 5 years More than 5 years	317 215 538 18 679 547		88 603 470 8 263 183
More than 5 years	1 382 996 535		1 303 981 360
	1 302 990 333		1 303 981 300

Maturity analysis is based on the remaining period from 31 December 2014 to contractual maturity

	Maturity analysis is based on the remaining period from 31 December 2014 to contractual maturity.					
18.	OTHER LIABILITIES	31 Dec 2014 US\$	31 Dec 2013 US\$			
	Revenue received in advance Sundry creditors Other suspense accounts Total other liabilities	3 126 047 5 404 974 969 035 <b>9 500 056</b>	1 061 483 7 207 258 918 725 <b>9 187 466</b>			
19.	SHARE CAPITAL					
	Authorised 600 000 000 ordinary shares of \$0.01 each	6 000 000	6 000 000			
	<b>Issued and fully paid</b> 511 817 951 ordinary shares of \$0.01 each	5 118 180	5 118 180			
19.1	Share premium Opening balance Transfer from non distributable reserve Closing balance	11 198 956 5 522 755 <b>16 721 711</b>	11 198 956 - <b>11 198 956</b>			
19.2	Non-distributable reserve Opening balance Transfer to share premium Closing balance	5 522 755 (5 522 755) -	5 522 755 - 5 522 755			
19.3	Revaluation reserve Opening balance Revaluation adjustments made during the year Closing balance	9 434 831 1 570 524 11 005 355	8 191 449 1 243 382 <b>9 434 831</b>			
19.4	Revenue reserves Opening balance Profit for the year Dividend paid Closing balance	81 487 952 16 255 588 (4 672 000) <b>93 071 540</b>	65 260 266 17 527 686 (1 300 000) <b>81 487 952</b>			
20.	TAX EFFECTS RELATING TO COMPREHENSIVE INCOME					
	Gross revaluation adjustment Tax expense Net revaluation adjustment	2 057 281 (486 757) <b>1 570 524</b>	1 702 888 (459 506) 1 243 382			
	Total taxation	486 757	459 506			

#### 21. CATEGORIES OF FINANCIAL INSTRUMENTS

December 2014

	through profit or loss	Available for sale	Loans and receivables	liabilities at amortised cost	Total carrying amount
	US\$	US\$	US\$	US\$	US\$
Financial assets					
Balances with banks and cash	-	-	69 393 058	-	69 393 058
Money market assets	302 674 385	-	-	-	302 674 385
Advances	-	-	960 874 733	-	960 874 733
Investments in other financial assets	-	452 206	7 629 967	-	8 082 173
Other assets <b>Total</b>	302 674 385	452 206	40 571 149 1 <b>078 468 907</b>		40 571 149 <b>1 381 595 498</b>
Financial liabilities	302 074 383	432 200	1 0/6 406 90/		1 301 393 490
Deposits	_	_	_	1 382 996 535	1 382 996 535
Other liabilities		_	-	9 500 056	9 500 056
Total	-			1 392 496 591	1 392 496 591
December 2013	At fair value			Financial assets/	
December 2013	At fair value	Available		Financial assets/ liabilities at	Total carrying
December 2013	At fair value through profit or loss	Available for sale	Loans and receivables		Total carrying amount
	through		Loans and	liabilities at	, .
Financial assets	through profit or loss	for sale	Loans and receivables US\$	liabilities at amortised cost	amount US\$
<b>Financial assets</b> Balances with banks and cash	through profit or loss US\$	for sale	Loans and receivables	liabilities at amortised cost	amount US\$ 148 325 373
<b>Financial assets</b> Balances with banks and cash Money market assets	through profit or loss	for sale	Loans and receivables US\$	liabilities at amortised cost	amount US\$ 148 325 373 231 111 785
Financial assets Balances with banks and cash Money market assets Advances	through profit or loss US\$	for sale US\$	Loans and receivables US\$  148 325 373 - 898 988 379	liabilities at amortised cost	amount US\$ 148 325 373 231 111 785 898 988 379
Financial assets Balances with banks and cash Money market assets Advances Investments in other financial assets	through profit or loss US\$	for sale	Loans and receivables US\$  148 325 373 -898 988 379 7 628 032	liabilities at amortised cost	amount US\$ 148 325 373 231 111 785 898 988 379 7 800 238
Financial assets Balances with banks and cash Money market assets Advances	through profit or loss US\$	for sale US\$	Loans and receivables US\$  148 325 373 - 898 988 379	liabilities at amortised cost US\$	amount US\$ 148 325 373 231 111 785 898 988 379
Financial assets Balances with banks and cash Money market assets Advances Investments in other financial assets Other assets Total	through profit or loss US\$ - 231 111 785 - -	for sale US\$ - - - 172 206	Loans and receivables US\$  148 325 373 - 898 988 379 7 628 032 18 315 481	liabilities at amortised cost US\$	amount US\$ 148 325 373 231 111 785 898 988 379 7 800 238 18 315 481
Financial assets Balances with banks and cash Money market assets Advances Investments in other financial assets Other assets Total Financial liabilities	through profit or loss US\$ - 231 111 785 - -	for sale US\$ - - - 172 206	Loans and receivables US\$  148 325 373 - 898 988 379 7 628 032 18 315 481	liabilities at amortised cost US\$ - - - - - -	amount US\$ 148 325 373 231 111 785 898 988 379 7 800 238 18 315 481 1 304 541 256
Financial assets Balances with banks and cash Money market assets Advances Investments in other financial assets Other assets Total	through profit or loss US\$ - 231 111 785 - -	for sale US\$ - - - 172 206	Loans and receivables US\$  148 325 373 - 898 988 379 7 628 032 18 315 481	liabilities at amortised cost US\$	amount US\$ 148 325 373 231 111 785 898 988 379 7 800 238 18 315 481

#### 22. RELATED PARTY DISCLOSURES

Total

The Bank is 100% owned by CBZ Holdings Limited. CBZ Properties (Private) Limited, CBZ Building Society, CBZ Asset Management (Private) Limited, CBZ Insurance (Private) Limited and CBZ Life (Private) Limited are related to CBZ Bank Limited through common shareholding.

The volumes of related party transactions and related income and expenses are as follows:

Loans and advances to other related parties

31 December 2014	Gross limits US\$	Utilised limits US\$	Value of security US\$	Percentage of capital
Loans to directors	3 935 000	3 758 936	3 853 812	2.80%
31 December 2013	3 935 000	3 758 936	3 853 812	2.80%
Loans to directors	6 773 217	7 077 119	8 465 350	6.09%
	6 773 217	7 077 119	8 465 350	6.09%

The loans to directors' companies above include companies directly owned or significantly influenced by executive and non-executive directors and/or their close family members.

	·	31 Dec 2014 US\$	31 Dec 2013 US\$
	Interest income earned on loans and advances to directors and other related parties Commission and fee income	614 243 10 278 <b>624 521</b>	738 173 5 211 <b>743 384</b>
(b)	Deposits from directors and key management personnel Closing balance Interest expense on deposits from directors and key management personnel	94 238 191	47 214 498
(c)	Balances with group companies Amounts due from group companies Amounts due to group companies Interest income on amounts due from group companies Interest expense on amounts due to group companies Non interest income from group companies Operating expenditure from group companies	101 970 702 10 691 490 6 783 594 313 771 560 144 36 000	77 731 807 15 521 217 3 009 712 137 365 810 731 36 000

## 23. RISK MANAGEMENT

## 23.1 Risk overview

CBZ Bank Limited has continued to be guided by a desire to uphold a "High Risk Management and Compliance Culture" as one of its major strategic 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. Through the CBZ Group risk management function, the Bank regularly carries out risk analysis through value at risk (VAR) assessment, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and its desired risk appetite.

## 23.2 Bank risk management framework

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

## 23.3 Credit risk

## 23.3.1 Credit risk exposure

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

	31 Dec 2014 US\$	31 Dec 2013 US\$
Balances with banks	37 797 519	110 448 894
Money market assets	302 674 385	231 111 785
Advances	960 874 733	898 988 379
Other assets	40 571 149	18 315 481
Total	1 341 917 786	1 258 894 539
Contingent liabilities	145 184 766	155 582 869
Commitments	404 336	194 163
<b>Total</b>	<b>145 589 102</b>	<b>155 777 032</b>

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 and cash equivalents of US\$37 797 519 (excluding notes and coins) as at 31 December 2014, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

## 23.3.2 Aging analysis of past due but not impaired loans (Special Mention Loans):

	31 Dec 2014 US\$	31 Dec 2013 US\$
1 to 3 months	365 897 428	130 861 868

Past due but not impaired loans relate to loans in the special mention category. (See defination on note number 31.3.1 of the CBZ Holdings Limited notes to the financial results)

## 23.3.3 Aging analysis of impaired loans (Non Performing Loans):

Timing Louis).	31 Dec 2014 US\$	31 Dec 2013 US\$
	68 185 848	43 236 337
	15 993 319	2 528 329
	84 179 167	45 764 666

3 to 6 months 6 months and above

Past due and impaired loans relate to loans under the following asset classification classes: Substandard, Doubtful and Loss. (See defination on note number 31.3.1 of the CBZ Holdings Limited notes to the financial results)







23.3.4 An industry sector analysis of the Bank's advances before and after taking into account collateral held is

as follows:	31 Dec 2014 US\$ Gross maximum exposure	31 Dec 2014 US\$ Net maximum exposure (not covered by mortgage security)	31 Dec 2013 US\$ Gross maximum exposure	31 Dec 2013 US\$ Net maximum exposure (not covered by mortgage security)
Private Agriculture Mining Manufacturing Distribution Construction Transport Communication Services Financial organisations Total	62 048 617 302 238 990 19 230 510 94 648 682 233 317 898 3 363 433 18 605 789 6 927 291 260 555 773 21 679 911	22 310 311 99 843 537 3 268 421 52 818 285 100 914 683 4 137 273 21 707 418 7 094 723 17 498 135	49 964 036 275 571 316 16 140 238 95 131 867 211 092 444 4 409 858 21 271 938 8 752 982 231 056 358 19 072 064 932 463 101	22 859 184 90 836 324 3 361 813 54 327 514 102 533 658 4 255 491 22 327 686 7 297 448 17 528 754
Cash cover			31 Dec 2014 US\$ 138 850 988	<b>31 Dec 2013</b> <b>US\$</b> 19 156 999
Mortgage bonds Other forms of security includir (NGCBs), cessions, etc.	693 024 108 754 069 932 <b>1 585 945 028</b>	607 135 229 657 516 198 1 283 808 426		

The Bank holds collateral against loans and advances to customers in the form of mortgage bonds over property, other registered securities over assets, guarantees, cash cover, assignment of crop or export proceeds, leasebacks and stoporders. Estimates of fair values are based on the values of collateral assessed at the time of borrowing, and are regularly aligned 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 2014 US\$	31 Dec 2013 US\$
<b>Against doubtful* and loss* grades</b> Property Other	3 572 055 13 963 852	350 000
<b>Against substandard* grade</b> Property Other	21 687 380 48 297 546	20 300 192 42 113 360
<b>Against special mention* grade</b> Property Other	180 948 681 224 489 903	51 200 459 72 182 307
Against normal* grade Property Other	486 815 992 606 169 619 <b>1 585 945 028</b>	535 284 578 562 377 530 1 283 808 426

<sup>\*</sup>See defination on note number 31.3.1 of the CBZ Holdings Limited notes to the financial results.

#### 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

December 2014 Loans and advances to customers	Normal grade US\$	*Special mention grade US\$	*Sub- Standard grade US\$	*Doubtful and Loss grade US\$	Total US\$
Agriculture	104 981 776	177 904 065	16 648 271	2 704 878	302 238 990
3	41 158 903	42 718 195	10 771 584		94 648 682
Manufacturing				2 01 5 100	
Commercial	212 054 652	38 393 364	7 092 657	3 015 100	260 555 773
Individual and households	44 928 263	15 138 737	1 612 284	369 333	62 048 617
Mining	2 892 071	14 223 264	2 115 175	-	19 230 510
Distribution	132 726 673	66 035 191	28 100 861	6 455 173	233 317 898
Construction	140 517	3 024 397	198 519	-	3 363 433
Transport	5 757 244	7 753 213	1 646 497	3 448 835	18 605 789
Communication	6 927 291	-	-	-	6 927 291
Financial services	20 972 909	707 002	-	_	21 679 911
	572 540 299	365 897 428	68 185 848	15 993 319	1 022 616 894

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 US\$ 145 million (2013: US\$156 million)

	Normal grade	*Special mention grade	*Sub- Standard grade	and Loss grade	Total
December 2013	US\$	US\$	US\$	US\$	US\$
Loans and advances to customers		-		-	
Agriculture	202 925 240	67 688 639	4 098 576	858 861	275 571 316
Manufacturing	76 274 779	6 501 954	12 355 134	-	95 131 867
Commercial	214 232 536	10 319 948	5 597 180	906 694	231 056 358
Individual and households	36 560 453	6 486 626	6 916 957	-	49 964 036
Mining	13 614 177	2 517 508	8 553	-	16 140 238
Distribution	167 593 605	31 922 800	10 866 600	709 439	211 092 444
Construction	4 258 578	-	151 280	-	4 409 858
Transport	12 552 153	5 424 393	3 242 057	53 335	21 271 938
Communication	8 752 982	-	-	-	8 752 982
Financial services	19 072 064	-	-	-	19 072 064
	755 836 567	130 861 868	43 236 337	2 528 329	932 463 101

<sup>\*</sup>See defination on note number 31.3.1 of the CBZ Holdings Limited notes to the financial results.

funding, loans to deposit ratio, counter- party exposures as well as prudential liquidity ratio.

## 23.4 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 recognises two types of liquidity risks i.e. Market liquidity risk and Funding

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 relating to levels of wholesale funding, retail

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

Liquidity Gap Analysis							
	Less than	1 to 3	3 to 6	6 to 12	1 to 5	5 years	Total
31 December 2014	one month US\$	months USS	months USS	months US\$	years USS	and above USS	USŚ
Balances with bank and cash	69 393 058	-	-	-	-	-	69 393 058
Money market assets	15 704 914	145 491 868	-	3 977 137	137 500 466	-	302 674 385
Advances Other liquid assets	524 163 093 140 323	33 590 723 40 430 826	19 720 377	200 139 614	139 580 788	43 680 138	960 874 733 40 571 149
Investments- other financial assets		-0 430 020	-	_	7 629 967	_	7 629 967
Financial guarantees	1 402 000	2 003 888	5 401 000	1 597 878	123 100 000	11 680 000	145 184 766
Current tax receivable  Total assets	610 803 388	1 481 338 222 998 643	25 121 377	205 714 629	407 811 221	55 360 138	1 481 338 <b>1 527 809 396</b>
iotal assets	010 803 388	222 998 043	23 121 3//	203 / 14 029	40/011221	051 006 66	1 327 809 390
Liabilities							
Deposits Other liabilities	580 139 174	100 956 440 9 500 056	57 288 556	308 717 280	317 215 538	18 679 547	1 382 996 535 9 500 056
Financial guarantees	1 402 000	2 003 888	5 401 000	1 597 878	123 100 000	11 680 000	145 184 766
Total liabilities	581 541 174	112 460 384	62 689 556	310 315 158	440 315 538	30 359 547	1 537 681 357
Liquidity gap	29 262 214	110 538 259	(37 568 179)	(104 600 529)	(32 504 317)	25 000 591	(9 871 961)
Cumulative liquidity gap	29 262 214	139 800 473	102 232 294	(2 368 235)	(34 872 552)	(9 871 961)	(9 871 961)
	Less than	1 to 3	3 to 6	6 to 12	1 to 5	5 vears	Total
	Less than one month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5 years and above	Total
31 December 2013	one month US\$	months US\$					US\$
Balances with bank and cash	one month US\$ 56 599 529	months US\$ 91 725 844	months US\$	months US\$	years US\$	and above	<b>US\$</b> 148 325 373
	one month US\$	months US\$	months	months	years	and above	US\$
Balances with bank and cash Money market assets Advances Other liquid assets	one month US\$ 56 599 529 84 536 796 567 547 047	months US\$ 91 725 844 17 500 000	months US\$ - 82 115 000	months US\$ -	years US\$ - 6 959 989 147 779 460	and above US\$ - - 46 737 253	US\$ 148 325 373 231 111 785 898 988 379 18 315 481
Balances with bank and cash Money market assets Advances Other liquid assets Investments- other financial assets	one month US\$ 56 599 529 84 536 796 567 547 047	months US\$ 91 725 844 17 500 000 11 840 852	months US\$ - 82 115 000	months US\$ - 40 000 000 117 607 758	years US\$ - 6 959 989	and above US\$ - - 46 737 253	US\$ 148 325 373 231 111 785 898 988 379 18 315 481 7 628 032
Balances with bank and cash Money market assets Advances Other liquid assets	one month US\$ 56 599 529 84 536 796 567 547 047	months US\$ 91 725 844 17 500 000 11 840 852	months US\$ - 82 115 000	months US\$ -	years US\$ - 6 959 989 147 779 460	and above US\$ - - 46 737 253 - -	US\$ 148 325 373 231 111 785 898 988 379 18 315 481
Balances with bank and cash Money market assets Advances Other liquid assets Investments- other financial assets Financial guarantees <b>Total assets</b>	one month US\$ 56 599 529 84 536 796 567 547 047	months US\$ 91 725 844 17 500 000 11 840 852 18 315 481	months US\$ - 82 115 000 7 476 009 - -	months US\$ - 40 000 000 117 607 758 - - 155 582 869	years US\$ - 6 959 989 147 779 460 - 7 628 032	and above US\$ - - 46 737 253 - -	US\$ 148 325 373 231 111 785 898 988 379 18 315 481 7 628 032 155 582 869
Balances with bank and cash Money market assets Advances Other liquid assets Investments- other financial assets Financial guarantees <b>Total assets</b>	one month US\$ 56 599 529 84 536 796 567 547 047	months US\$ 91 725 844 17 500 000 11 840 852 18 315 481	months US\$ - 82 115 000 7 476 009 - - - 89 591 009	40 000 000 117 607 758 - 155 582 869 313 190 627	years US\$ 6 959 989 147 779 460 - 7 628 032 - 162 367 481	and above US\$ - 46 737 253 - - - 46 737 253	US\$ 148 325 373 231 111 785 898 988 379 18 315 481 7 628 032 155 582 869 1 459 951 919
Balances with bank and cash Money market assets Advances Other liquid assets Investments- other financial assets Financial guarantees <b>Total assets</b>	one month US\$ 56 599 529 84 536 796 567 547 047	months US\$ 91 725 844 17 500 000 11 840 852 18 315 481	months US\$ - 82 115 000 7 476 009 - -	months US\$ - 40 000 000 117 607 758 - - 155 582 869	years US\$ - 6 959 989 147 779 460 - 7 628 032	and above US\$ - - 46 737 253 - -	US\$ 148 325 373 231 111 785 898 988 379 18 315 481 7 628 032 155 582 869
Balances with bank and cash Money market assets Advances Other liquid assets Investments - other financial assets Financial guarantees Total assets  Liabilities Deposits Current tax payable Other liabilities	one month US\$ 56 599 529 84 536 796 567 547 047	months US\$ 91 725 844 17 500 000 11 840 852 18 315 481 	months US\$ - 82 115 000 7 476 009 - - - 89 591 009	months US\$ 40 000 000 117 607 758 - 155 582 869 313 190 627	years US\$ 6 959 989 147 779 460 - 7 628 032 - 162 367 481	and above US\$ - 46 737 253 - - - 46 737 253	US\$ 148 325 373 231 111 785 898 988 379 18 315 481 7 628 032 155 582 869 1 459 951 919
Balances with bank and cash Money market assets Advances Other liquid assets Investments- other financial assets Financial guarantees Total assets  Liabilities Deposits Current tax payable Other liabilities Financial guarantees	one month US\$ 56 599 529 84 536 796 567 547 047 - - 708 683 372	months US\$ 91 725 844 17 500 000 11 840 852 18 315 481 	months US\$ - 82 115 000 7 476 009 - - - 89 591 009	months US\$ - 40 000 000 117 607 758 - 155 582 869 313 190 627	years US\$ - 6 959 989 147 779 460 - 7 628 032 - 162 367 481 - 88 603 470	and above US\$ - 46 737 253 - - - - 46 737 253 8 263 183 - -	US\$ 148 325 373 231 111 785 898 988 379 18 315 481 7 628 032 155 582 869 1 459 951 919  1 303 981 360 1 902 099 155 582 869
Balances with bank and cash Money market assets Advances Other liquid assets Investments - other financial assets Financial guarantees Total assets  Liabilities Deposits Current tax payable Other liabilities	one month US\$ 56 599 529 84 536 796 567 547 047	months US\$ 91 725 844 17 500 000 11 840 852 18 315 481 	months US\$ - 82 115 000 7 476 009 - - - 89 591 009	months US\$ 40 000 000 117 607 758 - 155 582 869 313 190 627	years US\$ 6 959 989 147 779 460 - 7 628 032 - 162 367 481	and above US\$ - 46 737 253 - - - - 46 737 253 8 263 183 - -	US\$ 148 325 373 231 111 785 898 988 379 18 315 481 7 628 032 155 582 869 1 459 951 919

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

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

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

	70
At 31 December 2013	32
At 31 December 2014	35
Average for the year	31
Maximum for the year	35
Minimum for the year	30

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

This is managed at both Board and Management level through the regular policy and benchmarks which relate to interest rate risk management. The major areas of intervention involve 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, the USD in order to minimize cross currency interest rate risk. The Bank's interest rate risk profiling is illustrated below

## 23.5.1 Interest rate repricing and gap analysis

25.5.1 IIItelest late i								
31 December 2014	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non interest bearing US\$	Total US\$
Balances with bank and cash	69 393 058	-	-	-	-	-	-	69 393 058
Money market assets	15 704 914	145 491 868	-	3 977 137	137 500 466	42 (00 120	-	302 674 385
Advances Other assets	524 163 093	33 590 723	19 720 377	200 139 614	139 580 788	43 680 138	- 107 297 353	960 874 733 107 297 353
Investments- other financial a	ssets -	_	_	_	7 629 967	_	452 206	8 082 173
Investment property	-	-	-	-	-	-	5 268 800	5 268 800
Property and equipement	-	-	-	-	-	-	48 909 275	48 909 275
Intangible assets	-	-	-	-	-	-	362 337	362 337
Deffered tax Current tax receivable	-	-	_	-	-	-	14 069 925 1 481 338	14 069 925 1 481 338
Total assets	609 261 065	179 082 591	19 720 377	204 116 751	284 711 221	43 680 138		1 518 413 377
Equity and liabilities								
Deposits	580 139 174	100 956 440	57 288 556	308 717 280	317 215 538	18 679 547	_	1 382 996 535
Other liabilities	-	-	-	-	-	-	9 500 056	9 500 056
Equity and reserves	-	-	-	-	-	-	125 916 786	125 916 786
Total liabilities, equity and reserves	580 139 174	100 956 440	57 288 556	308 717 280	317 215 538	18 679 547	135 416 842	1 518 413 377
Interest rate repricing gap Cumulative gap	29 121 891 29 121 891	78 126 151 107 248 042	(37 568 179) 69 679 863	(104 600 529)	,	25 000 591 (42 424 392)	42 424 392	-
			0,0,,003	(34 920 000)	(07 424 903)	(42 424 372)		
31 December 2013	Less than one month USS	1 to 3 months USS	3 to 6 months US\$	6 to 12 months	1 to 5 years	, ,	Non interest bearing USS	Total US\$
31 December 2013  Balances with bank and cash		1 to 3 months	3 to 6 months	6 to 12	1 to 5	5 years and above	bearing	
Balances with bank and cash Money market assets	one month US\$ 56 599 529 84 536 796	1 to 3 months US\$ 91 725 844 17 500 000	3 to 6 months US\$ - 82 115 000	6 to 12 months US\$ - 40 000 000	1 to 5 years US\$ - 6 959 989	5 years and above US\$	bearing US\$	<b>US\$</b> 148 325 373 231 111 785
Balances with bank and cash Money market assets Advances	one month US\$ 56 599 529	1 to 3 months US\$ 91 725 844	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$ - - 46 737 253	bearing US\$ - - -	<b>US\$</b> 148 325 373 231 111 785 898 988 379
Balances with bank and cash Money market assets Advances Other assets	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000	3 to 6 months US\$ - 82 115 000	6 to 12 months US\$ - 40 000 000	1 to 5 years US\$ 6 959 989 147 779 460	5 years and above US\$	bearing US\$ - - - 76 946 779	US\$ 148 325 373 231 111 785 898 988 379 76 946 779
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000	3 to 6 months US\$ - 82 115 000	6 to 12 months US\$ - 40 000 000	1 to 5 years US\$ - 6 959 989	5 years and above US\$ - - 46 737 253	bearing US\$ - - 76 946 779 172 206	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238
Balances with bank and cash Money market assets Advances Other assets	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000	3 to 6 months US\$ - 82 115 000	6 to 12 months US\$ - 40 000 000	1 to 5 years US\$ 6 959 989 147 779 460	5 years and above US\$ - - 46 737 253	bearing US\$ - - - 76 946 779	US\$ 148 325 373 231 111 785 898 988 379 76 946 779
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000	3 to 6 months US\$ - 82 115 000	6 to 12 months US\$ - 40 000 000	1 to 5 years US\$ 6 959 989 147 779 460	5 years and above US\$ - - 46 737 253	bearing US\$ - - 76 946 779 172 206 2 718 600 47 910 102 777 176	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets Deferred tax	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months U\$\$ 91 725 844 17 500 000 11 840 852	3 to 6 months US\$ - 82 115 000 7 476 009 - - -	6 to 12 months US\$ - 40 000 000 117 607 758 - - -	1 to 5 years US\$ - 6 959 989 147 779 460 - 7 628 032	5 years and above US\$ - - 46 737 253 - - -	bearing US\$ - - 76 946 779 172 206 2 718 600 47 910 102 777 176 13 255 167	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176 13 255 167
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000	3 to 6 months US\$ - 82 115 000	6 to 12 months US\$ - 40 000 000	1 to 5 years US\$ - 6 959 989 147 779 460 - 7 628 032	5 years and above US\$ - - 46 737 253 - - -	bearing US\$ - - 76 946 779 172 206 2 718 600 47 910 102 777 176 13 255 167	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets Deferred tax <b>Total assets</b>	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000 11 840 852 - - - - - - - - - 121 066 696	3 to 6 months US\$ 82 115 000 7 476 009 - - - - - 89 591 009	6 to 12 months US\$ 40 000 000 117 607 758 - - - - - 157 607 758	1 to 5 years US\$ 6 959 989 147 779 460 - 7 628 032 - - - - 162 367 481	5 years and above US\$ - 46 737 253	bearing US\$ - - 76 946 779 172 206 2 718 600 47 910 102 777 176 13 255 167	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176 13 255 167 1 427 833 599
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets Deferred tax <b>Total assets</b> Equity and liabilities Deposits	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months U\$\$ 91 725 844 17 500 000 11 840 852	3 to 6 months US\$ - 82 115 000 7 476 009 - - -	6 to 12 months US\$ - 40 000 000 117 607 758 - - -	1 to 5 years US\$ - 6 959 989 147 779 460 - 7 628 032	5 years and above US\$ - 46 737 253 - - - - - - - - - - - - - - - - - - -	bearing US\$ - - 76 946 779 172 206 2 718 600 47 910 102 777 176 13 255 167 141 780 030	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176 13 255 167 1 427 833 599
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets Deferred tax Total assets  Equity and liabilities Deposits Other liabilities	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000 11 840 852 - - - - - - - - - 121 066 696	3 to 6 months US\$ 82 115 000 7 476 009 - - - - - 89 591 009	6 to 12 months US\$ 40 000 000 117 607 758 - - - - - 157 607 758	1 to 5 years US\$ 6 959 989 147 779 460 - 7 628 032 - - - - 162 367 481	5 years and above US\$ - 46 737 253 - - - - - - - - - - - - - - - - - - -	bearing US\$	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176 13 255 167 1 427 833 599
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets Deferred tax Total assets  Equity and liabilities Deposits Other liabilities Current tax receivable	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000 11 840 852 - - - - - - - - - 121 066 696	3 to 6 months US\$ 82 115 000 7 476 009 - - - - - 89 591 009	6 to 12 months US\$ 40 000 000 117 607 758 - - - - - 157 607 758	1 to 5 years US\$ 6 959 989 147 779 460 - 7 628 032 - - - - 162 367 481	5 years and above US\$ - 46 737 253 - - - - - - - - - - - - - - - - - - -	bearing US\$	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176 13 255 167 1 427 833 599  1 303 981 360 9 187 466 1 902 099
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets Deferred tax Total assets  Equity and liabilities Deposits Other liabilities	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000 11 840 852 - - - - - - - - - 121 066 696	3 to 6 months US\$ 82 115 000 7 476 009 - - - - - 89 591 009	6 to 12 months US\$ 40 000 000 117 607 758 - - - - - 157 607 758	1 to 5 years US\$ 6 959 989 147 779 460 - 7 628 032 - - - - 162 367 481	5 years and above US\$ - 46 737 253 - - - - - - - - - - - - - - - - - - -	bearing US\$	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176 13 255 167 1 427 833 599
Balances with bank and cash Money market assets Advances Other assets Investments- other financial a Investment property Property and equipment Intangible assets Deferred tax Total assets  Equity and liabilities Deposits Other liabilities Current tax receivable Equity and reserves	one month US\$ 56 599 529 84 536 796 567 547 047	1 to 3 months US\$ 91 725 844 17 500 000 11 840 852 - - - - - - - - - 121 066 696	3 to 6 months US\$ 82 115 000 7 476 009 - - - - - 89 591 009	6 to 12 months US\$ 40 000 000 117 607 758 - - - - - 157 607 758	1 to 5 years US\$ 6 959 989 147 779 460 - 7 628 032 - - - - 162 367 481	5 years and above US\$ - 46 737 253 - - - - - - - - - - - - - - - - - - -	bearing US\$	US\$ 148 325 373 231 111 785 898 988 379 76 946 779 7 800 238 2 718 600 47 910 102 777 176 13 255 167 1 427 833 599  1 303 981 360 9 187 466 1 902 099

## 23.6 Foreign exchange risk

Cumulative gap

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

(82 233 585) (153 747 810) (185 411 064) (130 165 872) (56 401 861) (17 927 791)

Supevision is at CBZ Group Board level through the Group Board Risk Management Committee which covers ALCO processes by way of strategic policy and benchmarking reviews and approval. The Management Assets and Liabilities Committee (ALCO)which meets on a monthly basis, reviews performance against set benchmarks embedded under acceptable currencies, currency positions as well as stop loss limits. Derivative contracts with characteristics and values derived from underlying financial instruments, exchange rates which relates to futures, forwards, swaps and options can be used to mitigate exchange risk.







#### 23.6 Foreign exchange risk

At 31 December 2014, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the period would have been US\$ 118 781 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 2014 is as below:

#### **FOREIGN CURRENCY POSITION**

#### Foreign currency position as at 31 December 2014

Position expressed in US\$					Other foreign
	Total	USD	ZAR	GBP	currencies
Assets					
Balances with banks and cash	69 393 058	59 169 693	8 926 751	652 056	644 558
Money market assets	302 674 385	302 674 385	-	-	-
Advances	960 874 733	960 324 423	14 947	336	535 027
Other assets	107 297 353	106 992 588	187 147	59 609	58 009
Investments in other financial assets	8 082 173	7 938 530	-	-	143 643
Investment properties	5 268 800	5 268 800	-	-	
Property and equipment	48 909 275	48 826 279	6 887	-	76 109
Deferred taxation	14 069 925	14 069 925	-	-	-
Intangible assets	362 337	362 337	-	-	-
Current tax receivable	1 481 338	1 481 338	-	-	-
Total assets	1 518 413 377	1 507 108 298	9 135 732	712 001	1 457 346
Equity and liabilities					
Deposits	1 382 996 535	1 369 331 422	12 514 002	434 056	717 055
Other liabilities	9 500 056	9 484 464	3 731	10 721	1 140
Equity and reserves	125 916 786	125 916 786	3/31	10721	1 140
Total equity and liabilities	1 518 413 377	1 504 732 672	12 517 733	444 777	718 195
			, , , , , , , , , ,	,,,	7 10 195

#### Foreign currency position as at 31 December 2013

Position expressed in US\$	Total	uco	740	CDD	Other foreign
	Total	USD	ZAR	GBP	currencies
Assets					
Balances with banks and cash	148 325 373	135 289 537	7 327 650	2 877 926	2 830 260
Money market assets	231 111 785	231 111 785	-	-	-
Advances	898 988 379	898 197 670	327 712	621	462 376
Other assets	76 946 779	76 651 277	150 311	84 853	60 338
Investments in other financial assets	7 800 238	7 656 596	-	-	143 642
Investment properties	2 718 600	2 718 600	-	-	-
Property and equipment	47 910 102	47 827 124	6 869	-	76 109
Deferred taxation	13 255 167	13 255 167	-	-	-
Intangible assets	777 176	777 176	-	-	-
Total assets	1 427 833 599	1 413 484 932	7 812 542	2 963 400	3 572 725
Equity and liabilities					
Equity and liabilities	1 202 001 260	1 200 507 024	12 442 400	207 222	622.604
Deposits	1 303 981 360	1 289 597 934	13 442 499	307 233	633 694
Bond			-	-	4 550
Other liabilities	9 187 466	9 127 109	10 599	48 199	1 559
Current taxation payable	1 902 099	1 902 099	-	-	-
Deferred taxation	-	-	-	-	-
Equity and reserves	112 762 674	112 762 674	-	-	-
Total equity ad liabilities	1 427 833 599	1 413 389 816	13 453 098	355 432	635 253
_					

#### Foreign currency position as at 31 December 2014

#### **Underlying currency**

Assets	ZAR	GBP	currencies in US\$
Balances with banks and cash	103 369 993	419 059	644 558
Advances	173 082	216	535 027
Other assets	2 167 124	38 309	58 009
Investments in other financial assets	-	-	143 643
Property and equipment	79 747	_	76 109
TOTAL ASSETS	105 789 946	457 584	1 457 346
Liabilities			
Deposits	144 909 643	278 956	717 055
Other liabilities	43 205	6 890	1 140
TOTAL LIABILITIES	144 952 848	285 846	718 195
Net position	(39 162 902)	171 738	739 151

## Foreign currency position as at 31 December 2013

Underlying currency			Other foreign currencies
Assets	ZAR	GBP	in US\$
Balances with banks and cash Advances Other assets Investments in other financial assets Property and equipment TOTAL ASSETS	76 434 717 3 418 364 1 567 894 - 71 651 81 492 626	1 746 420 377 51 492 - - 1 798 289	2 830 260 462 376 60 338 143 642 76 109 3 572 725
Liabilities Deposits Other liabilities TOTAL LIABILITIES	140 218 707 110 558 <b>140 329 265</b>	186 439 29 249 <b>215 688</b>	633 694 1 559 <b>635 253</b>
Net position	(58 836 639)	1 582 601	2 937 472

## 23.7 Operational risk

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

## 23.7.1 Operational risk management framework

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

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

## 23.8 Strategic risk

This is the risk that arises where the Bank'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 Bank's Board and Management teams craft the strategy which is underpinned to the Bank's corporate goals. Approval of the strategy is the responsibility of the 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 Board.

## 23.9 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 Bank Board Risk Management Committee and the Bank Enterprise Wide Governance and Compliance unit which ensures that:

- Comprehensive and consistent compliance policies and procedures exist covering the Bank;
- A proactive and complete summary statement of the Bank and its position on ethics and compliance exists;
   A reporting structure of the Bank Enterprise Wide Compliance Function exists that ensures independence and effectiveness; and that
- Periodic compliance and awareness training targeting employees in compliance sensitive areas is carried

#### 23.10 Reputation risk

This is the risk of potential damage to the Bank's image that arise from the market perception of the manner in which the Bank and its SBUs packages and delivers its products and services as well as how staff and management conduct themselves. It also relates to the Bank'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 Bank and its actions. The risk can further arise from the Bank's inability to address any of its other key risks. This risk is managed and mitigated through:

• continuous improvements of the Bank's operating facilities to ensure that they remain within the taste of the

- Bank's various stakeholders,
  ensuring that staff subscribe to the Bank's code of conduct, code of ethics and general business ethics and
- stakeholders' feedback systems that ensures proactive attention to the Bank's

#### reputation management.

**23.11 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 Bank and then use the funds to support illegal activities. The Bank 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.

#### 23.12 Risk and Credit Ratings

#### 23.12.1 External Credit Rating

Rating Agent	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating Co. (Short Term)	A1	A1	-	-	-	-	-	-	A1	A1
Global Credit Rating Co. (Long Term)	A+	A+	A+	A+	А	А	А	A+	A+	А

No short-term ratings were provided by the rating agent from 2007 to 2012.

#### 23.12.2 Reserve Bank of Zimbabwe Ratings

#### CAMELS RATING MATRIX

	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank Limited	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

#### 24. CAPITAL MANAGEMENT

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

It is important to highlight that CBZ Bank has three levels of capital and other components that are measured and managed simultaneously: -

- Regulatory capital
   Economic capital, and
- Available book capital.

## 24.1. Capital Adequacy

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

	31 Dec 2014 US\$	31 Dec 2013 US\$
Risk weighted assets	955 358 437	836 230 581
Total qualifying capital	134 099 830	116 138 437
Tier 1 Share capital Share premium Revenue reserves Exposures to insiders Total core capital Less transfer to Tier 3 Tier 2	5 118 180 16 721 711 93 071 540 (3 758 936) 111 152 495 (18 638 685) 92 513 810	5 118 180 11 198 956 81 487 952 (7 077 119) <b>90 727 969</b> (18 240 798) <b>72 487 171</b>
Revaluation reserve General provisions	11 005 355 11 941 980 <b>22 947 335</b>	14 957 586 10 452 882 <b>25 410 468</b>
<b>Tier 3</b> Capital allocated for market risk Capital allocated to operations risk	284 272 18 354 413 18 638 685	462 983 17 777 815 <b>18 240 798</b>
Capital adequacy	14.04%	13.89%
-Tier 1 -Tier 2 -Tier 3	9.68% 2.41% 1.95%	8.67% 3.04% 2.18%

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

## 25. CORPORATE GOVERNANCE STATEMENT

The quality of corporate governance practices is becoming an increasingly important factor in maintaining market confidence. The Bank 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 the King III Code which is an internationally regarded benchmark in Corporate Governance.

## 26. DISCLOSURE POLICY

The Board is aware of the importance of balanced and understandable communication of the Bank's activities to stakeholders and strives to clearly present any matters material to a proper appreciation of the Bank'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 Bank and its institutional 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.

The Bank endeavors to ensure, through its regular public dissemination of quantitative and qualitative information that analysts estimates are in line with the Bank's own expectations. The Bank does not confirm or attempt to influence an analysts' opinion or conclusions and does not express comfort with analysts' models and earnings estimates.



# **AUDITED** FINANCIAL RESULTS for the Year Ended 31 December 2014



31 Dec 2013 US\$

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2014					
	Notes	31 Dec 2014 US\$	31 Dec 2013 US\$		
Gross premium income Reinsurance <b>Net written premium</b>		9 231 196 (321 404) 8 909 792	7 666 285 (202 393) <b>7 463 892</b>		
Net commission Net claims Technical profit	9.2 9.3.1	(1 438 264) (2 273 930) <b>5 197 598</b>	(797 512) (1 754 578) <b>4 911 802</b>		
Operating expenditure Underwriting profit Other income	3	(2 594 516) <b>2 603 082</b> 845 955	(2 159 161) <b>2 752 641</b> 602 023		
Transfer to life fund Profit before taxation	12	(862 165) <b>2 586 872</b> (30 280)	(63 567) <b>3 291 097</b> (26 272)		
Taxation Profit for the year  Total comprehensive income	12	2 556 592 2 556 592	3 264 825		
Total comprehensive income		2 550 592	3 264 825		
STATEMENT OF FINANCIAL POSITION as at 31 December 2014					

as at 31 December 2014				
	Notes	31 Dec 2014 US\$	31 Dec 2013 US\$	
ASSETS Balances with banks and cash Money market assets Insurance receivables Other receivables Current tax Intangible assets Property and equipment TOTAL ASSETS	4 5.1 6 7 8	308 415 10 075 700 214 082 32 716 1 009 488 672 315 212 11 435 806	516 270 6 924 898 344 996 130 402 - 152 548 304 606 8 373 720	
LIABILITIES Insurance liabilities Other liabilities Current tax TOTAL LIABILITIES	9.4 10	2 311 493 599 712 - 2 911 205	1 614 683 789 137 1 891 <b>2 405 711</b>	
EQUITY AND RESERVES Share capital Share premium Revenue reserves TOTAL EQUITY AND RESERVES TOTAL LIABILITIES, EQUITY AND RESERVES	11.2	2 1 388 012 7 136 587 <b>8 524 601</b> 11 435 806	2 1 388 012 4 579 995 <b>5 968 009</b> <b>8 373 720</b>	

	STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2014				
	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$	
2013 Polongo et 1 January 2013	2	1 388 012	1 315 170	2 703 184	
Balance at 1 January 2013 Total comprehensive income	-	1 388 012	3 264 825	2 703 184 3 264 825	
Balance at 31 December 2013	2	1 388 012	4 579 995	5 968 009	
2014					
Balance at 1 January 2014	2	1 388 012	4 579 995	5 968 009	
Total comprehensive income			2 556 592	2 556 592	
Balance at 31 December 2014	2	1 388 012	7 136 587	8 524 601	

STATEMENT OF CASH FLOWS for the year ended 31 December 2014				
CASH FLOWS FROM OPERATING ACTIVITIES	31 Dec 2014 US\$	31 Dec 2013 US\$		
Profit before taxation	2 586 872	3 291 097	9.2	
Non cash items: Depreciation Amortisation Unearned premium Claims incurred but not yet reported Guaranteed education plan withdrawals Interest on guaranteed education plan investment fund	77 323 40 616 (26 539) 888 705 (215 500) 50 145	44 828 2 762 274 248 (210 681) - 12 833	9.3 9.3.1	
Loss on sale of property and equipment  Operating profit before changes in operating assets and liabilities	3 401 622	956 <b>3 416 043</b>		
Changes in operating assets and liabilities			9.3.2	
Insurance assets Insurance liabilities Receivables Pavables	130 914 97 686 (189 425)	(210 238) (104 962) 111 454	9.4	
Money market assets	(3 150 802) ( <b>3 111 627</b> )	(2 563 504) ( <b>2 767 250</b> )		
Corporate tax paid  Net cash inflow from operating activities	(33 181) <b>256 814</b>	(23 657) <b>625 136</b>	10.	
CASH FLOWS FROM INVESTING ACTIVITIES Proceeds on disposal of property and equipment Purchase of property and equipment Purchase of intangible assets Net cash outflow from investing activities	(87 929) (376 740) (464 669)	47 (215 767) (150 939) ( <b>366 659</b> )	11. 11.1 11.2	
CASH FLOWS FROM FINANCING ACTIVITIES	-	-		
NET (DECREASE)/INCREASE IN BALANCES WITH BANKS AND CASH Balances with banks and cash at the beginning of the year Balances with banks and cash at end of the year	(207 855) 516 270 308 415	<b>258 477</b> 257 793 <b>516 270</b>	12.	

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

INCORPORATION AND ACTIVITES	
The company offers life insurance services and is incorporated in Zimbabu	ve.
	31 Dec 2014 US\$

INCORPORATION AND ACTIVITES

2.	OTHER INCOME	US\$	US\$
	Short term money markets interest Bank interest Interest on staff loans	844 650 1 305 -	600 738 804 481
3.	OPERATING EXPENDITURE	845 955	602 023
	Administration expenses Audit fees Depreciation Amortisation of intangible assets Staff costs Impairment other Loss on disposal of property and equipment Directors' remuneration (included in staff costs)	1 005 705 27 750 77 323 40 616 1 471 574 (28 452)	810 314 32 718 44 828 2 762 1 239 131 28 452 956 2 159 161
	Fees for services as Directors Pension for past and present directors Salaries and other benefits Pension for past and present directors	88 704 42 120 469 822 600 646	51 408 29 822 291 699 372 929
4.	BALANCES WITH BANKS AND CASH Cash at bank	308 415	516 270
5.	INVESTMENTS		
5.1	Money market assets Money market portfolio analysis: At fair value through profit and loss	10 075 700	6 924 898
5.2	Maturity analysis Less than 1 month Between 1 months and 3 months Between 3 months and 1 year	7 080 776 1 266 992 1 727 932 <b>10 075 700</b>	92 204 6 034 176 798 518 6 924 898
6.	INSURANCE RECEIVABLES		
	Reinsurance unearned premium reserve Reinsurance receivables Deferred acquisition costs Premium receivables Suspended premium receivables	9 217 6 197 180 113 64 777 (46 222) 214 082	765 33 582 196 965 241 654 (127 970) <b>344 996</b>
7.	INTANGIBLE ASSETS	214002	344750
	Computer Software Cost Balance at 1 January Additions Balance at 31 December	155 310 376 740 <b>532 050</b>	4 371 150 939 <b>155 310</b>
	Amortisation Balance at 1 January Charge for the year Balance at 31 December Carrying amount at 31 December	2 762 40 616 <b>43 378</b> <b>488 672</b>	2 762 <b>2 762</b> <b>152 548</b>
8.	PROPERTY AND EQUIPMENT	Computers	

9.

THOPEN I AND EQUIPMENT	Motor vehicles US\$	Computers, furniture and other equipment US\$	Total US\$
Cost Balance at 1 January 2013 Additions Disposal	80 999	84 653	165 652
	-	215 767	215 767
	-	(1 294)	(1 294)
Balance at 31 December 2013	80 999	<b>299 126</b>	<b>380 125</b>
Additions	-	87 929	87 929
Balance at 31 December 2014	80 999	<b>387 055</b>	<b>468 054</b>
Accumulated depreciation Balance at 1 January 2013 Charge for the year Disposal Balance at 31 December 2013 Charge for the year Balance at 31 December 2014	20 094 16 200 	10 888 28 628 (291) <b>39 225</b> 61 135 <b>100 360</b>	30 982 44 828 (291) <b>75 519</b> 77 323 <b>152 842</b>
Carrying amount at 31 December 2014	28 517	286 695	315 212
Carrying amount at 31 December 2013	44 705	259 901	304 606
Provision for unearned premium Unearned premium reserve Unearned at 1 January 2014 Written premiums Earned during the period Unearned at 31 December 2014	Gross	Reinsurance	Net
	US\$	US\$	US\$
	800 366	(765)	799 601
	9 231 196	(321 404)	8 909 792
	(9 249 283)	312 952	(8 936 331)
	782 279	(9 217)	773 062
		31 Dec 2014	31 Dec 2013

	Provision for unearned premium Unearned premium reserve	US\$	US\$	US\$
	Unearned at 1 January 2014	800 366	(765)	799 601
	Written premiums Earned during the period	9 231 196 (9 249 283)	(321 404) 312 952	8 909 792 (8 936 331)
	Unearned at 31 December 2014	782 279	(9 217)	773 062
		702277	(> = 117)	77700
			31 Dec 2014	31 Dec 2013
			US\$	US\$
	Commissions			
	Commission paid		1 470 264	1 069 461
	Commission received Deferred acquisition costs		(48 851) 16 851	(75 176) (196 773)
	Net commission		1 438 264	797 512
				.,,,,,,
	Claims			
1	Net claims			
	Gross claims		2 299 223	1 782 595
	Reinsurance		(25 293) 2 273 930	(28 017)
			2 2/3 930	1 754 578
2	Provision for IBNR claims			
	IBNR claims provision at 1 January 2014		424 804	635 485
	Movement for the year		200 854 <b>625 658</b>	(210 681) <b>424 80</b> 4
	IBNR provision at 31 December 2014		625 658	424 804
	Life funds			
	Gross unearned premium reserve		773 062	799 601
	Provision for incurred but not reported claims Guaranteed Education Plan Provision		625 658 912 773	424 804 390 278
	Balance at 31 December 2014		2 311 493	1 614 683
	buldine at 31 beceinsel 2014		2311433	1014003
	OTHER LIABILITIES			
	Inter-company Other payables		599 712	300 772 488 365
	Other payables		599 712 599 712	789 137
	SHARE CAPITAL		0,000	707.07
	Authorised share capital			
	20 000 ordinary shares of US\$1		20 000	20 000
2	Issued share capital			
	2 ordinary shares of US\$1 each		2	2
	TAXATION			

12.1	TAX RATE RECONCILIATION	%	%
	Current income tax charge	30 280	26 272
	comprehensive income.		

The following constitutes the major components of income tax expense recognised in the statement of



for the Year Ended 31 December 2014

# AUDITED FINANCIAL RESULTS

Share premium

Revenue reserves

**TOTAL EQUITY AND RESERVES** 

**TOTAL LIABILITIES, EQUITY AND RESERVES** 

Balances with banks and cash at end of the year

250 886

240 397

for the Year Ended 31 December 2014



#### STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2014 31 Dec 2014 31 Dec 2013 **Gross premium income** 9 088 796 7 551 137 (4 437 143) (4 032 274) Reinsurance 4 651 653 3 518 863 Net written premium Unearned premium Net earned premium (243 824) **3 275 039** (706 065) **3 945 588** (38 710) (1 757 814) **2 149 064** 96 745 (1 112 369) Net commission Net claims Technical result 2 259 415 Operating expenditure (1 511 441) (1 481 574) Underwriting profit Other income **637 623** 174 118 **777 841** 94 894 Impairment allowance (148 420) (285 374) **663 321** (148 724) **587 361** (146 390) **440 971 Profit before taxation** Profit for the year after tax 514 597 Other comprehensive income

STATEMENT OF FINANCIAL POSITION as at 31 Dec 2014	Other comprehensive income  Total comprehensive income	514 597	440 971
Non-current assets   153 000   150 000   Property and equipment   153 000   150 000   Property and equipment   153 000   185 348   Intangible assets   66 743   122 053   Listed Investments   248 181   288 076   Deferred taxation   230 040   143 571   Total non-current assets   890 525   889 048   Technical assets   2150 495   1076 232   Deferred acquisition costs   350 539   246 176   Reinsurance unearned premium reserve   1250 495   1076 232   Deferred acquisition costs   350 539   246 176   Reinsurance receivable   513 029   994 917   Insurance receivables   513 029   994 917   Insurance receivables   513 029   994 917   Inventory   2812   3 935   Other receivables   24 828   39 849   Money market assets   24 93 37   325 986   Reinsurance receivables   24 93 37   325 986   Robert assets   24 93 37   325 986   Total turner assets   24 93 37   325 986   Total current assets   24 93 37   325 986   Robert assets   33 436   57 789   Revenue reserves   38 94 94 94 94 94 94 94 94 94 94 94 94 94			
Non-current assets			
Non-current assets   153 000	ASSETS	US\$	US\$
Property and equipment Intangible assets         185 348         122 053         Listed Investments         248 181         288 076         Deferred taxation         230 040         143 571         Total non-current assets         890 525         889 048           Technical assets         ***         1	Non- current assets		
Intangible asser's         484 811         288 076           Listed Investments         230,040         143 571           Total non-current assets         890 525         889 048           Technical assets         ****         ****           Reinsurance unearned premium reserve         1 250 495         1 076 232           Deferred acquisition costs         350 539         246 176           Reinsurance outstanding claims         350 731         1 22 900           Reinsurance receivables         1 473 121         1 166 450           Insurance receivables         1 473 121         1 166 450           Total technical assets         2 812         3 935           Total technical assets         2 812         3 935           Total current assets         2 697 531         7 82 905           Money market assets         2 697 531         7 82 905           Balances with banks and cash         2 965 568         1 077 575           TOTAL ASSETS         7 794 008         5 573 298           EQUITY AND RESERVES         5 0 500         5 0 500           Share capital         5 0 500         5 0 500           Share premium         5 89 807         589 807           Revenue reserves         2 1 486 941 <td< td=""><td></td><td></td><td></td></td<>			
Listed Investments         248 181         288 076           Deferred taxation         330 040         143 571           Total non-current assets         890 525         889 048           Technical assets         890 525         889 048           Technical assets         1 250 495         1 076 232           Reinsurance unearned premium reserve         1 250 495         1 076 232           Deferred acquisition costs         350 531         122 900           Reinsurance receivables         513 029         99 4917           Insurance receivable         1 473 121         1 166 450           Total technical assets         3 3937 915         3 606 675           Current assets         2 812         3 935           Inventory         2 812         3 935           Other receivables         2 4828         39 849           Money market assets         2 697 531         782 905           Balances with banks and cash         2 697 531         782 905           Total current assets         3 965 568         1 077 575           TOTAL ASSETS         3 955 568         1 077 575           TOTAL ASSETS         5 50 500         50 500           Share capital         5 0 500         50 500			
Total non-current assets         890 525         889 048           Technical assets         1         1         76 232           Reinsurance unearned premium reserve         1 250 495         1 076 232         246 176           Deferred acquisition costs         350 539         246 176         246 176         281 2900         350 731         1 22 900         1 22 900         99 4917         Insurance receivable         1 473 121         1 1 66 450         1 1 66 450         1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 1 1 66 450         1 2 812         3 935         3 93 949         1 1 1 66 450         1 2 812         3 935         2 812         3 935         2 812         3 935         2 812         3 935         2 812         3 935         2 812         3 935         2 812         3 935         2 812         3 935         2 812         3 935         3 949         9 40 40         2 812         3 935         3 949         9 40 40         2 90 200         2 82 95         3 814         9 2 90 20         2 90 20         2 90 20         2 90 20         2 90 20         2 90 20         2 90 20         2 90 20         2 90 20 <td>Listed Investments</td> <td></td> <td></td>	Listed Investments		
Technical assets         1 250 495         1 076 232           Deferred acquisition costs         350 539         240 176           Reinsurance outstanding claims         350 731         122 900           Reinsurance receivables         1 473 129         994 917           Insurance receivables         1 473 121         1 166 450           Total technical assets         3 937 915         3 606 675           Current assets         2 812         3 935           Inventory         2 812         3 935           Other receivables         2 4828         39 849           Money market assets         2 4928         3 9849           Money market assets         2 965 568         1 077 575           TOTAL ASSETS         7 94 008         5 573 298           EQUITY AND RESERVES         5 5000         50 500           Share capital         5 5000         50 500           Share premium         5 80 807         588 07           Revenue reserves         1 486 941         972 344           Total equity and reserves         3 3 436         57 789           Deferred taxation         3 3 436         57 789           Technical liabilities         3 3 436         57 789           Technical liab			
Reinsurance unearned premium reserve         1 250 495         1 076 232           Deferred acquisition costs         350 539         246 176           Reinsurance outstanding claims         350 731         1 22 900           Reinsurance receivables         11 473 121         1 166 450           Total technical assets         3 937 915         3 606 675           Current assets         2 812         3 935           Inventory         2 812         3 935           Other receivables         2 48 28         38 49           Money market assets         2 697 531         782 905           Balances with banks and cash         2 965 568         1 077 575           TOTAL ASSETS         2 965 568         1 077 575           TOTAL ASSETS         2 965 568         1 077 575           TOTAL ASSETS         2 965 568         1 077 575           FOY \$4008         5 573 298           EQUITY AND RESERVES         5 50 500         50 500           Share capital         5 0 500         50 500           Share premium         589 807         589 807           Revenue reserves         1 486 941         972 344           Total equity and reserves         3 3 436         5 7 789           Deferred taxati		690 323	009 040
Deferred acquisition costs         350 539         246 176           Reinsurance outstanding claims         350 731         122 900           Reinsurance receivables         133 029         949 917           Insurance receivable         1473 121         1 166 450           Total technical assets         2         806 675           Current assets         2         812         3 935           Inventory         2 812         3 935           Other receivables         2 4828         39 849           Money market assets         2 697 531         782 905           Balances with banks and cash         240 397         250 886           Total current assets         2 965 556         1 1077 575           TOTAL ASSETS         7 794 008         5 573 298           EQUITY AND RESERVES         5         1 779 4 008         5 573 298           EQUITY AND RESERVES         5         1 486 941         972 344           Total equity and reserves         1 486 941         972 344           Total equity and reserves         1 486 941         972 344           Total equity and reserves         3 3 436         5 7 789           Deferred taxation         3 3 436         5 7 789           Technical liabilities<		1 250 405	1 076 222
Reinsurance outstanding claims         350 731         122 900           Reinsurance receivables         1 473 121         1 166 450           Total technical assets         3937 915         3 606 675           Current assets         3937 915         3 606 675           Current assets         2 812         3 935           Other receivables         24 828         39 849           Money market assets         2 965 531         782 905           Balances with banks and cash         240 397         250 886           TOTAL ASSETS         2 965 568         1 077 575           TOTAL ASSETS         2 965 568         1 077 575           TOTAL ASSETS         5 0500         50 500           Share capital         50 500         50 500			
Total technical assets   1473 121	Reinsurance outstanding claims	350 731	122 900
Total technical assets         3 937 915         3 606 675           Current assets         2         2         3         4         3         3         3         3         3         3         3         3         3         4         3         3         3         4         3         3         4         3         <			
Current assets         Inventory         2 812         3 935           Other receivables         24 828         39 849           Money market assets         2 697 531         782 905           Balances with banks and cash         240 397         250 886           Total current assets         2 965 568         1 077 575           TOTAL ASSETS         7 794 008         5 573 298           EQUITY AND RESERVES         5 80 807         5 89 807           Share capital         50 500         50 500           Share premium         589 807         589 807           Revenue reserves         1 486 941         972 344           Total equity and reserves         2 127 248         1612 651           LIABILITIES         33 436         57 789           Non-current liabilities         33 436         57 789           Total non-current liabilities         33 436         57 789           Total non-current liabilities         3 082 376         2 202 048           Gross unearned premium reserve         3 082 376         2 202 048           Gross coutstanding claims         832 935         498 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims <td< td=""><td></td><td></td><td></td></td<>			
Inventorry	•		
Other receivables         24 828         39 849           Money market assets         2697 531         782 905           Balances with banks and cash         240 397         250 886           Total current assets         2 965 568         1 077 575           TOTAL ASSETS         7 794 008         5 573 298           EQUITY AND RESERVES         50 500         50 500           Share capital         589 807         589 807           Revenue reserves         1 486 941         972 344           Total equity and reserves         1 486 941         972 344           Total equity and reserves         3 3 436         57 789           Non-current liabilities         33 436         57 789           Total non-current liabilities         33 436         57 789           Technical liabilities         3 082 376         2 202 048           Gross outstanding claims         832 935         459 835           Unearmed commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         5134 717         3 619 146           Current liabilities         5134 717         3 619 146           Current liabilities         5134 717		2 812	3 035
Balances with banks and cash         240 397         250 886           Total current assets         2 965 568         1 077 575           TOTAL ASSETS         7 794 008         5 573 298           EQUITY AND RESERVES         5 500         50 500           Share capital         50 500         50 500           Share premium         589 807         589 807           Revenue reserves         1 486 941         97.2 344           Total equity and reserves         2 127 248         1 612 651           LIABILITIES         Non-current liabilities         33 436         57 789           Total non-current liabilities         33 436         57 789           Technical liabilities         3 082 376         2 202 048           Gross oustanding claims         33 295         459 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities         33 3460         220 348           Total technical liabilities         33 3460         220 348           Total technical liabi			0
Total current assets TOTAL ASSETS         2 965 568 7 794 008 5573 298           EQUITY AND RESERVES         5 7794 008 5573 298           EQUITY AND RESERVES         5 50 500 50 50 500 50 500 50 500 50 500 50 5			
TOTAL ASSETS         7 794 008         5 573 298           EQUITY AND RESERVES         50 500         50 500         50 500         50 500         50 500         50 500         50 500         50 500         589 807         83 436         57 789         Total inabilities         3 082 376         2 200 048         589 835         Unearned commission reserve         3 082 376         2 200 048         589 5         459 835         Unearned commission reserve         290 824         233 417         175 943         165 147         3 619 146         Current lia			
Share capital         50 500         50 500           Share premium         589 807         589 807           Revenue reserves         1 486 941         972 344           Total equity and reserves         2 127 248         1 612 651           LIABILITIES           Non-current liabilities           Deferred taxation         33 436         57 789           Technical liabilities           Gross unearned premium reserve         3 082 376         2 202 048           Gross unearned premium reserve         832 935         459 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities           Other payables         333 460         220 348           Taxation         155 147         63 364           Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647			
Share capital         50 500         50 500           Share premium         589 807         589 807           Revenue reserves         1 486 941         972 344           Total equity and reserves         2 127 248         1 612 651           LIABILITIES           Non-current liabilities           Deferred taxation         33 436         57 789           Technical liabilities           Gross unearned premium reserve         3 082 376         2 202 048           Gross unearned premium reserve         832 935         459 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities           Other payables         333 460         220 348           Taxation         155 147         63 364           Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647	EQUITY AND DECEDVES		
Share premium         589 807         589 807           Revenue reserves         1 486 941         972 344           Total equity and reserves         2 127 248         1 612 651           LIABILITIES         Non-current liabilities           Deferred taxation         33 436         57 789           Total non-current liabilities         3 8436         57 789           Technical liabilities         3 882 376         2 202 048           Gross unearned premium reserve         3 832 935         459 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities         333 460         220 348           Total current liabilities         333 460         220 348           Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647		50 500	50 500
LIABILITIES         Non-current liabilities           Deferred taxation         33 436         57 789           Total non-current liabilities         3 082 376         2 202 048           Gross unearned premium reserve         3 082 376         2 202 048           Gross outstanding claims         832 935         459 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities         333 460         220 348           Taxation         165 147         63 364           Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647	Share premium		
LIABILITIES         Non-current liabilities       33 436       57 789         Deferred taxation       33 436       57 789         Total non-current liabilities       3082 376       2 202 048         Gross unearned premium reserve       3 082 376       2 202 048         Gross outstanding claims       832 935       459 835         Unearned commission reserve       290 824       231 953         Incurred but not reported claims       233 417       175 943         Reinsurance payables       695 165       549 367         Total technical liabilities       5 134 717       3 619 146         Current liabilities       333 460       220 348         Taxation       165 147       63 364         Total current liabilities       498 607       283 712         TOTAL LIABILITIES       5 666 760       3 960 647			
Non-current liabilities         33 436         57 789           Total non-current liabilities         33 436         57 789           Technical liabilities         3082 376         2 202 048           Gross unearned premium reserve         3 082 376         2 202 048           Gross outstanding claims         832 935         459 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities         333 460         220 348           Current liabilities         333 460         220 348           Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647	Total equity and reserves	2 127 240	1012031
Deferred taxation         33 436         57 789           Total non-current liabilities         33 436         57 789           Technical liabilities           Gross unearned premium reserve         3 082 376         2 202 048           Gross outstanding claims         832 935         459 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities         333 460         220 348           Other payables         333 460         220 348           Taxation         165 147         6 3 364           Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647			
Total non-current liabilities         33 436         57 789           Technical liabilities         5         57 789           Gross unearned premium reserve         3 082 376         2 202 048           Gross outstanding claims         832 935         459 835           Unearned commission reserve         290 824         231 953           Incurred but not reported claims         233 417         175 943           Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities         333 460         220 348           Other payables         333 460         220 348           Total current liabilities         165 147         63 364           Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647		33 436	57 789
Gross unearned premium reserve       3 082 376       2 202 048         Gross outstanding claims       832 935       459 835         Unearned commission reserve       290 824       231 953         Incurred but not reported claims       233 417       175 943         Reinsurance payables       695 165       549 367         Total technical liabilities       5 134 717       3 619 146         Current liabilities       333 460       220 348         Chreat of the payables       333 460       220 348         Total current liabilities       498 607       283 712         TOTAL LIABILITIES       5 666 760       3 960 647			
Gross unearned premium reserve       3 082 376       2 202 048         Gross outstanding claims       832 935       459 835         Unearned commission reserve       290 824       231 953         Incurred but not reported claims       233 417       175 943         Reinsurance payables       695 165       549 367         Total technical liabilities       5 134 717       3 619 146         Current liabilities       333 460       220 348         Chreat of the payables       333 460       220 348         Total current liabilities       165 147       63 364         Total current liabilities       498 607       283 712         TOTAL LIABILITIES       5 666 760       3 960 647	Technical liabilities		
Gross outstanding claims       832 935       459 835         Unearned commission reserve       290 824       231 953         Incurred but not reported claims       233 417       175 943         Reinsurance payables       695 165       549 367         Total technical liabilities       5 134 717       3 619 146         Current liabilities       333 460       220 348         Other payables       363 460       220 348         Taxation       165 147       63 364         Total current liabilities       498 607       283 712         TOTAL LIABILITIES       5 666 760       3 960 647		3 082 376	2 202 048
Incurred but not reported claims Reinsurance payables 695 165 549 367   Total technical liabilities	Gross outstanding claims		
Reinsurance payables         695 165         549 367           Total technical liabilities         5 134 717         3 619 146           Current liabilities         Standard (a)         333 460         220 348           Total current liabilities         165 147         63 364           Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647			
Current liabilities     333 460     220 348       Other payables     165 147     63 364       Taxation     165 147     63 364       Total current liabilities     498 607     283 712       TOTAL LIABILITIES     5 666 760     3 960 647	Reinsurance payables		
Other payables       333 460       220 348         Taxation       165 147       63 364         Total current liabilities       498 607       283 712         TOTAL LIABILITIES       5 666 760       3 960 647	Total technical liabilities	5 134 717	3 619 146
Other payables       333 460       220 348         Taxation       165 147       63 364         Total current liabilities       498 607       283 712         TOTAL LIABILITIES       5 666 760       3 960 647	Current liabilities		
Total current liabilities         498 607         283 712           TOTAL LIABILITIES         5 666 760         3 960 647	Other payables		
TOTAL LIABILITIES 5 666 760 3 960 647			
TOTAL LIABILITIES, EQUITY AND RESERVES 7 794 008 5 573 298			
	TOTAL LIABILITIES, EQUITY AND RESERVES	7 794 008	5 573 298

#### STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2014 Share Revenue Share Total capital premium reserves reserve US\$ US\$ US\$ US\$ Balance at 1 January 2013 50 500 589 807 Total comprehensive income Balance at 31 December 2013 50 500 2014 Balance at 1 January 2014 50 500 589 807 972 344 **1612 651** Total comprehensive income Balance at 31 December 2014 514 597 **514 597** 1 486 941 2 127 248 50 500

STATEMENT OF CASH FLOWS

for the year ended 51 December 2014			
CASH FLOWS FROM OPERATING ACTIVITIES	31 Dec 2014 US\$	31 Dec 2013 US\$	
Profit /before taxation Non cash items: Depreciation Amortisation Fair value adjustment Net commission movement Unearned premium reserve movement Incurred but not yet reported claims Impairment allowance Premium receivables written off Loss on scrapping of property and equipment Operating profit before changes in operating assets and liabilities	59 940 93 985 36 895 (45 492) 706 065 57 474 20 937 127 483	587 361  49 009 94 699 (41 306) (21 017) 243 824 34 470 89 647 195 727 973 1 233 387	
Changes in operating assets and liabilities Decrease in inventory Increase/(decrease) in receivables Increase/(decrease) in money market investments Decrease/(increase) in payables	1 123 (464 639) (1 914 626) 910 637 (1 467 505)	7 134 849 418 77 159 (1 790 751) ( <b>857 040</b> )	
Corporate tax paid Net cash inflow from operating activities	(157 764) <b>95 339</b>	(291 885) <b>84 462</b>	
CASH FLOWS FROM INVESTING ACTIVITIES Purchase of property and equipment Purchase of intangible assets Net cash outflow from investing activities	(67 153) (38 675) (105 828)	(135 217) - ( <b>135 217</b> )	
CASHFLOWS FROM FINANCING ACTIVITIES Loan repayment	-	(13 135)	
Net cash flow to/from financing activities	-	(13 135)	
<b>NET INCREASE/DECREASE IN BALANCES WITH BANKS AND CASH</b> Balances with banks and cash at the beginning of the year	(10 489 <b>)</b> 250 886	(63 890) 314 776	

for the year ended 31 December 2014		
	24.2	24.0
	31 Dec 2014 US\$	31 Dec 2013 US\$
	033	033
Revenue	2 307 221	2 119 670
Operating expenditure	(1 845 551)	(1 590 250)
Operating income	461 670	529 420
Finance costs		(34 669)
Profit before taxation Taxation	<b>461 670</b> (119 061)	(132,004)
Profit for the year	342 609	(132 904) <b>361 847</b>
Tronctor the year	342 007	301 047
Total comprehensive income	342 609	361 847
STATEMENT OF	F FINANCIAL POSITION	
	December 2014	
45 41 5 1	2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
	31 Dec 2014	31 Dec 2013
	US\$	US\$
ASSETS		
Balances with banks and cash	146 324	308 225
Money market assets	1 648 620	1 064 531
Loans and advances	16 695	17 012
Other assets	591 761	637 967
Listed investment	15	20
Investment property	105 000	97 000
Property and equipment Intangible assets	241 484 84 022	219 487 214 500
Current taxation	8 0 4 4	15 800
TOTAL ASSETS	2 841 965	2 574 542
LIABILITIES		
Other liabilities	148 155	246 208
Provisions	266 092	196 981
Deferred taxation	21 765	68 009
TOTAL LIABILITIES	436 012	511 198
EQUITY AND RESERVES		
Share capital	63 005	63 005
Chara promium	1 024 044	1 024 044

STATEMENT OF COMPREHENSIVE INCOME

	for the year ended 31 December 2014				
	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$	
2013					
Balance at 1 January	62 005	1 361 425	(286 452)	1 136 978	
Rights issue	1 000	563 519	-	564 519	
Total comprehensive income	-	-	361 847	361 847	
Balance at 31 December	63 005	1 924 944	75 395	2 063 344	
2014	62.005	1.004.044	75.205	2062244	
Balance at 1 January	63 005	1 924 944	75 395	2 063 344	
Total comprehensive income		-	342 609	342 609	
Balance at 31 December	63 005	1 924 944	418 004	2 405 953	

STATEMENT OF CHANGES IN EQUITY

1 924 944

2 405 953

2 841 965

146 324

308 225

418 004

1 924 944

2 063 344

2 574 542

75 395

STATEMENT OF CASH FLOWS for the year ended 31 December 2014				
CASH FLOWS FROM OPERATING ACTIVITIES	31 Dec 2014 US\$	31 Dec 2013 US\$		
Profit before taxation	461 670	494 751		
Non cash items: Depreciation and amortisation Impairments on property and equipment Fair value adjustment Profit on sale of property and equipment Operating profit before changes in operating assets and liabilities	184 463 - (7 995) (1 374) <b>636 764</b>	160 513 2 611 6 105 (1 641) <b>662 339</b>		
Changes in operating assets and liabilities Advances Money market assets Other assets Net change in investment Other liabilities Provisions	317 (584 089) 46 206 - (98 053) 69 111 (566 508)	301 083 (842 937) (402 452) 608 360 185 879 85 259 (64 808)		
Corporate tax paid  Net cash (outflow) / inflow from operating activities	(157 549) <b>(87 293)</b>	597 <b>531</b>		
CASH FLOWS FROM INVESTING ACTIVITIES Proceeds on disposal of property and equipment Purchase of property and equipment Purchase of intangible assets Net cash outflow from investing activities	4 323 (78 931) - (74 608)	2 161 (177 612) (1 782) <b>(177 233</b> )		
CASH FLOWS FROM FINANCING ACTIVITIES Repayment of borrowings Net cash flow to financing activities		(330 000) (330 000)		
<b>NET (DECREASE) / INCREASE IN BALANCES WITH BANKS AND CASH</b> Balances with banks and cash at the beginning of the year	( <b>161 901</b> ) 308 225	<b>90 298</b> 217 927		

Balances with banks and cash at end of the year