CONTENTS

GROUP SALIENT FEATURES

	2014 US$m	2013 US$m
Total assets	1 670.4	1 558.7
Gross advances	1191.8	1 064.0
Impairment loss on advances	65.8	35.9
Total net advances	1 125.9	1 028.1
Total deposits	1 416.9	1 332.6
Profit after taxation	33.0	36.7
Capital adequacy (%) – CBZ Bank	14.0	13.9
Funds under management – CBZ Asset Management	136.4	140.2
Total insurance assets	4.2	4.0
Basic earnings per share (cents)	5.6	6.3
Return on assets (%)	2.3	3.0
Return on equity (%)	15.1	20.0
Non-interest income as a % of total income	42.8	36.7
Advances/Deposits ratio (including offshore) (%)	79.5	77.2
Cost to income ratio (%)	63.8	59.0
Permanent staff compliment	1 352	1 380

HOW WE CREATE VALUE

Sustainable growth and value creation are key goals for CBZ Holdings

Group Communication Statements

Group Chairman's Statement

Richard Victor Wilde

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

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 3.1%. This was confirmed by both the Government of Zimbabwe and the International Monetary Fund (IMF). The economy however continued to face significant headwinds, as evidenced by the reduction in industry capacity utilisation, depressed Government revenue collections, increased non-performing 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% during the reporting period.

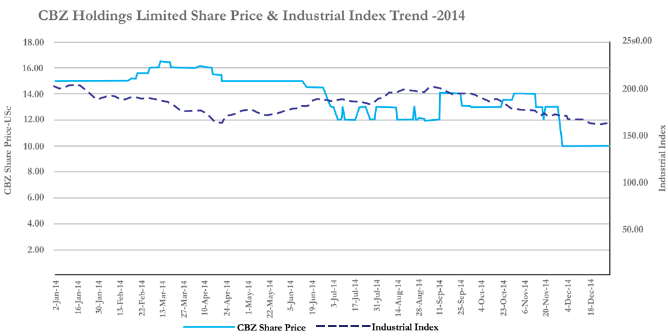
Financial Market

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 Statement 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 more effectively.

Equities Market

The industrial index closed the year with a cumulative loss of 19.46% over 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.



Equities Market (continued)

The Company's share price 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, Mr Never Nyemudzo was appointed as Group Chief Executive Officer, with effect from 1 May 2014. The Board is grateful to Dr John Mangudya for his outstanding leadership and dedication. Mr Colin Chimutsa was appointed as Group Chief Finance Officer on 1 May 2014 and 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 capitalisation, 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 that 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.

Appreciation

My appreciation goes to our clients, who remain the mainstay of our very existence. It is our commitment to sustain client relationships and remain the preferred provider of financial solutions as we extend our products and services to a global market. My appreciation also goes to the Boards of the Group, the Company's management and staff for their valued contribution and commitment to growth and success.

RV Wilde

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Richard Victor Wilde
Chairman

25 February 2015

Group Chief Executive Officer's Report

Never Nyemudzo

Introduction

It is with great pleasure that I report on the Company's performance for the period ended 31 December 2014. The Group posted yet another set of impressive results which saw all subsidiaries contribute positively to the success of the Group. This strong performance is testimony of the Group's strength as a leader within the financial services industry in the country.

Key Strategic Focus Areas

Noted below are some of the Group's focus areas which have become core to our corporate and business strategies.

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

Implementation of our strategic focus areas at subsidiary level has seen our company grow from strength to strength with the following impact:

Banking	Insurance	Asset Management
• Expansion of Mortgage Finance products • Growth in Investment Banking • Promotion of technology based products • Broadening delivery channels • Growth in long term funding • Enhanced risk management • Increased transaction based income	• Consistent development of attractive products • Enhanced risk management • Effective application of available synergistic opportunities • Banc-assurance • Develop, remodel and redesign systems and processes • Expansion of market presence	• Global presence through products offering • Alternative investment products • Effective application of available synergistic opportunities

Group Performance

The Group performed commendably, with a number of variables comparing well with regional financial services peers. We remain very confident of our ability for growth and performance going forward.

Unit	Total Assets US$m	Net Profit Before tax US$m	Shareholders' Funds US$m
CBZ Bank	1,518.41	20.16	125.92
CBZ Life	11.44	2.59	8.52
CBZ Insurance	7.79	0.66	2.13
CBZ Asset Management	2.84	0.46	2.41
Group (Consolidated)	1,670.35	37.01	231.69

Group Performance (continued)

The Group remains well capitalised with all subsidiaries compliant with regulatory benchmarks. We are cognisant of the risks and opportunities inherent with the current operating environment. It is therefore our priority that we balance the risk and return in arriving at business decisions.

It is important to us that we create and preserve shareholder value thus our investment guidelines require us to observe stringent selection criteria in investment options. As such asset mixes have been structured to recognise the challenges obtaining in the operating environment especially the persistent liquidity thinning in the economy. Related to this, is the Group's drive towards enhancing the quality of earnings and minimising asset and revenue impairments.

To support future business growth, the Group identified customer convenience as a vital trading element. Projects earmarked to expanding the virtual footprint through Mobile technology, Card based products and Agency Banking arrangements were at various stages of implementation by end of the year.

Our internationalisation goals are fast coming to fruition with the CBZ Global Fund Mauritius project set to boost fund raising initiatives. We remain very hopeful and excited of our efforts in achieving our targets in this venture.

Corporate Social Responsibility

We believe that success is measured by more factors than financial ability. Customer satisfaction, employee engagement, strong governance practices and support for our communities are some of our internal key success benchmarks. As CBZ Holdings, we embrace Corporate Social Responsibility (CSR) intiatives that are progressive and conscious of the communities and environment that sustains us as an organisation.

We also value the well-being and protection of the environment in support of the goal of sustainable development. In doing so, we are committed to the need to provide a clean and healthy environment to the current and future generations.

Governance

The Group continues to focus on appropriate corporate behaviour and is compliant with all statutes and expected trading norms. It is pleasing to note that the Group has maintained an adequate governance structure that is subjected to continuous training and development. In this regard, it was an honour to receive awards for best practices in corporate governance during the year.

Outlook

In October 2014, the Group approved a new five year strategic plan for the period 2015 to 2019. Highlighted below are some of the key business principles that are expected to drive and sustain the Group's performance in the stated period.

- **Customer focus -** Dedicated to satisfying clients' needs by being responsive, professional, efficient and reliable.
- **Innovative approach -** Dedicated to being creative in the development and provision of financial solutions.
- **Governance -** Applying best practices whilst being dedicated to being ethical, compliant and transparent in all our activities.
- **Staff focus -** Dedicated to staff empowerment and motivation to foster a culture of productivity and commitment.
- **Corporate citizenship -** Dedicated to being a responsible good corporate citizen.
- **Teamwork -** Dedicated to fostering and nurturing a culture of team work amongst staff members.

A number of strategic thrusts which are in line with the business principles set above have been set as benchmarks for the five year period. The attainment of the same is set to underline the achievement of the Group's objectives of maximising shareholders' wealth and making a positive impact in our community.

Our Staff

Our human resources define our corporate image and are the Group's interface with our clients. It is through them that our strategy is implemented and, consequently, they are the difference between the Group's success and failure. We believe it is important that everyone in CBZ feels valued and supported. We appreciate the unique perspective and skills that individual staff members bring to the business. Thus, the Group continues to support all staff to reach their full potential that will enable them to serve our customers better. We have also invested significantly in human resources through a variety of training and development initiatives. This has also ensured that competent and professional individuals continue to serve our clientele at all times. As our clients are at the centre of everything we do, we believe it is only through adequate staff development that we will be able to render the kind of quality service and performance our clients deserve.

Appreciation

My appreciation goes to our valued clients for their continued support and for partnering with us in our joint successes.

I would also like to thank the various Boards of the Group for their hard work, provision of direction and support to Management towards achieving our strategic goals.

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

N. Nyemudzo
Group Chief Executive Officer

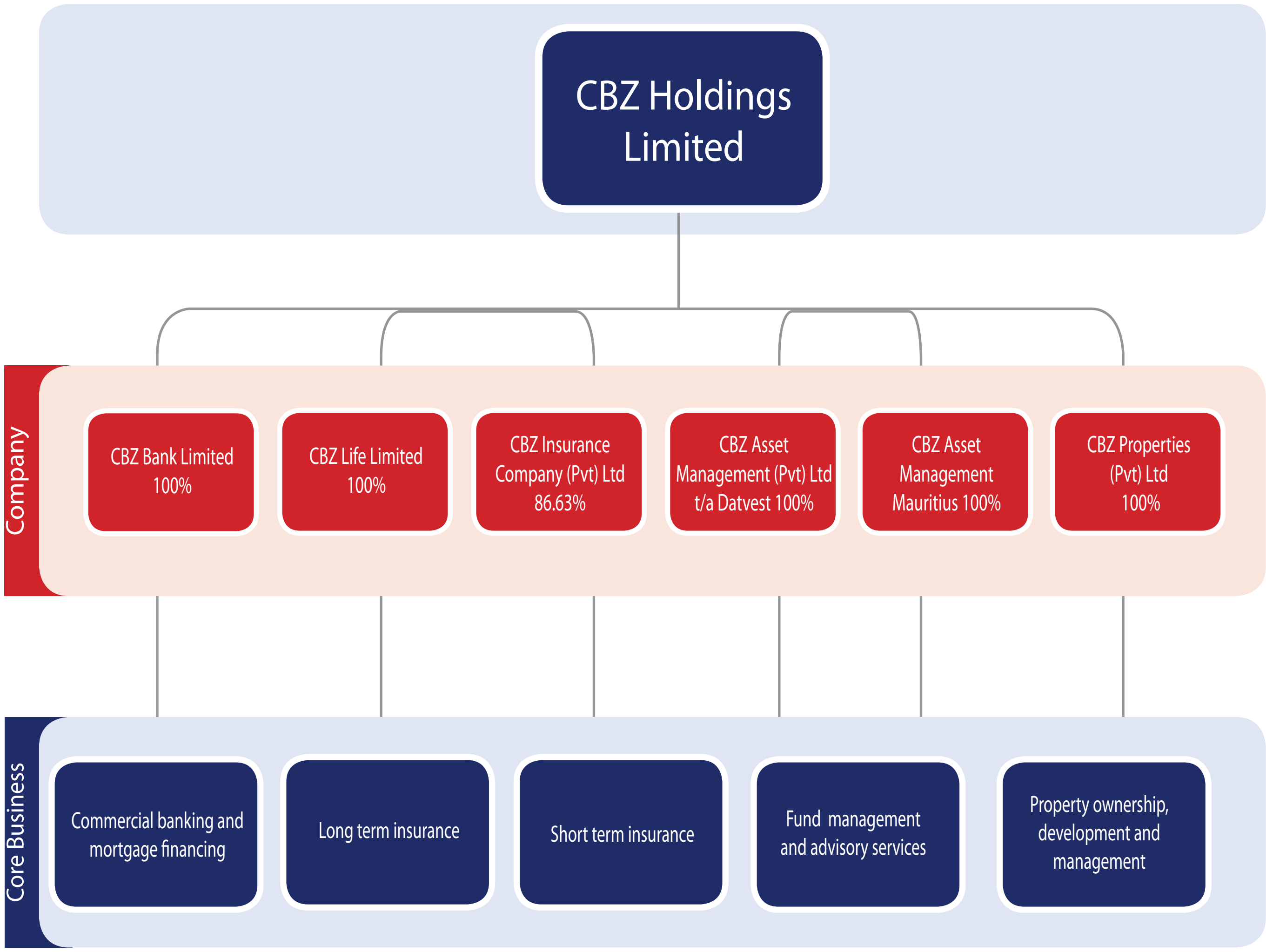
25 February 2014

Corporate Profile

BUSINESS OVERVIEW

CBZ Holdings Limited is a diversified financial services Group listed on the Zimbabwe Stock Exchange (ZSE) and operates throughout Zimbabwe, employing 1 352 staff. The Group has subsidiaries in Banking, Insurance (long and short term) and Asset Management. In addition, the Group has a significant property portfolio managed by its subsidiary, CBZ Properties (Private) Limited.

GROUP STRUCTURE



Business Model

Inputs

Financial Capital
- Equity
- Cash generated by operations
- Debt
- Investments

Manufactured Capital
- Property
- Land bank
- Equipment

Intellectual Capital
- Internally and externally developed software
- Strong policies and procedures

Human Capital
- Skilled workforce
- Motivated and innovative employees
- Staff welfare and development

Social and Relationship Capital
- Strong internal and external relationships
- Sustainable social responsibility program

Business activities

- Financial intermediation
- Research and product development
- Relationship management
- Marketing and promotion
- Distribution (mobile, internet and brick & mortar channels)
- Insurance services
- Wealth management

Activity centres

Banking
- Corporate and investment
- Retail /wholesale
- Mortgage finance
- Microfinance and SMEs
- Treasury
- Asset finance

Insurance
- Short term
- Life assurance

Wealth Management
- Private banking
- Investment management
- Advisory and custodial services
- Private equity investments

Property Development
- Residential stands
- Low cost houses

Outcomes

- Strong capital base
- Profitable group units
- Consistent return to shareholders
- Employee well being and development
- Employment creation and business support
- Fiscal contributions through taxes
- Sponsored community development projects

The main thrust of our business model is to convert the various capitals in a sustainable manner through effective and efficient value adding business processes to create activity centres that meet our stakeholders' requirements and thus translating into outcomes that contribute to the economic, social and environmental development and success of the communities that we operate in.

STAKEHOLDER OVERVIEW

Shareholders

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

Results

- Improved communication with investors through more interactive briefings and meetings
- Launched an enhanced, interactive and informative website
- Continued progress towards full implementation of integrated reporting
- Growth in dividend payout of 55% since 2011

Clients

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

Results

- The Banking Arm introduced new products during the period which are:
  - i) CBZ Smart Cash
  - ii) CBZ School Fees Plan
  - iii) Civil Servants Loan Scheme
  - iv) Prepaid electricity vending
  - v) Tele-cash agents in the banking halls
- Repackaged the Funeral Cash Plan with additional benefits which include the following:
  - i) Personal Accident Cash
  - ii) Groceries Cash
  - iii) School Fees Cash
  - iv) High Quality Service
- Launched an enhanced interactive and informative website

Staff

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

Results

- 2014 Graduate Trainee Programme launched
- Multi skilling through planned job rotations and cross functional teams
- Safety, health and awareness training programmes
- Continued promotion of equal opportunities for both male and female employees

Stakeholder overview (continued)

Regulators and Government

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

Results

- Compliant with regulatory and statutory requirements
- Best Governed Company (Zimbabwe Stock Exchange)
- Highest Dollar value contributor in domestic taxes (Zimbabwe Revenue Authority)
- Sponsored various national surveys

Communities

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

Results

- Development of youth through partnership with Building Opportunities On Student Talent (BOOST) entrepreneurship challenge
- Promoting road safety through donation of traffic control equipment to Zimbabwe Republic Police Traffic Section
- Various donations to the health sector
- Donations to various orphanages and disadvantaged centres
- Actively involved in promoting sport at school and national levels

OUR SUCCESS

The Group received various accolades during the year 2014 which are listed below:

Business Perfomance

- ZIMRA Highest Dollar Contributor Nationally in the Domestic Taxes Environment Award
- ZIMRA Best in Large Clients Category (Pay as You Earn and Income Tax) Awards
- Bank of the year 2014: Zimbabwe Business Awards
- One of the top 5 Banks in Zimbabwe Award by Zimbabwe Independent Newspaper Banks and Banking Survery 2014
- Best Internal Audit Disclosures 1st Runners Up:Institute of Chartered Secretaries and Administrators Zimbabwe (ICSAZ)
- Best Bank Risk Management 2nd Runners Up: ICSAZ

Corporate Governance

- Best Governed Company Award and Best Board Practice Award for the companies listed on the Zimbabwe Stock Exchange: Institute of Chartered Secretaries & Administrators in Zimbabwe, Annual Excellence in Corporate Governance Awards 2014
- Best Bank Corporate Governance Practices for Institutions Awards: ICSAZ
- Overal Best Governed Bank 2nd Runners Up for Instituitions Awards: ICSAZ

Customer Services

- 2014 Service Excellence Award in the Banking Sector Category: Contact Centre Association of Zimbabwe Service Excellence Awards 2014
- 2nd Runners Up in the Corporate Social Responsibility Category: Contact Centre Association of Zimbabwe Service Excellence Awards 2014
- Super Brand Award in the Banking and Finance Sector: Marketers Association of Zimbabwe Super Brands Awards
- Top 10 Super Brands in the Business to Business Sector: Marketers Association of Zimbabwe Super Brands Awards

Corporate Social Responsibility

- Special Acknowledgement Award for supporting Sport in 2014 at National Level: Sports and Recreation Commission - Annual National Sports Awards
- Banking Sector Award – an award for the Bank that supported home grown industries in the year: Buy Zimbabwe Awards

Shareholder Information

SHARE BUYBACK

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

The decision to buy back the Company's own shares was necessitated by the need to enhance shareholder's value through reducing administrative and transaction costs. An analysis of the Group's Share Register revealed that 92.33% of the aggregate issued shares were held by the top 73 shareholders whilst the remaining balance was held by 11 177 shareholders. This resulted in limited value for the minority shareholders due to associated administrative costs.

The Share Buyback was therefore mooted with the following objectives in mind:

- The need to contain the share register maintenance costs, which costs are related to the size of the share register.
- To address logistical challenges encountered during the payment of dividends as well as those faced by the shareholder on the receipt of the dividend pay outs.
- To save clients on transaction costs so that they can maximize on the benefit.

Results

During the year ended 31 December 2014, the Group acquired 50 793 319 shares for treasury purposes. The Group holds a total of 127 957 670 shares as at 31 December 2014.

.SHARE OPTION SCHEME

In a bid to empower staff, the Group launched a share option scheme on 1 June 2012. Employees were allocated share options, with the first batch for those with three or more years in service vesting on 1 July 2013. The table below shows the scheme's statistics as at 31 December 2014.

Description	Number
Total shares in scheme	40 000 000
Number of options accepted	32 345 000
Number of shares paid for to date	2 446 253
Number of shares paid for during the year	398 045
Total amount received during the year	US$35 068
Shares bought as % to date	6.12%

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

ANALYSIS OF SHAREHOLDERS

As at 31 December 2014

Size of Shareholding	No. of Holders	% of Total Holders	No of Shares	% of Total Shares
1 – 5 000	9 874	89.16	7 810 796	1.14
5 001 – 10 000	479	4.33	3 476 131	0.51
10 001 – 25 000	359	3.24	5 715 454	0.83
25 001 – 100 000	189	1.70	9 567 140	1.40
100 001 – 200 000	51	0.46	7 209 250	1.10
200 001 – 500 000	66	0.60	20 861 340	3.02
500 001 and over	57	0.51	631 966 474	92.00
TOTAL	**11 075**	**100.00**	**686 606 585**	**100.00**

ANALYSIS BY SHAREHOLDER TYPE

Category	No. of Holders	% of Total Holders	No of Shares	% of Total Shares
Individuals	10 332	93.29	26 328 186	3.84
Companies	442	4.00	253 823 038	36.97
Non Resident Transferable	33	0.30	171 522 370	24.98
Pension Funds	164	1.48	120 135 827	17.50
Nominee Company	59	0.53	70 502 828	10.30
Investment, Trust and Property Companies	27	0.24	36 041 471	5.21
Insurance Companies	18	0.16	8 252 865	1.20
TOTAL	**11 075**	**100.00**	**686 606 585**	**100.00**

TOP TEN SHAREHOLDERS AS AT 31 DECEMBER 2014

Shareholder's name	No of Shares	% Shareholding
CBZ Holdings Limited (Held as treasury shares)	127 957 670	18.64
Government of Zimbabwe	110 000 000	16.02
Libyan Foreign Bank	96 609 470	14.07
National Social Security Authority	73 768 563	10.74
Stanbic Nominees	36 426 078	5.31
PIM Nominees (Pvt) Limited	34 000 000	4.95
Stanbic Nominees (Pvt) Ltd	27 500 217	4.01
Standard Chartered Nominees Limited	20 869 217	3.04
Stanbic Nominees (Pvt) Ltd	18 630 514	2.71
Stanbic Nominees (Pvt) Ltd	9 763 400	1.42
Total	**555 525 129**	**80.91**
Others	**131 081 456**	**19.09**
Total	**686 606 585**	**100.00**

SHAREHOLDERS' CALENDAR

Financial year end	31 December 2015

ANTICIPATED DATES

Half year's results to 30 June 2015	August 2015
Full year's results to 31 December 2015	February 2016
Annual Report and Annual General Meeting	April 2016

Subsidiaries Communication Statements

Managing Director's Report

CBZ Bank Limited

Peter Zimunya

I am pleased to report on the performance of the CBZ Bank for the year ended 31 December 2014. Despite the tough prevailing market conditions, the performance was good.

Performance

Financial

The Bank continued to perform well despite the economic challenges in the operating environment. The Bank's profit after tax went down by 7.3% compared with the previous year.This was mainly due to an increase in funding cost given the tight liquidity conditions in the market. Over the same period total income increased by 0.33% driven by increases in non interest income.The non interest income contribution increased from the previous year contribution of 32% to 40% in line with the Bank's strategy to reduce concentration risk by creating new income streams to increase non funded income.

The total assets of the Bank increased by 6.3% largely driven by increase in money market assets. Gross advances increased by 9.7% and total assets increased by 6.3%. The deposit base increased by 5.7% as the Bank continues to grow its deposit market share through products such as Cash Plus family of products and the Smart Cash accounts which are being used as inroads into the unbanked segments of the population.

Divisional performance

Retail

In line with one of our core values of innovation and the thrust to bring banking convenience to our clients, the Bank introduced a number of new products during the year.

- CBZ Smart Money
- CBZ Smart Cash
- CBZ School Fees Plan
- Civil Servants Loan Scheme
- Prepaid electricity vending
- Tele cash agents in the banking halls

The introduction of these products will also result in more income streams being created which will improve the performance of the Bank in the long run.

During the year the Bank consolidated Muzarabani branch with Mvurwi branch to where it is more centrally positioned in the client catchment area.

Custodial Services

The Bank introduced the CBZ Custodial Services Divison. Our custodial services offers exceptional execution, global consistency and local market expertise. Its core services include:

- Safekeeping of investors' assets
- Trade processing and settlement

Custodial Services (continued)

- Registration of securities
- Corporate actions
- Income collection
- Reconciliatory role
- Compliance monitoring and reporting
- Client reporting
- Dematerialisation of securities

CBZ Custodial Service is a client centred custodianship dedicated to satisfying customer needs by being responsive, professional, efficient and reliable.

Homeloans

The Bank has continued with its drive to unlock value from its Land Bank. CBZ Bank introduced the low cost Nehosho Housing project in September 2014 in Gweru to cater for the low income earners. Secondly, the Chikanga Land Development located in Mutare, with a total of 279 stands, has been completed and selling has already commenced. The Bank is also involved in various other housing developments in line with its objective of providing affordable accommodation to Zimbabweans.

Treasury

The Treasury Division contributed significantly towards the Bank's bottom line by contributing 9.0% of the non funded income from trading activities. The Division also managed to mobilise deposits and to maintain a comfortable liquidity position during the period under review.

Investment banking

The Investment Banking Division continued to provide corporate finance solutions through capital raising as well as strategic advisory services. For the year ended December 2014 advisory fees income contributed 10.0% of the total non funded income.

Corporate banking

The Corporate Banking Division continued with its thrust of deposit mobilisation which saw deposits increase by 6.0% from the previous year end figure. The dedicated team of relationship managers continue to commit themselves to providing a "one stop shop" service to all our corporate clients. Relationship managers work in liaison with the Bank's retail branches countrywide, as well as other departments / units within the entire CBZ Holdings Group to provide financial solutions that suit the clients' businesses.

Performance awards

For the third consecutive year CBZ Bank has won the Super Brand Award in the Banking and Finance Sector and was among the top 10 Super Brands in the Business to Business Sector. The awards are conducted by the Marketers Association of Zimbabwe in conjunction with Select Research through a Customer Satisfaction & Brand Recognition survey which focuses on the individual, households and the Corporate Sector.

The Bank also received a number of accolades in service excellence, Tax contribution, Risk management and Board practices.

Compliance ratios

The Bank's capital adequacy ratio as at 31 December 2014 was 14.0% and is above the minimum regulatory ratio of 12.0%. Total core capital was US$111 million, which is above the regulated minimum capital of US$25 million. The liquidity ratio was 35.2%, which was also above the regulatory minimum of 30.0% required by the Central Bank.

Risk management

The Enterprise Wide Risk Management structure enables the Bank to ensure a coordinated risk management approach which enables Management to effectively identify, measure, mitigate and control the risks inherent in its business operations.

Enterprise Wide Risk Management ensures that risks are identified and managed at departmental/processing level based on process flows and mapping and these risks are classified into:

- Risks that can be avoided or mitigated by simple business practices and are provided for in approved procedure manuals and policies;
- Risks that can be transferred to other participants through underwriting arrangements and insurance; and
- Risks that must be actively managed using Bank resources, through a combination of line management and risk management department actions.

The Bank`s approach to effective risk management is to segregate risk generating functions from approval and oversight functions in all activities carried out. This is achieved through the risk management function which is independent of the risk taking functions. This is necessary to achieve objectivity in the area of risk evaluation. This function facilitates the

Risk management (continued)

identification, measurement, monitoring and control of various risks entrenched in the business functions.

Credit rating

The Bank maintained the A+ long term credit rating as rated by the Global Credit Rating Company of South Africa for 2014. The Bank was also awarded an A1 short term credit rating. These ratings are testament to the strength of the Bank's brand, financial position and outlook.

Corporate social responsibility

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

Outlook

The Bank is introducing the CBZ Agency Banking model with the aim of bringing convenience and accessibility of financial services to the generality of Zimbabweans. It entails contracting of selected reputable commercial entities nationwide. Agents will be contracted to distribute both Banking and insurance products and services to the unbanked and as well as existing customers.

Appreciation

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

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P Zimunya
Managing Director

25 February 2015

Managing Director's Report

CBZ Asset Management (Private) Limited (t/a Datvest)

Jack Francis Smith

Introduction

It is my pleasure to present to you CBZ Asset Management performance for the year ended 31 December 2014. The Company's positive financial performance was commendable against the backdrop of the difficult operating environment.

Industry developments

The Securities and Exchanges Commission of Zimbabwe (SECZ) assumed regulatory control and oversight over the Asset Management industry from the Reserve Bank of Zimbabwe (RBZ) during the financial period under review. SECZ invited current and prospective industry players to submit applications to be licensed under their authority by 30 September 2014. I am pleased to announce that the Company successfully applied and was granted a licence under SECZ to operate.

Performance

The Company's funds under management decreased marginally year on year from US$ 140.2 million to US$ 136.4 million. This represented a decrease of 2.0%, which was commendable under the circumstances and resulted in the Company maintaining its position as the third largest Asset Manager in the country by funds under management. The decrease in funds under management was largely attributable to negative returns from our equity portfolio investments. The Company's greatest milestone in 2014 came in the area of cost containment where through a raft of measures the Company was able to contain its costs at US$1.85 million. Consequently, the Company achieved a profit before taxation of US$ 342 609. The Company continued to diversify its portfolio with the fixed income investments and the property portion of the portfolio successfully achieving its investment performance targets. Cost containment will continue to be a key goal in the year ahead and the management team is already in the process of putting in place measures to enhance close monitoring and control of the Company's cost base. The Company's statement of financial position remained strong, recording a 10.0% growth in total assets from prior year to close at US$2.84 million.

Our clients

The Company's client base was largely stable during 2014 in spite of the significant negative performance on the investment markets with positive net cash contributions being recorded from our clients. This was testament to the strength of the brand and its recognition in the market. The Company's portfolios performed relatively well during the year returning an almost break even performance of negative 3.9%. This compared favorably with the industrial index benchmark of negative 19.5%. In addition the fixed income portion of the book grew marginally as more clients exited the equities sector. The Company's money market book grew by about 5.0% during the year. The Company's investment philosophy is premised on delivering positive investment performance on a rolling three-year period and remaining in the upper quartile of performance during such periods. We believe that this allows portfolio decision making to be done with a long-term view and thus not be distorted by short-term volatility. Our client portfolios have achieved a performance of 205.6% during the 69 months since dollarisation allowing us

Our clients (continued)

to remain in the upper quartile of investment performance for this period. Diversification and product development remain a core part of our investment strategy in the year ahead.

Risk management

Risk management is a key consideration in our daily transactions especially with the significant volatility being experienced in the country's capital markets. The Company is currently reviewing its internal systems to improve overall efficiency.

Capital adequacy

The Company is in compliance with SECZ's minimum capital requirements and had a core tier 1 capital of US$2.41 million against a requirement of US$500,000.

Outlook

The Company returned a strong performance for 2014 under a difficult operating environment. This performance hinged on a disciplined approach to the Company's key strategic objectives as well as recognition of the importance of client satisfaction through service and investment returns. As such all key actions carried out during the year were aimed at delivering strong returns to our clients whilst ensuring all risks were kept at appropriate levels. The Company is optimistic about the year ahead and will continue to safeguard and build on those funds placed with us. Our goal is to ensure that our clients' portfolios continue to show real growth in 2015. It is only through the success of our clients that we will succeed and so all our efforts will be directed at ensuring our client goals are achieved.

Appreciation

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

I thank the Board of Directors who have been very supportive of all our initiatives in 2014 and have given the Company direction in these turbulent times.

My appreciation also goes to our staff, who have toiled endlessly through the year showing tremendous loyalty and belief in the Company. I am confident that the Company is firmly moving forward and will continue to do so in 2015.

....

J. F. Smith
Managing Director

25 February 2015

Managing Director's Report

CBZ Insurance Operations

Nobert Mureriwa

It is my pleasure to report on the performance of CBZ Insurance Operations, which incorporates the activities of CBZ Life (Private) Limited and CBZ Insurance (Private) Limited. I am pleased to report that the Operations posted commendable results in spite of the challenges in the operating environment.

Market Analysis

Stiff competition continued to characterise the industry, with several players in the market fighting for a constricted market. The liquidity challenges obtaining in the market continue to hamper new business prospects as most corporates and individuals struggle to remit insurance premiums. This significantly affected growth in new business and investment income. We continued to review our competitive strategy with a view to focusing on profitable segments of the market.

Performance Summary

CBZ Insurance (Private) Limited

The Company reported a growth in after tax profit of 17.0% to close the year at US$514 597. The positive growth in profitability has been supported by growth in Gross Written Premium of 20.0% and an increase in risk retention from 47.0% in the year 2013 to 51.0%. The result was however achieved against the backdrop of an increase in claims ratio from 33% in the prior period to 47% in 2014.

The Statement of Financial Position closed the year at US$7.8 million, a 40.0% growth from the December 2013 position of US $5.6 million, underpinned by increase in underwritten business during the year.

Performance Summary

CBZ Life (Private) Limited

The Company recorded an after tax profit of US$2.56 million for the year ended 31 December 2014 against a US$3.26 million profit which was recorded in year 2013. Total assets grew by 37.0% to US$11.44 million, with core capital sitting at US$8.52 million, well above the US$2 million required by the regulator.

Business Operations

We continue to expand our business where we see opportunities for sustainable growth, especially in the informal sectors of the economy. In this regard and in anticipation of future business growth Insurance Operations have made significant progress in expanding on the existing delivery channels. We have engaged more insurance agents to scout for business as well as redoubling our efforts in soliciting for broker business. The strategies we adopted in the prior year positioned us for an even stronger 2015, as we concentrate on our core priorities.

Insurance Operations continued to explore synergies with CBZ Bank Limited and a number of initiatives having been undertaken targeting the Bank's account holders. The diversification of our product lines has helped cushion the impact of the harsh operating environment and so we continued to create value for our stakeholders.

We have invested significantly towards driving customer focused product development initiatives. Our efforts to improve risk selection, strengthen distribution, and grow sales have begun to pay off. The Operations have become stronger, more efficient and sustainable, with increased business underwriting capacity.

Business Operations (continued)

In this regard, the two entities managed to receive unqualified actuary valuation reports for the period under review. This augurs well with the marketing strategy as this is a good selling point of our operations.

Market analysis

Despite the growth in the industry's total assets, negative economic pressures continued to hamper the growth of business in the sector. Product development characterised the competitive environment within the industry as life assurance companies battled for market share. The industry however remains well capitalised despite the upward revision of capital requirements by the regulator.

Technological investment

During the year, the Life Assurance Company completed the implementation of the new administration and accounting systems, the Exergy and Accpac respectively. This is in line with the Service Excellence Strategy that information technology is a key differentiator in our operations.

Outlook

We continue to look at ways to simplify the organisation so as to enhance the speed of executing our service to our valued customers. Product development and quality of service will continue to be key drivers of our performance. Strengthening of the selective underwriting business philosophy will also guide our risk management principles in doing business.

The current mix of products being offered by the Operations is expected to sustain continued growth, with new products such as the Whole Life and Employee Benefits, that are soon to be launched, expected to improve future performance.

Appreciation

I would like to thank our valued customers for their continued loyalty.

I also wish to extend my gratitude to the CBZ Insurance and CBZ Life Boards, Management and staff for their performance and support to the Company.

My appreciation also goes to fellow Subsidiary companies of the Group and the Group's Executives for their unwavering support.

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N. Mureriwa
Managing Director

25 February 2015

CBZ LIFE (PRIVATE) LIMITED

ACTUARY’S REPORT

as at 31 December 2014

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

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

The following table shows the results of the actuarial valuation of CBZ Life on the published reporting basis in respect of the year ended 31 December 2014.

	31-Dec-14 US$	31-Dec-13 US$
Total assets	11 435 806	8 373 720
Current and other liabilities	(599 712)	(791 028)
Technical liabilities	(2 311 493)	(1 614 683)
Excess assets	**8 524 601**	**5 968 009**

The minimum capital requirement is US$2 000 000 at 31 December 2014 (US$1 000 000 at 31 December 2013) and thus CBZ Life’s ratio of excess assets to the minimum requirement is 4.3 times (6.0 times in December 2013).

I hereby certify that, to the best of my knowledge and belief, at 31 December 2014, the value of the assets in respect of all classes of life business carried out by CBZ Life Limited exceeded the amount of liabilities in respect of those classes of insurance by more than US$2 000,000.

....
Jonathan Bagg
Fellow Of The Institute Of Actuaries
Fellow Of The Actuarial Society Of South Africa

In my capacity as:
ACTUARY TO CBZ Life (Private) Limited

25 February 2015

CBZ INSURANCE (PRIVATE) LIMITED

ACTUARY'S REPORT

as at 31 December 2014

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

I, James Olubayi, acting in my capacity as the Appointed Actuary, certify that, as at 31 December 2014, the Actuarial Valuation for CBZ Insurance Limited has been prepared in accordance with the Guidelines to the Insurance Industry on Actuarial Valuations issued by the Insurance and Pensions Commission in Zimbabwe, as well as generally accepted actuarial principles.
I certify that, as at 31 December 2014, CBZ Insurance:

- Has sufficient assets to cover its insurance liabilities;
- Has appropriate assets in terms of the profile of its liabilities;
- Has disclosed Outstanding Claims Reserve and Unearned Premium Reserve liabilities that have been calculated in accordance with the prevailing Guidelines and generally accepted actuarial principles;
- Has disclosed Incurred But Not Reported liabilities larger than those calculated by Atchison in the Actuarial Valuation; and
- Has sufficient reinsurance arrangements in place given the nature of the business that it has underwritten

....

James Olubayi

In my capacity as:
ACTUARY TO CBZ Insurance (Private) Limited

25 February 2015

Corporate Social Responsibilty

CORPORATE SOCIAL RESPONSIBILTY (CSR) REPORT

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

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

A. BUSINESS BANKING (MICROFINANCE & SMALL TO MEDIUM ENTERPRISES)

As part of its diversification strategy in the early 1990s, The Banking arm began to explore the possibility of developing products for Zimbabwe's urban and peri-urban informal sector and micro-enterprises. The strategy culminated in the setting up of a department in 1996, then known as Community Banking. This move was a first in the history of banking sector in Zimbabwe.

In October 2014, the Bank reorganised the micro-finance and Small & Medium Enterprises divisions into the Business Banking Division whose mandate is to provide financial solutions to the Micro, Small and Medium Enterprises and ultimately grow them into bigger corporates.

The Division offers innovative financial solutions such as credit, savings, business training, facilitated medical insurance, remittances and mobile banking products country wide. The geographical coverage is urban, peri urban and the rural communities. The Division intends to reach the unbanked areas through Agency banking.

In 2014, the Division participated in many public fora where discussions on how best to serve this sector were held such as the Micro and SME summit, Youth Council business Forums, BOOST fellowship, attendance at Annual trade fairs and many other events where we sponsored and exhibited.

Partnership Initiatives

Partnerships have helped the Group serve interests of potential financially secluded clients.

In line with the Group motto of "Partners for Success" the Division took advantage of this thrust and partnered development agencies and Government in serving the Small and Medium Enterprises sector (SMEs). The Bank was accorded Platinum Status by Zimbabwe Association of Microfinance Institutions (ZAMFI) for being the best in advancing the interests of the sector. This is a prestigious honour, ZAMFI bestows to a member organisation.

The Fund Management Service Level arrangement the Bank signed with the Zimbabwe Microfinance Wholesale Facility resulted in all Microfinance Institutions borrowing under it to open accounts with CBZ Bank. The accounts serve as a platform for receiving and making repayments for the loans granted by the Zimbabwe Microfinance Wholesale Facility. The year 2014 achieved the highest in terms of business recorded as a result of the Service Level Agreement. In 2014 US$4 million was disbursed as compared to the US$3 million disbursed in 2012 and 2013 combined.

This agreement also influenced the Microfinance Institutions to mandate their clients to open accounts with CBZ Bank for ease of transacting.

The Division is therefore getting into 2015 with the challenge of designing a wide range of innovative products earmarked for serving the majority of SMEs it is mobilising and those being mobilised by its partners in the greater part of the country.

B. INSURANCE OPERATIONS

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

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

Funeral Cash Plan – The product has taken away the funeral expenses burden from bereaved families. Families get enough time to mourn their bereaved knowing that CBZ Life pays all the funeral expenses should the deceased be a member of the 5 in 1 Funeral Cash Power Pack. From 2011 to date CBZ Life has paid policy benefits that have been used on 2 479 funerals with

Funeral Cash Plan (continued)

a value of US$3.8 million. For the year 2014 funeral benefits for 1 154 funerals with a value of US$1.6 million was paid. The CBZ Life team members did not just pay cash to the bereaved families but also made condolence visits to the families.

Public Liability – CBZ Insurance has a public liability product which is aimed at protecting communities and citizens against any form of danger posed by business activities. This insurance product is sold to all businesses including mines, churches, hotels and tour operators.

C. LOW COST HOUSING SCHEMES

We take cognisance of Article 25 of the Universal Declaration of Human Rights that stipulates that everyone has the right to a standard of living adequate for health and well-being of himself and of his family, including housing, among other things.

Zimbabwe is currently experiencing over 1,3 million-unit backlog in housing and this has resulted in citizens living in overcrowded conditions where they have no access to running water, electricity and sanitary facilities. Harare alone constitutes more than half of the backlog with at least 500 000 houses needed to accommodate the ever growing population. To ease this burden CBZ Holdings has introduced a safe and secure way of fulfilling one's dream of owning their own home.

CBZ Bank developed 1 095 high density residential stands in Gweru Nehosho Phase 1B Suburb. The Bank has started construction of three types of core housing units with a minimum of two rooms, three rooms and four rooms.

In Mutare CBZ Bank embarked on a project in Chikanga, where 279 stands were serviced with tarred roads, water and sewer. The Group will continue to roll out housing schemes to ease the housing back logs and also avail flexible payment terms through the Mortgage Finance Division.

A housing unit, part of Nehosho Housing scheme.

Affordabilty of the housing units is very key to CBZ Holdings. Both the formal and informal sectors have our platform to save for the appropiate shelter. At CBZ Holdings we know that appropriate housing will ease pressures on health, child and women abuse.

Chikanga stands

D. REDUCING ENVIRONMENTAL IMPACT

Efforts to reduce the impact of our activities on the environment were scaled up with the introduction of the following:

- Paperless cash withdrawal in banking halls. Clients no longer need to fill out withdrawals slips to effect withdrawals in our banking halls, but rather swipe on our Branch point of sale terminals at every teller point in all our Branches.
- We also intensified our efforts to encourage our clients to use our ATMs and merchant services POS machines to effect their transactions.
- Internal paperless meetings have been introduced wherein participants refer to minutes and make notes on their mobile devises like ipads and tablets during meetings. The culture of reclying paper and cutting down on printing has permeated through the entire Group while on the lending side environmental risk assessments are being carried out as part of the lending assessment process.

The Group, through its Branch network, participated in various clean up campaigns around the country to deal with the scourge of litter in the respective areas. A consignment of large bins was donated to Mvurwi town council and these have changed the landscape of the town, which also houses one of our Branches.

E. DIVERSITY AND FINANCIAL INCLUSION

CBZ Holdings Limited is committed to promoting and living within a culture of diversity and we understand that we are able to provide our services to a broader customer base throughout our extensive branch network. Thus the diversity of our employees is a critical element of the Group's attention to customer needs. We pride ourselves with delivery of financial services at affordable cost to sections of the disadvantaged and low-income segments of society.

We launched SmartCash, an instant account for those that were previously excluded. One simply needs to walk into any of our over 60 branches with their ID or valid passport, make an opening deposit of at least US$5 and in 5 minutes they will walk away with a bank account, a CBZ Smart Cash debit card as well as instant activation to the CBZ mobile banking platform.

F. HUMAN RESOURCES

We have created a great workplace for our employees throughout the Group and continue to cultivate a positive work culture in order to consistently provide an excellent service to our customers.

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

The Group continues to invest in staff development programmes which include Graduate and Cadetship training, among others. A total of 29 Graduate Trainees and 11 cadets were engaged during the course of 2014.

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

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

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

- **Shared Values –** The CBZ brand thrives on our employees living the Group's values of integrity, customer focus, innovation, corporate citizenship, team work and staff focus to create a family of achievers.

- **Communication –** Effective communication and consistent information sharing helps the Group to leverage on cross pollination of ideas and is a catalyst for quick implementation of decisions.

- **Training and Development –** The Group promotes and encourages the concept of a continuous Learning Organisation. Employees are supported to enhance their qualifications, knowledge, skills and competencies which are key enablers to meet expected output levels for current and future job positions. Management development and leadership training are continuous processes aimed at developing senior level staff to keep abreast of the dynamics and complexities of the ever changing business environment.

- **Succession Planning –** This is vital for business continuity and is targeted at all key positions within the Group. This involves identifying key talent to take over key positions when they fall vacant or arise and the talent is then developed through on-the-job training, coaching and mentoring, secondments and enrolment for relevant developmental courses.

- **Staff Promotion –** The Group values the growth of its employees and their career advancement and through its Promotion Policy it recognises staff who meet the relevant qualifications and skills for the job, and who have shown consistent high performance. Promotions are also guided by the principle of equal opportunity for all.

- **Remuneration –** Employees are recognised and rewarded on the basis of their individual contribution and team work, in promoting and growing the Group's business as measured in terms of accomplishments of set goals and objectives.

- **Performance Management –** A key principle of the Group's reward philosophy is to pay for performance and this is implemented through the Group's performance management system.

- **Employee Safety, Health and Wellness –** The Group places emphasis on promoting the safety, physical and psychological health and wellness of its employees and their family members, since a healthy employee is a productive employee. Training of safety, health & wellness champions within the CBZ Group Companies was undertaken during year 2014. The training focused on all the 10 wellness domains as identified by the Group as areas of focus including Basic Counselling Skills and Occupational Safety and Health Hazards identification, mitigation and elimination. In addition the training covered Legistilation on Occupational Safety and Health & Wellness matters and the roles of the employer, employees as well as those the Group's Safety,Healthy & Wellness Champions. A total of 684 staff members were affiliated to our sporting and/ or recreactional clubs.

During the year 2014, the Group was presented with the Zimbabwe Revenue Authority First Prize in the PAYE category for accurate and timeous remittance of PAYE.

- **Employee Safety, Health and Wellness (continued)**

The Group continued to focus on Management and Leadership Development programmes as this is critical for the growth of the Organisation. The Group also continued in its efforts to develop human capital through its Graduate Training Programme with the enrolment in 2014 of another group of graduate trainees.

Job rotation and reassignments were also implemented in order to enhance multi-skilling of employees within the various functions of the Group.

The Group continues to promote the concept of equal opportunity and equal pay for equal work to both male and female employees but without compromising on person to job requirements. The Group's gender balance ratio stood at 60.32% male and 39.68% female against a National Workforce Gender Balance ratio of 69% male and 31% female.

G. CORPORATE SPONSORSHIPS AND DONATIONS

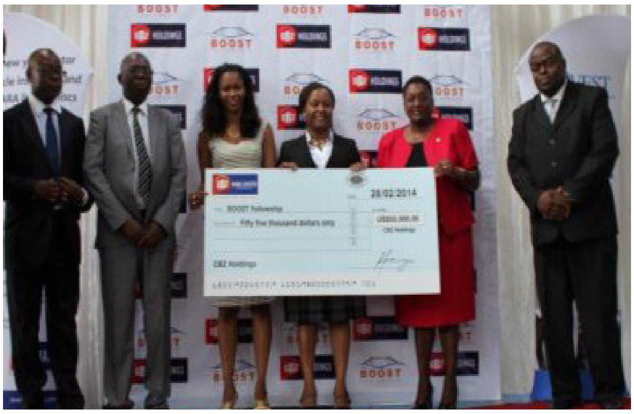
Our strategic framework aligns community efforts and donations with core business strategy, Company expertise and market needs thus ensuring mutual benefits. It encompasses volunteerism at individual employee level which then fosters high level of awareness and ownership amongst the employees. CBZ will support initiatives for creating shared value.

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

i) BOOST (Building Opportunities on Student Talent) – Young Entrepreneurship

CBZ/BOOST Entrepreneurship Challenge - The 3rd edition of the challenge targeting youth in secondary schools and tertiary institutions provided a platform for youths with potential to change the nation and the world at large. CBZ Holdings provided BOOST with the resources to carry out training programs in all tertiary institutions and participating secondary schools throughout Zimbabwe.

The BOOST fellowship initiative is a partnership between the Bank's SME unit with Universities where students with brilliant projects are financed to ensure that their projects come to fruition.



Presentation ceremony

ii) Staff volunteering

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

a. The Mutasa quadruplets

On the 16th of July 2014 CBZ Finance Division as part of their Corporate Social Investment (CSI) donated goods towards helping the Mutasa family that was blessed with quadruplets. This was in response to articles that came out in the press appealing for the public to assist the family since both parents were unemployed.

Mrs Mutasa and her bundle of joy.

b. Ruvimbo Special School

Ruvimbo Special School is a school situated next to Harare Hospital in Southerton. On 24 November 2014 Southerton Branch staff donated cash, which was utilised to purchase groceries.

iii) ZUJ – Njama Awards

Zimbabwe Union of Journalists has a membership of 750 journalists all drawn from the local print and electronic media. The 750 members also include freelance journalists who are not attached to any media organisation. The 2014 NJAMA awards was graced by the Minister of Women affairs Gender and Community development, in line with the theme, 'Women making News'.

Each year the National Journalistic and Media Awards is a flagship media event in the country where winning journalists are rewarded for excellence and professionalism. CBZ Holdings sponsored the Agriculture Reporter of the year and have been doing so for the past 5 years.

Mr V. Chivange presenting the CBZ Holdings sponsored Agricultural journalist of the year award to Mr Jairos Saunyama of the Zimbabwean Mail.

iv) Health

Rujeko Polyclinic donation

CBZ Holdings is committed to playing a pivotal role in enhancing the health sector in Zimbabwe. We believe that children are our future leaders hence we want to play a part in ensuring that adequate resources are in place to make it easy for mothers as they deliver babies, hence our response to the plight of Rujeko Polyclinic on the 27th of October 2014.The Group donated Suction pump, Sphygmo big ben on trolley, Drip stands, Scales digital professional, Stretcher gima foldable in 4 parts, Examination lamps simplex, Stethoscopes foetal plastic pinards, Baby scales with pan, Beds obstetric delivery split 2 sections type and sets of Step double medical with rubber. Our major initiative in 2014 was focused on improving maternal health in different communities across the country.

Handover ceremony of a consignment of maternal wing equipment at Rujeko clinic

v) Response to Tokwe Mukosi disaster

CBZ Holdings donated 5 660 bags of cement towards the relief of the Tokwe Mukosi flood victims that had been relocated to Chingwizi. The cement was utilised to construct new houses for the affected villagers.

vi) Arts

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

In 2014 CBZ Holdings sponsored the HIFA programme. The HIFA programme is the main communication vehicle of the Festival and it is sent all over the region, as well as internationally.

Spectators enjoying a perfomance during HIFA 2014

Staff house at St.Werburhs Schools where CBZ assisted with the painting

vii) Education

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

- Great Zimbabwe – the Group provided financial assistance towards library chairs of the Great Zimbabwe University law school.

- Support to primary and secondary schools – various primary and secondary schools were assisted during their prize giving and graduation ceremonies and these included Madlelenyoni Secondary School, Muzarabani High School and Nharira Government Primary School.

- CBZ Holdings sponsored purchasing of new library furniture for the University of Zimbabwe (UZ) Main Library and state of the art equipment for the UZ Disability Centre for the visually handicapped students. The total cost of the furniture and equipment donated was US$188 000.

University of Zimbabwe Library

viii) Philathropic Initiatives

a. Jairos Jiri – Waterfalls

The relationship between Jairos Jiri Waterfalls and CBZ Holdings dates back to 2005 when the Bank donated a consignment of blankets and food stuffs to the centre, this was followed by a donation of a maputi gun which went a long way in generating income for the centre. From 2013 the centre embarked on a chicken project using the annual donations (US$12,000).

Broiler project at Jairos Jiri

b. Bin donation to Mvurwi Town

Bins were donated to Mvurwi town council as a proactive way of keeping the town clean during the tobacco selling season.

Bins donated to Mwurwi town council

c. Danai Children's Home

CBZ Holdings donated towards the extension of the boys' wing at Danai Children's Home. This children's home takes care of abandoned children. These children are then handed over to the home by the social welfare.

Main Picture: The renovated Home with its proud occupants
Insert: The walls before renovations

e. Imba Children's Home - Donation

Imba Children's Home is located in Chitungwiza and started operations in 2007. In 2012 it was registered as a trust operating a Children's home. CBZ Holdings chipped in to support the home by furnishing their newly constructed house with furniture and accessories.

One of the Furnished rooms which will be used as a classroom

ix) Sport

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

Under 25 National Darts Team in Zambia flanked by the National Darts Association of Zimbabwe &Sec General – Zone V1 Darts Confederation

Below are some of the initiatives to date:

a. Darts

The Group started sponsoring the Darts Association in 2008. From then the game has been growing from strength to strength and is now one of the most respected sports in the country. The association is now one of the best managed sports in terms of good corporate governance as per the Sports and Recreation Commission standards. This year the association was nominated in top three in three categories at the Annual National Sports Awards. Last year they were number two in the "most developing sports" and third in the best managed associations. They now have junior developing programs which have seen the game now being played in schools through National Association of Secondary School Heads.

The 27th Bi annual Zone VI Darts Championships 2014

Through our sponsorship, Zimbabwe is now ranked number one in our region, above South Africa who are playing at world championships.

b. MSU – Golf

The Midlands State University (MSU) is a unique, development oriented, pacesetting and stakeholder driven University that provides innovative and enterprising graduates for the immediate and future generation. CBZ Holdings partnered with MSU to hold its Golf Tournament in September 2014.

- The Group sponsored various initiatives towards sports development to various schools: the purchase of branded soccer and netball kits to Ruware and Dzandura schools, sponsorship towards Luvac Volleyball Excellency Annual Tournament, 26 branded playing kits and goal keeper kits for Girls High School tour of Sweden.

- CBZ Holdings Sponsored the Inaugural CBZ Tug of War challenge cup involving all clubs in Zimbabwe. This was held in November 2014 as a way of promoting tug of war which is not popular in the country compared to other sporting disciplines.

The action

Prize Giving ceremony

x) National development

We believe in investing towards strategic national and international initiatives that are meant to boost investor confidence in Zimbabwe as well as building the capacity of local entrepreneurs and professionals.

During the period under review, CBZ Holdings invested in sponsoring a number of national events which were hosted in the country with the objective of enhancing investor confidence in Zimbabwe and these included:

a. Zimtrade Annual Exporters' conference

Stakeholders from various industries converged to share opinions and create alliances seeking to promote economic growth in the country by Creating Brand Zimbabwe through Exports.The focus of the conference was on the need to build Zimbabwe as a strong brand; thus creating an environment within which Zimbabwean companies can competitively market their products and services in the region and beyond.

The impact of this conference included (i) Branding that would influence tourism promotion, and attracting Foreign Direct Investment (ii) Nation branding that will enhance trade competitiveness within the region and beyond. (iii) Helping create an identity for the country.

b. Manufacturing Sector Survey

CBZ Holdings Limited is proud to have remained the lead sponsor of the CZI Manufacturing Sector Survey. We believe that the survey is a critical reference tool for both policy formulation and intervention by the Government as well as strategic planning by the private sector, as it provides a comprehensive analysis of the manufacturing sector's performance.

The Manufacturing Sector Survey is widely recognised as Zimbabwe's leading analysis of the factors affecting business operations and growth, with a particular focus on the manufacturing sector. The scope of the survey not only covers the performance of the manufacturing sector, but also analyses how competitive the sector is and what factors need to be addressed to enhance competitiveness.

The survey aims to provide:

- Empirical, objective evidence towards influencing policy that provides businesses with a lobbying position and reference point when meeting policy makers.
- Government and international cooperating partners with information on obstacles to economic growth as well as possible solutions.
- Academia with information on analysing the current business environment. All of which are of pragmatic value to National development.

c. Quoted Companies Survey

CBZ Holdings sponsored the 16th edition of the prestigious survey on the Zimbabwe Stock Exchange (ZSE) companies based on growth and activity.

Winners were judged on factors that include good corporate governance practices, ethical conduct, corporate social responsibility, consistent and positive financial performance as well as superior total returns to investors (capital gains and dividend yields).

Other events in which the Group were key sponsors included the Small to Medium Enterprises Expo, Customer Service Day celebrations, Zimbabwe International Trade Fair, and the Harare Agricultural Show. CBZ Holdings also participated as a sponsor in various professional winter and summer schools and conferences for the Institute of Chartered Accountants of Zimbabwe, the Institute of People Management, Zimbabwe Association of Pension Funds, Confederation of Zimbabwe Industries and Institute of Insurance Zimbabwe, among others.

CONCLUSION

CBZ Holdings is committed to partnering the community in view of our deep conviction in creating Partnerships for Success. Ultimately the success of our communities will inevitably be our success, hence our pay off line: **CBZ-Partners for Success**

Corporate Governance

OUR APPROACH TO CORPORATE GOVERNANCE

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

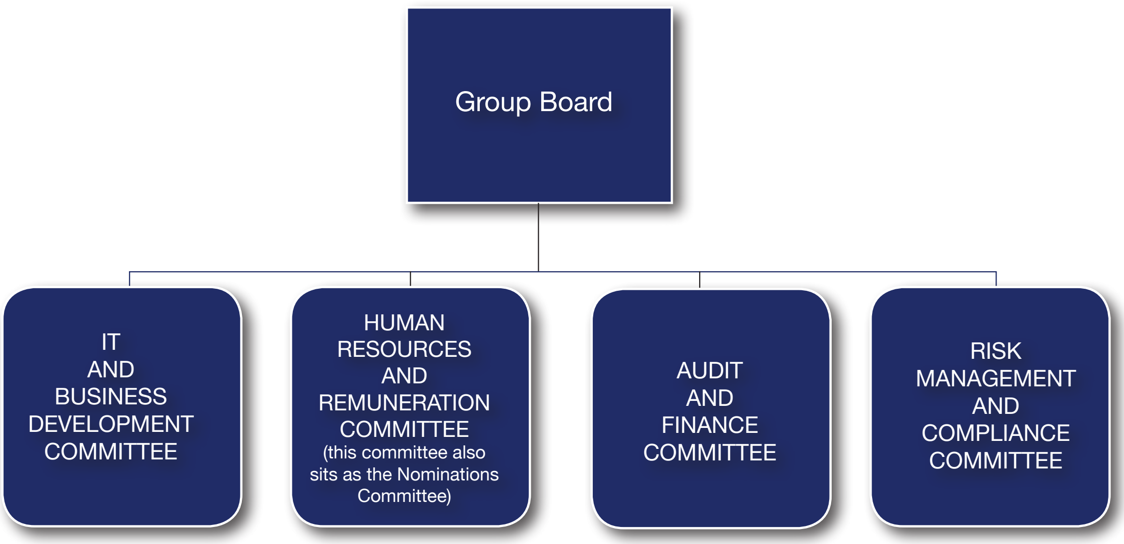
We continue to apply high corporate governance standards aimed at ensuring the ongoing sustainability of the business, and the creation of long-term shareholder value. The CBZ Holdings Board is responsible for ensuring that the Group has a clearly defined governance and compliance framework and is primarily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

Application of King III Principles

The Directors confirm that during the 2014 financial period the Group has in all material respects voluntarily applied the 2009 King Code of Governance Principles (King III) and complied with other mandatory corporate governance provisions in Zimbabwe which include the Reserve Bank of Zimbabwe Corporate Governance Guidelines and the Banking Act (Chapter 24:20).

Whilst the Board believes the Group has achieved a suitable level of maturity in relation to governance, its processes, policies and structures are continuously reviewed and modified to align it with international requirements and with the aim of ensuring ongoing adherence to legislation, regulation and best governance practices with the recent launch of the Zimbabwe Code on Corporate Governance on 9 April 2015, the Group undertakes to fully apply its principles and standards .

Governance Structure as at 31 December 2014



GROUP BOARD

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

The Board has overall responsibility for:-

- The establishment of Group strategy and consideration of strategic challenges.
- The management of the business and affairs of the Group.
- Ensuring the Group manages risk effectively through the approval and monitoring of the Group's risk appetite.
- Allocation and raising of capital.
- The preparation and approval of the Group's Annual Report and Accounts.

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

The Board and committee activities increased significantly in 2014 with a number of key strategic issues taking center stage. In October 2014 the Board reviewed its Corporate Strategic Plan. This launched a full review of our business and focused on the needs of our customers, improving our operations and IT systems, including simplifying our organisational and decision making structures.

STRATEGIC LEADERSHIP

The strategic leadership of the Company is the responsibility of the Board, comprising two Executive Directors and eight Non-Executive Directors as at 31 December 2014.

CHAIRMAN

The role of the Chairman is distinct and separate from that of the Group Chief Executive Officer and there is a clear division of responsibilities with the Chairman leading the Board and the Group Chief Executive Officer managing the Group's business on a day to day basis.

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

- Provide strong and effective leadership to the Board.
- Ensure the Board is structured effectively and observes the highest standards of integrity and corporate governance.
- Manage the business of the Board and set the agenda, style and tone of Board discussions to provide effective decision making and constructive debate.
- Ensure that the performance of individual directors and of the Board as a whole and its committees is evaluated annually.
- Ensure the Group maintains effective communication with shareholders and other stakeholders.

NON-EXECUTIVE DIRECTORS

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

CONFLICTS OF INTEREST

Each Director is required to notify any actual or potential conflicts of interest to the Board and to update the Board on an on-going basis when they become aware of any changes. A Directors' interests schedule is reviewed and signed each quarter before any board meeting.

DIRECTORS CROSS SITTING

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

DIRECTORS CROSS SITTING (continued)

that allows Directors access to subsidiary board documentation. In addition, Directors serve on subsidiary boards where their experience is of value. Directors serving on subsidiary Boards are:-

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

THE BOARD OF DIRECTORS

Changes to the Board

There were a number of changes to the Board composition during 2014. Mr Luxon Zembe retired as Board Chairman on 10 February 2014. Mr Luxon Zembe had served for 5 years on the Board. Mr Richard Victor Wilde was appointed as Board Chairman on 20 February 2014. Dr John P Mangudya retired as the Group Chief Executive Officer on 30 April 2014 to take up his new position as Governor of the Reserve Bank of Zimbabwe. Mr Never Nyemudzo was appointed as the Group Chief Executive Officer on 1 May 2014. Mr Mutambara retired as a Board member on 31 May 2014. He was the NSSA shareholder representative. NSSA is yet to appoint a replacement shareholder representative. Mr Colin Chimutsa was appointed as the Group Chief Finance Officer on 1 May 2014.

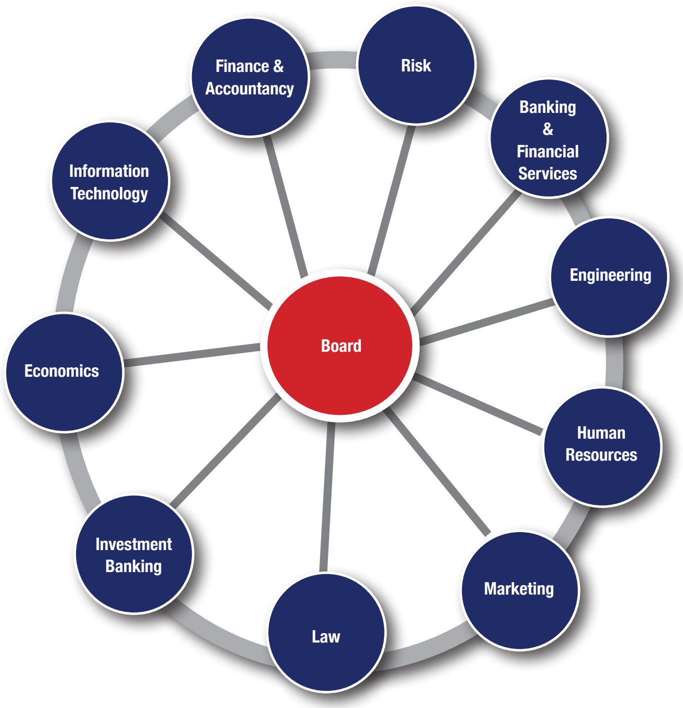
The composition of the Board is monitored and discussed by the Directors on an on-going basis to ensure that the Board has relevant and appropriate skills. The Board as a whole selects and appoints Directors based on recommendations from the Human Resources and Remuneration Committee. The Board in its last meetings of 2014, resolved to appoint three new Non-Executive Directors from within the Group to the Board in order to maintain an appropriate balance of skills, experience, independence and knowledge. The appointed Non-Executive Directors are Mr Ian Harris and Mr Richard Zirobwa both from CBZ Asset Management Board and Mr Richard Dawes from CBZ Life Board. The appointments were also in line with keeping the one CBZ Holdings model on synergies and cross selling within the Group.

Board appointments and effectiveness

Appointments to the Board are made with due cognisance of the need to ensure that the Board consists of a diverse range of skills, knowledge and expertise and has the requisite independence, including the professional and industry knowledge necessary to meet the Group's strategic objectives. All appointments follow a transparent procedure and are subject to confirmation by shareholders at our Annual General meeting. Before appointment, potential Board appointees must undergo a fit and proper test in terms of Reserve Bank of Zimbabwe (RBZ) requirements and the Banking Act (Chapter 24:20). To date all the Board members have been vetted successfully by the RBZ and will be undertaking another fitness evaluation during the first quarter of 2015.

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

The diagram below illustrates the experience on the Board



PROFESSIONAL DEVELOPMENT

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

During 2014 Directors undertook the following training:

NAME OF DIRECTOR	COURSE UNDERTAKEN
Bere, T	9th Annual African Corporate Governance Conference Best Practice for Effective Leadership Finance for Non Finance Managers
Dernawi, F M	9th Annual African Corporate Governance Conference Finance for Non Finance Managers Audit, Risk & Compliance Training
Mugamu, E	9th Annual African Corporate Governance Conference Audit, Risk & Compliance Training 12th Corporate Governance Conference
Mutambara, D	9th Annual African Corporate Governance Conference Best Practice for Effective Leadership Finance for Non Finance Managers
Nhamo, R	9th Annual African Corporate Governance Conference Best Practice for Effective Leadership Audit, Risk & Compliance Training
Chimutsa, C	Best Practice for Effective Board Leadership
Pasi, R	Best Practice for Effective Leadership The Governance of Risk Board Strategic Thinking Board Management Supervision Audit, Risk & Compliance Training 12th Corporate Governance Conference
Taputaira, G	9th Annual African Corporate Governance Conference Best Practice for Effective Leadership Finance for Non Finance Managers

ELECTION AND RE-ELECTION OF DIRECTORS

In accordance with the provisions of the Companies Act (Chapter 24:03) and the Company's Articles and Memorandum of Association, all Directors of the Company are required to stand for re-election on a 3 year rotation basis. Newly appointed directors are to retire at their first Annual General Meeting and to be re-elected at that meeting. The notice of the Annual General Meeting includes details of the proposed resolutions for the election and re-election of directors.
In 2014, Mr Givemore Taputaira and Mrs Roseline Nhamo were retired and re-elected to sit on the Board.

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.

FINANCIAL REPORTING

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

COMPLIANCE

The banking and building society subsidiaries are subject to regulation by the Reserve Bank of Zimbabwe and the Registrar of Banks and Financial Institutions. The Insurance Operations are subject to regulation by the commissioner of Insurance through the Insurance and Pensions Commission (IPEC). 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, dispute or arbitration proceedings which may have had a significant effect on its financial position.

SHAREHOLDERS

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

BOARD OF DIRECTORS COMPOSITION

Non Executive	• Andrew Lowe, • Rebecca Pasi, • Elliot Mugamu, • Givemore Taputaira, • Tinoziva Bere, • Fouad Dernawi, • Roseline Nhamo, • Richard Wilde
Executive	• Never Nyemudzo • Colin Chimutsa

BOARD COMMITTEE MEMBERS AS AT 31 DECEMBER 2014

Audit and Finance	Human Resources & Remuneration	IT & Business Development	Risk Management & Compliance
E. Mugamu R. Pasi A. Lowe *N. Nyemudzo *C. Chimutsa	T . Bere R. Nhamo R. V. Wilde N. Nyemudzo	F.M Dernawi G. Taputaira N. Nyemudzo C. Chimutsa	T. Bere F. M Dernawi R. Pasi A. Lowe N. Nyemudzo C. Chimutsa

** N Nyemudzo and C Chimutsa attend by invitation*

Diversity and Inclusion

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

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

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 Committees continued to play a crucial role in the Company's governance framework during 2014, undertaking their work comprehensively and effectively supporting the work of the Board.

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

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

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

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.

ANALYSIS OF THE COMMITTEES (continued)

Risk Management & Compliance

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

The functions of the Committee include:

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

Human Resources & Remuneration

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

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 Technology.

In its last meeting of December 2014, the Board resolved to rename and reconstitute the IT and Business Development Committee into the Strategy and Innovation Committee with effect from 1 January 2015.

BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER

The table below outlines details of Board and Committee member's attendance of Board and Board Committee meetings for 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	**	4	4	**	4
Dernawi, F M	**	4	**	4	4
Lowe, A	3	3	**	**	3
Mugamu, E	4	**	**	**	4
Nhamo, R	**	**	4	**	4
Pasi, R	4	4	**	**	4
Taputaira, G	**	**	**	4	4
Wilde, R V	**	**	4	**	4
Nyemudzo, N*	4	4	3	4	4
Chimutsa, C*	3	3	**	3	3

KEY

* Executive Directors

** Not a Member

GROUP LEGAL CORPORATE SECRETARY

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

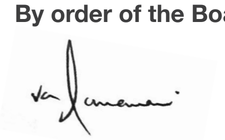
The Group Legal Corporate Secretary oversees the induction of new directors and assists the Group Chairman and the Group Chief Executive Officer to determine the board agendas, as well as to formulate governance and Board-related issues.

She is also responsible for ensuring that the Board receives accurate timely and clear information, facilitates good communication between Board members; leading to the implementation of the recommendations from the annual Board evaluation and the induction and continuing professional development programme of Directors.

STATEMENT OF COMPLIANCE

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

By order of the Board



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Rumbidzayi A. Jakanani
GROUP LEGAL CORPORATE SECRETARY

30 April 2015

REPORT OF THE DIRECTORS

We have the pleasure of presenting our report and the audited financial statements for the year ended 31 December 2014.

SHARE CAPITAL

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

Authorised: 1 000 000 000 ordinary shares
Issued and fully paid: 686 606 585 ordinary shares

INCORPORATION, ACTIVITIES AND RESULTS

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

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

	31 Dec 2014 US $
Current year dividends	2 648 190
Retained for future growth	30 383 193
Profit for the year	**33 031 383**

DIRECTORATE

Richard V. Wilde	Chairman
Tinoziva Bere	Independent Non-executive Director
Fouad M. Dernawi	Non-independent Non-executive Director
Andrew Lowe	Independent Non-executive Director
Elliot Mugamu	Independent Non-executive Director
Roseline Nhamo	Independent Non-executive Director
Rebecca Pasi	Independent Non-executive Director
Givemore Taputaira	Independent Non-executive Director
Never Nyemudzo*	Group Chief Executive Officer
Colin Chimutsa*	Group Chief Finance Officer

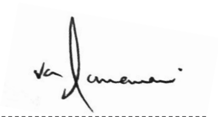
* Executive

Rumbidzayi A Jakanani — Group Legal Corporate Secretary

DIVIDEND ANNOUNCEMENT

The Board decided to declare a final dividend of US$1 388 945 for the year ended 31 December 2014.

By order of the Board



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Rumbidzayi A. Jakanani
GROUP LEGAL CORPORATE SECRETARY

30 April 2015

OUR DIRECTORATE

Richard Victor Wilde
(Age 69)

Capacity
Chairman

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

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

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

External appointment(s):-
- Techfin Reserarch (Pvt) Ltd

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

Never Nyemudzo
(Age 39)

Capacity
Group Chief Executive Officer

Date of appointment:-
1 April 2012

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

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

External appointment(s):-
- Chengetedzai Board Member

Committee Membership(s):-
- Human Resources and Corporate Governance Committee
- Audit & Finance Committee
- Innovation and IT Committee
- Board Risk Management & Compliance Committee

Colin Chimutsa
(Age 50)

Capacity
Group Chief Finance Officer

Date of appointment:-
1 May 2014

Qualifications
Bachelor of Accountancy (Hons)
University of Zimbabwe
Chartered Accountant (Zimbabwe) CA(Z)

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

External appointment(s):-
- None

Committee Membership(s):-
- Audit & Finance Committee
- Innovation and IT Committee
- Board Risk Management & Compliance Committee

Elliot Mugamu
(Age 57)

Capacity
Vice Chairman

Date of appointment:-
1 April 2012

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

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

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

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

Givemore Taputaira
(Age 51)

Capacity
Independent Non-Executive Director

Date of appointment:-
24 June 2009

Qualifications
Bachelor of Science - University of Zimbabwe
Master's in Business Administration-University of Zimbabwe

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

External appointment(s):-
- None

Committee Membership(s):-
- Board Innovation and IT Committee

Andrew Lowe
(Age 44)

Capacity
Independent Non-Executive Director

Date of appointment:-
24 June 2009

Qualifications
Cambridge Advanced levels completed in Additional Mathematics and Economics

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

External appointment(s):-
- None

Committee Membership(s):-
- Audit & Finance Committee

Roseline Nhamo
(Age 45)

Capacity
Independent Non-Executive Director

Date of appointment:-
24 June 2009

Qualifications
MBA - Nottingham Trent University (UK)
Bachelor of Business Studies Honours Degree – University of Zimbabwe
Diploma in Personnel Management – Institute of Personnel Management of Zimbabwe

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

External appointment(s):-
- She is the President of IPMZ and a Trustee for Nyeredzi/Imba Children's Home

Committee Membership(s):-
- Human Resources and Corporate Governance Committee
- Board Risk Management & Compli-ance Committee

Tinoziva Bere
(Age 49)

Capacity
Non-Independent Non-Executive Director

Date of appointment:-
24 June 2009

Qualifications
Bachelor of Law (Hons) University of Zimbabwe

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

External appointment(s):-
- None

Committee Membership(s):-
- Board Risk Management & Compli-ance Committee
- Board Human Resources & Remu-neration Committee

Fouad Moktar Dernawi
(Age 62)

Capacity
Non-Independent Non-Executive Director

Date of appointment:-
24 June 2009

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

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

External appointment(s):-
- None

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

Rebecca Pasi
(Age 46)

Capacity
Independent Non-Executive Director

Date of appointment:-
24 June 2009

Qualifications
Bachelor of Business Administration with specialisation in Marketing Communications
Diploma in Marketing Management.
Banking and Risk Management (UNISA)

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

External appointment(s):-
- None

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

Rumbidzayi Angeline Jakanani
(Age 37)

Capacity
Group Legal Corporate Secretary

Date of appointment:-
1 April 2012

Qualifications
LLM University of Warwick (UK)
Bachelor of Law (Hons) – University of Zimbabwe

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

External appointment(s):-
- None

Financial Statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

Directors' Responsibility Statement

We confirm that, to the best of our knowledge:

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

By order of the Board

....	....
Colin Chimutsa	**Never Nyemudzo**
Group Chief Finance Officer	**Group Chief Executive Officer**
25 February 2015	**25 February 2015**

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Harare
Zimbabwe

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REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF CBZ HOLDINGS LIMITED

We have audited the accompanying consolidated and Company financial statements of CBZ Holdings Limited as set out on pages 58 to 123, which comprise the consolidated and Company statements of comprehensive income for the year ended 31 December 2014, the consolidated and Company statements of financial position as at 31 December 2014, the consolidated and Company statements of changes in equity and the consolidated and Company statements of cash flows for the year then ended, and the notes to the consolidated and Company financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CBZ Holdings Limited at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

Deloitte + Touche

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Deloitte & Touche
Harare, Zimbabwe

25 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	31 Dec 2014 US$	31 Dec 2013 US$
ASSETS			
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 equity holders of the parent		**231 405 218**	**205 175 711**
Non-controlling interests	23.8	284 414	669 251
Total equity and reserves		**231 689 632**	**205 844 962**
Total liabilities, equity and reserves		**1 670 353 252**	**1 558 667 011**

RV Wilde

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R. V. Wilde
Chairman

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N.Nyemudzo
Group Chief
Executive Officer

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R. A. Jakanani
Group Legal
Corporate Secretary

25 February 2015

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	-	-	(1 711 465)	-	-	-		-	(1 711 465)
Treasury shares disposal	-	-	3 802 547	-	-	-	4 676 947	-	8 479 494
Employee share option expense	-	-	-	-		342 300		-	342 300
Exercise of share options	20 639	230 245	-	-	-	(69 047)		-	181 837
Dividend 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)
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	20 995	(470 525)	(449 530)
Employee share option expense	-	-	-	-	-	147 493	-	-	147 493
Exercise of share options	3 981	44 401	-	-	-	(13 316)	-	-	35 066
Dividend paid	-	-	-	-	-	-	(2 220 388)	-	(2 220 388)
Inter category transfer	-	13 000 000	-	(13 000 000)	-	-	-	-	-
Closing balance	**6 866 065**	**39 983 305**	**(13 503 280)**	**-**	**26 305 791**	**907 067**	**170 846 270**	**284 414**	**231 689 632**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

	31 Dec 2014 US$	31 Dec 2013 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
Impairment of property and equipment and land inventory	524 623	746 093
Fair value adjustments on investment properties	(576 488)	(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	-	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)
	(116 531 889)	**(69 568 585)**
Corporate tax paid	(8 947 056)	(17 503 163)
Net cash outflow from operating activities	**(61 463 759)**	**(22 044 181)**
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)
Net cash outflow from investing activities	**(7 818 441)**	**(10 492 053)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	35 066	181 837
Acquisition of additional interest in subsidiary	(449 530)	-
Treasury shares acquisition	(7 398 945)	(1 711 465)
Treasury shares disposal	-	8 479 494
Dividend paid	(2 220 388)	(1 988 135)
Net cash (outflow)/ inflow from financing activities	**(10 033 797)**	**4 961 731**
NET DECREASE IN BALANCES WITH BANKS AND CASH	**(79 315 997)**	**(27 574 503)**
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**

1. GROUP ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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

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

Basis of consolidation

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

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

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

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

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Fair value measurement principles

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

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

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

Origination fees on loans and advances

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

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment on loans and advances

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

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

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

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

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

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

Balances held with the Reserve Bank of Zimbabwe

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

Estimation of property and equipment useful life

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

Estimation of property and equipment residual values

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

Valuation of equity investments

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

Incurred But Not Reported (IBNR) insurance claims

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

1.3 INVESTMENT PROPERTIES

Recognition criteria

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

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

1.3 INVESTMENT PROPERTIES

Transfers to and from investment properties

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

Derecognition

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

1.4 PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

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

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

1.5 FOREIGN CURRENCIES

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

1.6 TAXATION

Deferred taxation

Deferred income tax is provided using the full liability method on temporary differences at the statement of financial position date between the tax bases of

1.6 TAXATION (continued)

Deferred taxation (continued)

assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences except:

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

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

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

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

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

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

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

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

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

Current taxation

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

Capital gains tax

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

Value added tax

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

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

1.7 FINANCIAL ASSETS

Initial Recognition

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

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

Held to maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

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

1.7 FINANCIAL ASSETS (continued)

Fair value of financial instruments

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

Balances with banks and cash

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

Offsetting arrangements

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

1.8 FINANCIAL LIABILITIES

Initial recognition

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

Subsequent measurement

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

Financial liabilities held for trading

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

Financial liabilities designated at fair value through profit or loss

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

Deposits

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

Other financial liabilities are measured at amortised cost.

1.9 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

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

Where the Group has transferred its rights to receive

1.9 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES (continued)

Financial assets (continued)

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

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

Financial liabilities

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

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

1.10 IMPAIRMENT

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

Assets carried at amortised cost

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

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

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

1.10 IMPAIRMENT (continued)

Assets carried at cost

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

Available-for-sale financial assets

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

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

Other assets

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

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

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

1.11 REVENUE RECOGNITION

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

Trading income

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

Interest income

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

1.11 REVENUE RECOGNITION (continued)

Interest expense

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

Commission and fee income

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

Services rendered

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

Dividends

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

Premiums

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

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

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

Commission receivable

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

Basis of accounting for underwriting activities

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

Claims

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

Unexpired risk provision

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

1.11 REVENUE RECOGNITION (continued)

Liability adequacy test

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

Insurance and investment contracts

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

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

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

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

Insurance assets

These comprise reinsurance receivables and deferred acquisition costs.

Reinsurance contracts held

Contracts entered into by the Group with the re-insurers whereby the Group recovers losses on insurance contracts issued are classified as reinsurance contracts held.
The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. The assets consist of short term balances due from re-insurers (classified as reinsurance receivables). The amounts recoverable are measured consistently in accordance with the terms of the reinsurance contracts.

Acquisition costs

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

Lapses and reversals

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

Reversals

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

Premium taxes

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

Co-insurance

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

Claims handling costs

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

1.12 EMPLOYEE BENEFITS

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

Short-term benefits

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

Post-employment benefits

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

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

	31 Dec 2014 US$	31 Dec 2013 US$
NSSA contributions	938 378	700 503
Defined contribution scheme	3 003 676	2 491 255

Employee share option scheme

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

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

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

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

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

1.13 CONTINGENCIES AND COMMITMENTS

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

1.14 INSTALMENT CREDIT AGREEMENTS

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

1.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenue and expenses that relate to transactions with any of the Group's other components. All operating

1.15 OPERATING SEGMENTS (continued)

segments' operating results are reviewed regularly by the Group Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, for which discreet information is available.

1.16 FIDUCIARY ACTIVITIES

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

1.17 FINANCIAL GUARANTEES

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

1.18 EARNINGS PER SHARE

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

1.19 INTANGIBLE ASSETS

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

1.20 LEASED ASSETS

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

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

1.21 SHARE CAPITAL

Ordinary share capital

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

Repurchase of share capital (treasury shares)

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

1.22 RELATED PARTIES

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

1.23 BORROWING COSTS

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

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

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

1.24 FAIR VALUE MEASUREMENT

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

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

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

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

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

FAIR VALUE MEASUREMENT (continued)

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

	Level 1		Level 2		Level 3		Total carrying Amount	
	2014 US$m	2013 US$m	2014 US$m	2013 US$m	2014 US$m	2013 US$m	2014 US$m	2013 US$m
Assets Investment in equities	1.7	1.4	-	-	-	-	1.7	1.4
Land and buildings	-	-	58.0	56.7		-	58.0	56.7
Investment properties	-	-	25.2	21.9	-	-	25.2	21.9
Total assets at fair value	**1.7**	**1.4**	**83.2**	**78.6**	**-**	**-**	**84.9**	**80.0**

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

1.25 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

New and revised standards affecting amounts reported and/or disclosures in the financial statements

- Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 – Investments in Associates and Joint Ventures: Investment Entities (effective on annual periods beginning on or after 1 January 2014 with earlier application permitted)
- Amendments to IAS 32 – Financial Instruments Presentation: Offsetting Financial Assets and Financial Liabilities (effective on annual periods beginning on or after 1 January 2014 with earlier application permitted)
- Amendments to IAS 36 – Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (effective on annual periods beginning on or after 1 January 2014.)
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting(effective on annual periods beginning on or after 1 January 2014)
- IFRIC 21 Levies(Applicable to annual periods beginning on or after 1 January 2014)

The above standards had no material impact on the Group's financial statements in this current period of their initial application

New and revised standards in issue but not yet effective

- IFRS 9 Financial Instruments (effective on annual periods beginning on or after 1 January 2015 with earlier application permitted)
- IFRS 15 – Revenue from Contracts with Customers (effective on annual periods beginning on or after 1 January 2017 with earlier application permitted)
- Amendments to IFRS 11 - Joint Arrangements: Accounting for Acquisitions of interests in Joint Operations(effective on annual periods beginning on or after 1 January 2016 with earlier application permitted)
- Amendments to IAS 16 – Property Plant and Equipment and IAS 38 - Intangible Assets: Clarification of acceptable methods of depreciation and amortisation(effective on annual periods beginning on or after 1 January 2016 with earlier application permitted)
- Amendments to IAS 16 – Property Plant and Equipment and IAS 41 – Agriculture: Bearer Plants effective on annual periods beginning on or after 1 January 2016 with earlier application permitted)
- Amendments to IFRS 9 and IFRS 7 (effective on annual periods beginning on or after 1 January 2015 with earlier application permitted)
- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions (Applicable to annual periods beginning on or after 1 July 2014.)

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

New and revised standards in issue but not yet effective (continued)

- IFRS 14 - Regulatory Deferred accounts (Effective on 1 January 2017)
- Annual improvements 2010-2012 cycle makes improvements to the following standards:

  -IFRS 2-Share based payments

  -IFRS 3-Business combinations

  -IFRS 8-Operating segments

  -IFRS 13-Fair value measurements

  -IAS 16-Property Plant and Equipment

  -IAS 24-Related party disclosures

  -IFRS 1-First time Adoption of IFRS

The application of these standards, except for IFRS 9, is not expected to have a material impact on the Group's financial statements. Management is assessing the full impact of IFRS 9.

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 2015. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

2. INTEREST

	31 Dec 2014 US$	31 Dec 2013 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**
Short-term money market assets	15 135 300	4 200 301
Other investments	(32 918)	5 921 867
	190 213 435	**171 798 621**
Interest expense		
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**

3. NON-INTEREST INCOME

	31 Dec 2014 US$	31 Dec 2013 US$
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**

	31 Dec 2014 US$	31 Dec 2013 US$
4. UNDERWRITING INCOME (NET)		
Gross premium insurance	18 319 992	15 217 421
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**

5. OPERATING EXPENDITURE

	31 Dec 2014 US$	31 Dec 2013 US$
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	-
	98 662 955	**88 813 016**

Remuneration 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	4 390 130
	7 961 001	**5 820 841**

Operating leases

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

Less than 1 year	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 lease. The buildings are mainly used by the bank for its various branches. The leases run for a period less than 5 years with an option to renew the lease after the expiry date. During the year ended 31 December 2014, an amount of US$2 310 634 was recognised as rental expense in statement of comprehensive income.

6. TAXATION

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

	31 Dec 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**
6.1 Income tax relating to components of other comprehensive income		
Gross revaluation adjustments	3 247 571	3 774 521
Tax expense	(547 980)	(561 057)
Net revaluation adjustment	**2 699 591**	**3 213 464**
Total taxation	**547 980**	**561 057**
6.2 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 end of the year.

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

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

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

	31 Dec 2014	31 Dec 2013
7.1 Earnings per share (US cents):		
Basic	5.59	6.30
Fully diluted	5.44	6.14
Headline	5.61	6.18

		31 Dec 2014 US$	31 Dec 2013 US$
7.2	**Earnings**		
	Basic earnings (earnings attributable to equity holders of parent)	32 945 695	36 469 338
	Fully diluted earnings	32 945 695	36 469 340
	Headline earnings	33 046 194	35 773 928

		31 Dec 2014 Shares	31 Dec 2013 Shares
	Number of shares used in calculations (weighted average)		
	Basic earnings per share (weighted average)	589 866 928	578 552 839
	Fully diluted earnings per share (weighted average)	605 123 808	594 207 764
	Headline earnings (weighted average)	589 866 928	578 552 839

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

	31 Dec 2014 US$	31 Dec 2013 US$
Weighted average number of shares before adjustment for treasury shares	686 510 096	686 208 540
Less: Treasury shares held	(96 643 168)	(107 655 701)
Weighted average number of shares used for basic EPS	**589 866 928**	**578 552 839**
Potentially dilutive shares	15 256 880	15 654 925
Weighted average number of shares used for diluted EPS	**605 123 808**	**594 207 764**

7.4 Headline earnings

	31 Dec 2014	31 Dec 2013
Profit attributable to ordinary shareholders	32 945 695	36 469 338
Adjusted for:		
Impairment on property and equipment and land inventory	524 623	746 093
Disposal loss on property and equipment	53 972	80 469
Gains on investment properties valuations	(576 488)	(1 730 859)
Tax relating to re-measurements	98 392	208 887
	33 046 194	**35 773 928**

8. DIVIDENDS

	31 Dec 2014	31 Dec 2013
Interim dividend paid	1 103 009	961 305
Final dividend proposed	1 388 945	1 262 708
	2 491 954	**2 224 013**

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

	31 Dec 2014 US$	31 Dec 2013 US$
9. BALANCES WITH BANKS AND CASH		
Cash foreign	29 239 147	35 820 181
Nostro accounts	17 529 169	22 530 964
Balance with the Reserve Bank of Zimbabwe	26 522 329	94 237 886
Interbank clearing accounts	5 365	22 976
	73 296 010	**152 612 007**
10. MONEY MARKET ASSETS		
AMA/Agro bills	1 422 000	100 000
Call placements	64 764 086	82 244 680
Treasury bills	147 838 853	54 171 471
Bankers acceptances	21 428 062	35 700 159
Accrued interest	4 949 430	2 915 570
	240 402 431	**175 131 880**
10.1 Maturity analysis		
Less than 1 month	24 010 837	85 506 749
Between 1 and 3 months	72 768 110	24 403 863
Between 3 and 6 months	1 727 933	18 261 279
Between 6 months and 1 year	4 395 084	40 000 000
Between 1 and 5 years	137 500 467	6 959 989
	240 402 431	**175 131 880**
10.2 Financial assets held for trading		
Maturity value	240 052 181	173 049 063
Book value	233 714 027	166 359 546
11. ADVANCES		
Overdrafts	660 125 004	558 909 098
Loans	347 187 101	355 480 541
Mortgage advances	171 359 744	137 205 371
	1 178 671 849	**1 051 595 010**
Interest accrued	13 098 389	12 439 476
Total gross advances	**1 191 770 238**	**1 064 034 486**
Impairment provision (including interest in suspense)	(65 831 958)	(35 915 744)
	1 125 938 280	**1 028 118 742**

11.1 Sectoral analysis

	US$	%	US$	%
Private	116 692 382	10	107 684 587	10
Agriculture	337 137 187	28	294 181 688	27
Mining	20 142 355	2	16 809 125	2
Manufacturing	97 172 797	8	96 973 194	9
Distribution	293 006 084	25	246 431 922	23
Construction	4 635 813	-	5 299 981	1
Transport	22 777 858	2	25 308 141	2
Communication	6 927 291	-	8 911 310	1
Services	271 335 148	23	243 360 650	23
Financial organisations	21 943 323	2	19 073 888	2
	1 191 770 238	**100**	**1 064 034 486**	**100**

		31 Dec 2014 US$	31 Dec 2013 US$
11.2	**Maturity analysis**		
	Less than 1 month	614 542 440	613 145 157
	Between 1 and 3 months	35 045 651	13 090 851
	Between 3 and 6 months	21 247 394	8 986 471
	Between 6 months and 1 year	208 199 408	128 262 783
	Between 1 and 5 years	157 392 983	180 355 875
	More than 5 years	155 342 362	120 193 349
		1 191 770 238	**1 064 034 486**

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

		31 Dec 2014 US$	31 Dec 2013 US$
11.3	**Loans to directors, key management and employees**		
	Loans to directors and key management		
	Included in advances are loans to Executive Directors and key management:-		
	Opening balance	7 691 443	5 993 289
	Advances made during the year	536 868	2 635 763
	Repayments during the year	(1 623 118)	(937 609)
	Balance at end of year	**6 605 193**	**7 691 443**
	Loans to employees		
	Included in advances are loans to employees:		
	Opening balance	37 838 477	37 882 668
	Advances made during the year	7 857 898	1 289 824
	Repayments during the year	(1 317 626)	(1 334 015)
	Balance at end of year	**44 378 749**	**37 838 477**
11.4	**Non performing advances**		
	Total advances on which interest is suspended	**87 094 321**	**46 985 692**
11.5	**Impairment provisions**		
	Opening balance	35 915 744	35 455 206
	Charge for impairment on advances	17 887 532	19 159 872
	Interest in suspense	16 479 820	13 699 706
	Amounts written off during the year	(4 451 137)	(32 399 040)
	Balance at end of year	**65 831 959**	**35 915 744**
	Comprising:		
	Specific impairments	37 640 994	17 410 620
	Portfolio impairments	28 190 965	18 505 124
		65 831 959	**35 915 744**
11.6	**Collaterals**		
	Cash cover	151 961 284	31 776 798
	Mortgage bonds	845 898 806	737 233 914
	Notarial general covering bonds	754 069 932	657 516 198
		1 751 930 022	**1 426 526 910**

	31 Dec 2014 US$	31 Dec 2013 US$
12. INSURANCE ASSETS		
Reinsurance unearned premium reserve	1 259 713	1 076 997
Reinsurance receivables	869 957	1 151 399
Deferred acquisition cost	530 652	443 141
Insurance premium receivables	1 537 898	1 408 104
Suspended premium	(46 222)	(99 518)
	4 151 998	**3 980 123**
12.1 Impairment on insurance assets		
Opening balance	179 204	89 557
Provision for doubtful insurance receivables	148 420	285 375
Amounts written off during the year	(127 483)	(195 728)
Balance at end of the year	**200 141**	**179 204**
13. OTHER ASSETS		
Work in progress	-	1 734 385
Land inventory	77 563 434	65 964 183
Prepayments and deposits	1 411 962	1 669 340
Other receivables	12 339 607	1 710 560
	91 315 003	**71 078 468**
14. INVESTMENTS IN OTHER FINANCIAL ASSETS		
Investments in equity instruments	5 462 918	4 169 747
Investments in debenture instruments	7 629 967	7 628 031
	13 092 885	**11 797 778**
14.1 Investments in equities		
Listed investments	1 687 780	1 419 423
Unlisted investments	3 775 138	2 750 324
	5 462 918	**4 169 747**
At cost	3 775 138	2 750 324
At fair value	1 687 780	1 419 423
	5 462 918	**4 169 747**
Portfolio analysis		
Trading	4 982 148	3 968 976
Available for sale	480 770	200 771
	5 462 918	**4 169 747**

Available for sale investments are held at cost.

14.2 Investments in subsidiaries

	US$	%	US$	%
CBZ Bank Limited	21 839 891	100	21 839 891	100
CBZ Asset Management	1 987 950	100	1 987 950	100
CBZ Building Society	19 114 990	100	19 114 990	100
CBZ Insurance (Private) Limited	824 109	86.63	374 579	58.5
CBZ Properties (Private) Limited	4 779 144	100	4 779 144	100
CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
CBZ Asset Management-Mauritius	132 990	100	-	-
	50 067 088	**100**	**49 484 568**	**100**

Refer to note 23.8.1 for 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 impairment								
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	-	-	-	(154 718)	(421 026)	-	(575 744)	(153 697)
Revaluation	-	(2 727 819)	-	-	-	-	(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**	**76 444 894**	

15. PROPERTY AND EQUIPMENT (continued)

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.

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

The maximum useful lives are as follows:

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

The carrying amount of buildings would have been US$31 804 389 (2013: US$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 US$	31 Dec 2013 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 investments 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 comprise computer software, are amortised over an estimated useful life of 3 years.

18. DEFERRED TAXATION

Analysis of temporary differences	31 Dec 2014 US$	31 Dec 2013 US$
18.1 Deferred tax asset		
Opening balance	16 050 111	7 539 322
Assessed loss	263 977	161 378
Impairments and provisions	3 777 181	657 112
Tax claimable impairments	(4 908 545)	8 377 977
Other	2 032 590	(685 678)
Closing balance	**17 215 314**	**16 050 111**

18.2 Deferred tax liability

	31 Dec 2014 US$	31 Dec 2013 US$
Deferred tax related to items charged or credited to statement of Comprehensive income during the period is as follows:		
Revaluation of property and equipment	547 980	561 057
	547 980	**561 057**
The deferred tax included in the statement of financial position and changes recorded in the income tax expenses are comprised of:		
Fair value adjustments	98 392	208 886
Prepayments	16 429	589 907
Property and equipment	404 639	(1 042 633)
Other	(1 042 263)	(121 691)
	(522 803)	**(365 531)**
Add:		
Opening balance	2 581 481	2 385 955
Closing balance	**2 606 658**	**2 581 481**

19. DEPOSITS

	31 Dec 2014 US$	31 Dec 2013 US$
Call deposits	23 671 484	10 439 337
Savings and other deposits	608 023 548	521 227 248
Money market deposits	537 399 502	490 348 487
Lines of credit	234 727 287	299 481 272
Accrued interest	13 109 056	11 067 911
	1 416 930 877	**1 332 564 255**

19.1 Deposits by source

	31 Dec 2014 US$	31 Dec 2013 US$
Banks	62 558 182	37 647 610
Money market	508 228 320	468 446 725
Customers	609 567 589	522 778 226
Lines of credit	236 576 786	303 691 694
	1 416 930 877	**1 332 564 255**

19.2 Deposits by type

	31 Dec 2014 US$	31 Dec 2013 US$
Retail	103 847 578	66 911 308
Corporate	505 720 011	455 866 918
Money market	570 786 502	506 094 335
Lines of credit	236 576 786	303 691 694
	1 416 930 877	**1 332 564 255**

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 of 6.1% and are secured by a variety of instruments which include lien over bank accounts, guarantees, treasury bills and sub borrower securities.

19.3 Sectoral Analysis

	31 Dec 2014 US$	%	31 Dec 2013 US$	%
Private	83 693 796	6	66 088 820	5
Agriculture	35 739 298	2	33 618 095	3
Mining	10 792 075	1	11 045 154	1
Manufacturing	78 303 262	6	124 870 103	9
Distribution	135 342 475	10	133 636 078	10
Construction	25 282 409	2	23 766 879	2
Transport	17 285 714	1	16 249 538	1
Communication	31 564 254	2	62 095 991	5
Services	442 694 646	31	324 718 478	24
Financial organisations	525 654 196	37	487 294 770	37
Financial and investments	30 578 752	2	49 180 349	3
	1 416 930 877	**100**	**1 332 564 255**	**100**

19.4 Maturity analysis

	31 Dec 2014 US$	31 Dec 2013 US$
Repayable on demand	602 465 271	805 831 152
Between 1 and 3 months	100 964 340	192 584 821
Between 3 and 6 months	57 606 556	121 254 263
Between 6 months and 1 year	308 929 280	102 362 566
Between 1 and 5 years	317 679 170	89 710 470
More than 5 years	29 286 260	20 820 983
	1 416 930 877	**1 332 564 255**

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

20. INSURANCE LIABILITIES

	31 Dec 2014 US$	31 Dec 2013 US$
Reinsurance payables	695 165	549 367
Gross outstanding claims	1 066 353	635 779
Gross unearned premium reserve	3 082 376	2 202 048
Deferred reinsurance acquisition revenue	290 824	231 952
	5 134 718	**3 619 146**

20.1 Insurance contract provisions

(a) Provision for unearned premiums	Gross US$	Reinsurance US$	Net US$
Unearned premiums beginning of year			
Written premiums	3 002 414	1 076 997	1 925 417
Premiums earned during the year	18 319 992	4 758 546	13 561 446
Additional Unearned Risk Reserve (AURR)	(17 457 751)	(4 575 831)	(12 881 920)
Unearned premiums at end of year	**3 864 655**	**1 259 712**	**2 604 943**
Outstanding claims provision			
Outstanding claims at beginning of year	614 363	122 900	491 463
Claims incurred	5 590 615	1 641 637	3 948 978
Incurred but not reported claims provision (IBNR)	258 328	-	258 328
Claims paid	(5 254 709)	(1 388 512)	(3 866 197)
Outstanding claims at end of year	**1 208 597**	**376 025**	**832 572**

(b) Reinsurance payables	Gross US$	Reinsurance US$
Reinsurance payables at beginning of year	549 367	1 058 715
Premiums ceded during the year	4 758 546	4 235 432
Reinsurance paid	(4 612 748)	(4 744 780)
Reinsurance payables at end of year	**695 165**	**549 367**

(c) Commissions	Unearned Commission US$	Deferred Acquisition US$	Net US$
Unearned at beginning of year	231 953	246 176	(14 223)
Written premiums	924 663	1 008 865	(84 202)
Earned during the year	(868 078)	(906 173)	38 095
Unearned at end of year	**288 538**	**348 868**	**(60 330)**

(d) Net claims	31 Dec 2014 US$	31 Dec 2013 US$
Gross claims incurred	5 197 235	4 377 900
Reinsurance claims	(1 413 805)	(1 882 360)
Incurred but not reported claims	683 132	459 275
Gross outstanding claims	612 305	664 930
Reinsurance share of outstanding claims	(227 832)	(122 900)
	4 851 035	**3 496 845**
(e) Net commissions		
Commission received	973 514	953 886
Commission paid	(2 479 129)	(1 872 444)
Deferred acquisition costs	28 641	217 791
Net commission	**(1 476 974)**	**(700 767)**

21. LIFE FUND

	Unearned Premium Reserve US$	Incurred But Not reported US$	Guaranteed Education Plan Provision US$	Total US$
Opening balance	799 601	424 805	390 277	1 614 683
Transfer (to)/from income	(26 539)	200 853	687 851	862 165
Interest on GEP Fund	-	-	50 145	50 145
Early Maturity GEP claims	-	-	(215 500)	(215 500)
Closing balance	**773 062**	**625 658**	**912 773**	**2 311 493**

22. OTHER LIABILITIES

	31 Dec 2014 US$	31 Dec 2013 US$
Revenue received in advance	3 236 546	1 124 626
Sundry creditors	6 521 473	7 234 689
Other	1 756 708	2 126 201
	11 514 727	**10 485 516**

23. EQUITY AND RESERVES

23.1 Share capital

	31 Dec 2014 US$	31 Dec 2013 US$
Authorised		
1 000 000 000 ordinary shares of US$ 0.01each	10 000 000	10 000 000
Issued and fully paid		
686 606 585 ordinary shares of US$ 0.01each (2013:686 208 400)	6 866 065	6 862 084
Opening balance	6 862 084	6 841 445
Exercise of share options	3 981	20 639
Closing balance	**6 866 065**	**6 862 084**

23.2 Share premium

	31 Dec 2014 US$	31 Dec 2013 US$
Opening balance	26 938 904	26 708 659
Exercise of share option reserve	44 401	230 245
Transfer from non –distributable reserve	13 000 000	-
Closing balance	**39 983 305**	**26 938 904**

23.3 Treasury shares

	31 Dec 2014 US$	31 Dec 2013 US$
Opening balance	6 104 335	8 195 417
Share buyback	7 398 945	1 711 465
Disposal of shares	-	(3 802 547)
Closing balance	**13 503 280**	**6 104 335**

23.4 Non-distributable reserve

	31 Dec 2014 US$	31 Dec 2013 US$
Opening balance	13 000 000	13 000 000
Transfer to share premium	(13 000 000)	-
Closing balance	**-**	**13 000 000**

The Group transferred its Non Distributable Reserve to Share Premium during the year. The balance was a residual of the capital reserves arising on dollarisation of the economy and set aside for application to any misstatements or misjudgments arising on determination of the assets and liabilities on that date. It is the Group's conviction that 5 years post dollarisation of the economy, such misstatements or misjudgments do not exist. As a result, the balances have been transferred to the share premium reserve, which was the reserve used to accommodate all premiums on share capital redenomination.

		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 and US$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	US$0.0881	40 000 000

Movement	31 Dec 2014 Number of shares	31 Dec 2013 Number of shares
Opening balance	37 951 792	40 000 000
Options exercised	(398 045)	2 408 208
Options forfeited	-	-
Closing balance	**37 553 747**	**37 951 792**

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:

Exercise price

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

23.6 Employee share option reserve (continued)

Expected volatility

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

Expected dividends

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

Risk free rate of return

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

23.7 Revenue reserve

	31 Dec 2014 US$	31 Dec 2013 US$
The revenue reserve comprises:		
Holding Company	21 230 305	18 743 685
Subsidiary companies	153 407 951	125 022 672
Effects of consolidation journals	(3 791 986)	(3 666 389)
	170 846 270	**140 099 968**

23.8 Non-controlling interests (NCI)

Non-controlling interests comprise:		
Opening balance	669 251	486 247
Total comprehensive income	85 688	183 004
Acquisition of additional interest in subsidiary	(470 525)	-
Closing balance	**284 414**	**669 251**

23.8.1 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%.

	31 Dec 2014 US$	31 Dec 2013 US$
Net asset value of NCI at acquisition	694 163	-
Fair value of consideration paid	449 530	-
Value of NCI Disposed (28.13%/41.5% of 694 163)	(470 525)	-
	(20 995)	**-**

24. CATEGORIES OF FINANCIAL INSTRUMENTS

31 December 2014	At fair value through profit or loss US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
Financial assets					
Balances with banks and cash	-	-	73 296 010	-	73 296 010
Money market assets	240 402 431	-	-	-	240 402 431
Advances	-	-	1 125 938 280	-	1 125 938 280
Insurance assets	-	-	4 151 998	-	4 151 998
Investments	4 982 148	480 770	7 629 967	-	13 092 885
Other assets	-	-	46 065 681	-	46 065 681
Total	**245 384 579**	**480 770**	**1 257 081 936**	**-**	**1 502 947 285**
Financial liabilities					
Deposits	-	-	-	1 416 930 877	1 416 930 877
Life Fund	-	-	-	2 311 493	2 311 493
Insurance liabilities	-	-	-	5 134 718	5 134 718
Other liabilities	-	-	-	11 514 727	11 514 727
Total	**-**	**-**	**-**	**1 435 891 815**	**1 435 891 815**

31 December 2013	At fair value through profit or loss US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
Financial assets					
Balances with banks and cash	-	-	152 612 007	-	152 612 007
Money market assets	166 359 546	-	8 772 334	-	175 131 880
Advances	-	-	1 028 118 742	-	1 028 118 742
Insurance assets	-	-	3 980 123	-	3 980 123
Investments	3 968 976	200 771	7 628 031	-	11 797 778
Other assets	-	-	18 917 844	-	18 917 844
Total	**170 328 522**	**200 771**	**1 220 029 081**	**-**	**1 390 558 374**
Financial liabilities					
Deposits	-	-	-	1 332 564 255	1 332 564 255
Insurance liabilities	-	-	-	3 619 146	3 619 146
Other liabilities	-	-	-	10 485 516	10 485 516
Total	**-**	**-**	**-**	**1 346 668 917**	**1 346 668 917**

25. CAPITAL MANAGEMENT

The Bank adopted the Group Internal Capital Adequacy Assessment Policy (ICAAP) which enunciates CBZ Holdings Limited approach, assessment management of risk and capital from an internal perspective that is over and above the minimum regulatory rules and capital requirements of Basel II. The primary objective of the Group's capital management is to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit 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 the meeting the expectations of those stakeholders i.e. shareholders,analysts, investors ,clients and the general public who are interested in looking at the profitability of the Group vis-a-vis assumed levels of risk (risk vs return).

26. CONTINGENCIES AND COMMITMENTS

	31 Dec 2014 US$	31 Dec 2013 US$
Contingent liabilities		
Guarantees	**145 598 708**	**155 884 234**
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.

27. FUNDS UNDER MANAGEMENT

	31 Dec 2014 US$	31 Dec 2013 US$
Pensions	118 672 559	116 750 198
Private	9 081 111	12 697 695
Unit trust	812 324	1 002 987
Money market	7 793 728	9 720 336
	136 359 722	**140 171 216**

Funds under management are clients' funds held by CBZ Asset Management. These are not recognised in the Statement Of Financial Position.

28. OPERATING SEGMENTS

The Group is comprised of the following operating units:

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

The table on the next page shows the segment operational results for the year ended 31 December 2014:

28. OPERATING SEGMENTS (continued)

28.1 Segment operational results

	Commercial Banking US$	Mortgage Finance US$	Asset Management US$	Insurance US$	Property Investment US$	Other Operations US$	Elimination of Inter segment amounts US$	Consolidated US$
Income								
Total income for the year ended 31 December 2014	116 816 275	27 072 179	2 307 221	8 366 698	658 441	4 955 762	(5 607 284)	154 569 292
Total income for the year ended 31 December 2013	116 435 622	23 623 732	2 119 670	7 867 177	1 209 871	1 387 929	(2 099 186)	150 544 815
Depreciation and amortisation for the year ended 31 December 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 December 2013	4 176 727	1 513 249	160 513	191 298	-	146 020	109 354	6 297 161
Impairment of assets for the year ended 31 December 2014	17 389 824	1 022 331	-	148 420	-	-	-	18 560 575
Impairment of assets for the year ended 31 December 2013	19 082 552	792 351	2 611	285 374	28 452	-	-	20 191 340
Results								
Profit before taxation for the year ended 31 December 2014	20 161 938	13 962 547	461 670	3 250 193	635 452	4 330 771	(5 794 351)	37 008 220
Profit before taxation for the year ended 31 December 2013	23 287 628	14 954 494	494 751	3 878 458	1 190 625	(219 388)	(1 363 583)	42 222 985
Cash flows								
Used in operating activities for the year ended 31 December 2014	(69 240 531)	528 241	(87 293)	352 153	1 035 429	5 325 015	623 227	(61 463 759)
Used in operating activities for the year ended 31 December 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 December 2014	(5 019 784)	(671 320)	(74 608)	(570 497)	(77 404)	(1 987 019)	582 191	(7 818 441)
Used in investing activities for the year ended 31 December 2013	(7 518 894)	(702 982)	(177 233)	(501 876)	176 609	(2 725 634)	957 957	(10 492 053)
Used in financing activities for the year ended 31 December 2014	(4 672 000)	-	-	-	(1 000 000)	(9 584 268)	5 222 471	(10 033 797)
Generated in financing activities for the year ended 31 December 2013	1 300 000	-	(330 000)	(13 135)	-	4 746 786	(741 920)	4 961 731
Assets and liabilities								
Reportable segment liabilities for the year ended 31 December 2014	1 392 496 591	145 402 597	436 012	8 577 965	1 432 895	3 022 432	(112 704 872)	1 438 663 620
Reportable segment liabilities for the year ended 31 December 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 December 2014	1 518 413 377	224 215 589	2 841 965	19 229 814	10 745 290	58 562 723	(163 655 506	1 670 353 252
Total segment assets for the year ended 31 December 2013	1 427 833 599	185 109 574	2 574 542	13 947 018	11 136 563	63 142 973	(145 077 258)	1 558 667 011

29. RELATED PARTIES

The ultimate controlling 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 investments 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				
	Gross Limits US$	Utilised Limits US$	Value of Security US$	Percentage of Capital Utilised
Loans to directors	5 861 816	5 436 334	5 901 674	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 .

Transactions with related parties

	31 Dec 2014 US$	31 Dec 2013 US$
Interest income	815 863	569 395
Commission and fee income	10 478	53 433
Other	-	2 367
	826 341	**625 195**

Compensation of key management personnel of the Group

As required by IAS 24: Related Party Disclosures, 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

	31 Dec 2014 US$	31 Dec 2013 US$
ZAR	11.5798	10.4310
GBP	1.5560	1.6479
EUR	1.2152	1.3790

31. RISK MANAGEMENT

31.1 Risk overview

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

31.2 Group risk management framework

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

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

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

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

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

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

31.3 Credit risk

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

Credit risk management framework

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

The Group uses an internal rating system based on 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.

31.3 Credit risk (continued)

Credit risk management framework (continued)

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

Credit mitigation

Credit mitigation is employed in the Group through taking collateral, credit insurance and other guarantees. The Group is guided by considerations related to legal certainty, enforceability, market valuation and the risk related to the guarantor 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 more.

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

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

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

31.3. (a) Credit risk exposure

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

	31 Dec 2014 US$	31 Dec 2013 US$
Balances with banks	44 056 863	116 791 825
Money market assets	240 402 431	175 131 880
Advances	1 125 938 280	1 028 118 742
Other assets	46 065 681	18 917 844
Total	**1 456 463 255**	**1 338 960 291**
Contingent liabilities	145 598 708	155 884 234
Commitments	450 465	241 204
Total	**146 049 173**	**156 125 438**

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

The Group held cash equivalents of US$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.

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

	31 Dec 2014 US$	31 Dec 2013 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

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

	31 Dec 2014 US$	31 Dec 2013 US$
3 to 6 months	69 765 678	44 457 363
6 months and above	17 328 643	2 528 329
Total	**87 094 321**	**46 985 692**

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

	31 Dec 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	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**

	31 Dec 2014 US$	31 Dec 2013 US$
Collateral (mortgage security)	857 478 870	737 233 914
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
	1 763 510 086	**1 426 526 910**

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, and assignment of crop or export proceeds, leasebacks and stop-orders. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are regularly 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$
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**

*See definition on note 31.3.1

31.3 (e) Credit Quality per Class of Financial Assets

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

31 DECEMBER 2014	Neither past due nor impaired *Normal grade US$	*Special mention grade US$	Sub-standard grade US$	*Doubtful and *Loss grade US$	Total US$
Advances					
Agriculture	128 828 853	188 412 407	17 103 863	2 792 064	337 137 187
Manufacturing	43 683 018	42 718 195	10 771 584	-	97 172 797
Commercial	221 726 104	39 487 176	7 106 768	3 015 100	271 335 148
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.

31 DECEMBER 2013	Neither past due nor impaired *Normal grade US$	*Special mention grade US$	Sub-standard grade US$	*Doubtful and *Loss grade US$	Total 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**

*See definition on note 31.3.1

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.

Allowance for impairment

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

31.3 (e) Credit Quality per Class of Financial Assets (continued)

Write-offs

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

Concentration of credit risk

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

31.3.1 Credit quality definitions

Normal grade

An asset is defined 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 defined as special grade,

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

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

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

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

Substandard grade

An asset is defined as sub-standard,

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

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

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

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

Doubtful

An asset is defined as doubtful,

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

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

31.3.1 Credit quality definations (continued)

Loss

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

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

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

31.4 Market risk

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

31.4.1 Group market risk management framework

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

31.5 Liquidity risk

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

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

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

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

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

31. RISK MANAGEMENT (continued)

31.5.1 Gap analysis

LIQUIDITY PROFILE AS AT 31 DECEMBER 2014

	Demand US$	1 to 3 months US$	3 to 6 months US$	6 to 12 Months US$	1 to 5 years US$	5 years and above US$	Total US$
Assets							
Advances	548 710 482	35 045 651	21 285 311	208 199 408	157 355 066	155 342 362	1 125 938 280
Balances with banks and cash	73 296 010	-	-	-	-	-	73 296 010
Investment other financial assets	15	-	-	248 181	7 629 967	-	7 878 163
Money market assets	24 010 837	72 768 110	1 727 933	4 395 084	137 500 467	-	240 402 431
Financial guarantees	1 402 000	2 092 367	5 502 381	1 821 960	123 100 000	11 680 000	145 598 708
Current tax receivable	1 009	1 489 382	-	-	-	-	1 490 391
Other liquid assets	756 602	41 371 164	-	3 937 915	-	-	46 065 681
Total	**648 176 955**	**152 766 674**	**28 515 625**	**218 602 548**	**425 585 500**	**167 022 362**	**1 640 669 664**
Liabilities							
Deposits	602 465 271	100 964 340	57 606 556	308 929 280	317 679 170	29 286 260	1 416 930 877
Current tax payable	-	165 147	-	-	-	-	165 147
Insurance liabilities	30 287	802 648	-	4 301 783	-	-	5 134 718
Other liabilities	415 287	10 765 980	333 460	-	-	-	11 514 727
Financial guarantees	1 402 000	2 092 367	5 502 381	1 821 960	123 100 000	11 680 000	145 598 708
Total	**604 312 845**	**114 790 482**	**63 442 397**	**315 053 023**	**440 779 170**	**40 966 260**	**1 579 344 177**
Liquidity gap	**43 864 110**	**37 976 192**	**(34 926 772)**	**(96 450 475)**	**(15 193 670)**	**126 056 102**	**61 325 487**
Cumulative liquidity gap	**43 864 110**	**81 840 302**	**46 913 530**	**(49 536 945)**	**(64 730 615)**	**61 325 487**	**61 325 487**

LIQUIDITY PROFILE AS AT 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$	Total US$
Assets							
Advances	588 794 298	12 677 692	8 725 613	124 159 130	175 199 449	118 562 560	1 028 118 742
Balances with banks and cash	60 886 163	91 725 844	-	-	-	-	152 612 007
Investment other financial assets	20	-	288 076	-	11 481 118	28 564	11 797 778
Money market assets	85 506 749	24 403 863	18 261 279	40 000 000	6 959 989	-	175 131 880
Insurance assets	994 917	122 900	2 418 857	70 000	-	-	3 606 674
Financial guarantees	-	-	-	155 884 234	-	-	155 884 234
Other liquid Assets	637 967	18 917 844	43 785	-	-	-	19 599 596
Total	**736 820 114**	**147 848 143**	**29 737 610**	**320 113 364**	**193 640 556**	**118 591 124**	**1 546 750 911**
Liabilities							
Deposits	805 831 152	192 584 821	121 254 263	102 362 566	89 710 470	20 820 983	1 332 564 255
Current tax payable	-	1 956 968	-	-	-		1 956 968
Insurance liabilities	34 108	425 727	3 159 311		-		3 619 146
Other liabilities	443 189	1 711 129	8 330 198	-	-		10 484 516
Financial guarantees	-	-		155 884 234	-	-	155 884 234
Total	**806 308 449**	**196 678 645**	**132 743 772**	**258 246 800**	**89 710 470**	**20 820 983**	**1 504 509 119**
Liquidity gap	**(69 488 335)**	**(48 830 502)**	**(103 006 162)**	**61 866 564**	**103 930 086**	**97 770 141**	**42 241 792**
Cumulative liquidity gap	**(69 488 335)**	**(118 318 837)**	**(221 324 999)**	**(159 458 435)**	**(55 528 349)**	**42 241 792**	**42 241 792**

LIQUIDITY PROFILE (continued)

31.5.1 Gap analysis (continued)

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

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

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

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

31.6 Interest rate risk

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

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

31.6 Interest rate risk (continued)

31.6.1 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 assets	-	-	-	-	7 629 967	-	5 462 918	13 092 885
Investment properties	-	-	-	-	-	-	25 161 306	25 161 306
Property and equipment	-	-	-	-	-	-	76 950 172	76 950 172
Deferred taxation	-	-	-	-	-	-	17 215 314	17 215 314
Intangible assets	-	-	-	-	-	-	1 339 462	1 339 462
Current tax Receivable	-	-	-	-	-	-	1 490 391	1 490 391
Total assets	**646 017 328**	**107 813 762**	**23 013 244**	**212 594 492**	**302 523 417**	**155 304 445**	**223 086 564**	**1 670 353 252**
Equity and liabilities								
Deposits	602 465 271	100 964 340	57 606 556	308 929 280	317 679 170	29 286 260	-	1 416 930 877
Insurance liabilities	-	-	-	-	-	-	5 134 718	5 134 718
Life Fund	-	-	-	-	-	-	2 311 493	2 311 493
Other liabilities	-	-	-	-	-	-	11 514 727	11 514 727
Deferred taxation	-	-	-	-	-	-	2 606 658	2 606 658
Current tax payable	-	-	-	-	-	-	165 147	165 147
Equity and reserves	-	-	-	-	-	-	231 689 632	231 689 632
Total equity and liabilities	**602 465 271**	**100 964 340**	**57 606 556**	**308 929 280**	**317 679 170**	**29 286 260**	**253 422 375**	**1 670 353 252**
Interest rate repricing gap	**43 552 057**	**6 849 422**	**(34 593 312)**	**(96 334 788)**	**(15 155 753)**	**126 018 185**	**(30 335 811)**	**-**
Cumulative gap	**43 552 057**	**50 401 479**	**15 808 167**	**(80 526 621)**	**(95 682 374)**	**30 335 811**	**-**	**-**

31.6.1 Interest rate repricing (continued)

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								
Balance with banks and cash	60 886 162	91 725 845	-	-	-	-	-	152 612 007
Money market assets	85 506 749	24 403 863	18 261 279	40 000 000	6 959 989	-	-	175 131 880
Advances	588 794 297	12 677 692	8 725 613	124 159 130	175 199 449	118 562 561	-	1 028 118 742
Insurance assets	-	-	-	-	-	-	3 980 123	3 980 123
Other assets	-	-	-	-	-	-	71 078 468	71 078 468
Investment in other financial assets	-	-	-	-	7 628 032	-	4 169 746	11 797 778
Investment properties	-	-	-	-	-	-	21 849 043	21 849 043
Property and equipment	-	-	-	-	-	-	76 444 894	76 444 894
Deferred taxation	-	-	-	-	-	-	1 603 965	1 603 965
Intangible assets	-	-	-	-	-	-	16 050 111	16 050 111
Total assets	**735 187 208**	**128 807 400**	**26 986 892**	**164 159 130**	**189 787 470**	**118 562 561**	**195 176 350**	**1 558 667 011**
Equity and liabilities								
Deposits	805 831 152	192 584 821	121 254 263	102 362 566	89 710 470	20 820 983	-	1 332 564 255
Insurance liabilities	-	-	-	-	-	-	3 619 146	3 619 146
Life Fund	-	-	-	-	-	-	1 614 683	1 614 683
Other liabilities	-	-	-	-	-	-	10 485 516	10 485 516
Deferred taxation	-	-	-	-	-	-	2 581 481	2 581 481
Current tax payable	-	-	-	-	-	-	1 956 968	1 956 968
Equity and reserves	-	-	-	-	-	-	205 844 962	205 844 962
Total equity and liabilities	**805 831 152**	**192 584 821**	**121 254 263**	**102 362 566**	**89 710 470**	**20 820 983**	**226 102 756**	**1 558 667 011**
Interest rate repricing gap	**(70 643 944)**	**(63 777 421)**	**(94 267 371)**	**61 796 564**	**100 077 000**	**97 741 578**	**(30 926 406)**	**-**
Cumulative gap	**(70 643 944)**	**(134 421 365)**	**(228 688 736)**	**(166 892 172)**	**(66 815 172)**	**30 926 406**	**-**	**-**

31.7 Exchange rate risk

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

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

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	Other foreign currencies
Assets					
Balances with banks and cash	73 296 010	62 742 743	9 251 286	656 381	645 600
Money market assets	240 402 431	240 402 431	-	-	-
Advances	1 125 938 280	1 125 386 988	15 829	366	535 097
Insurance assets	4 151 998	4 151 998	-	-	-
Other assets	91 315 003	91 010 238	187 147	59 609	58 009
Investment in equities	13 092 885	12 949 242	-	-	143 643
Investment properties	25 161 306	25 161 306	-	-	-
Property and equipment	76 950 172	76 874 063	-	-	76 109
Deferred taxation	17 215 314	17 215 314	-	-	-
Intangible assets	1 339 462	1 339 462	-	-	-
Current tax receivable	1 490 391	1 490 391	-	-	-
Total Assets	**1 670 353 252**	**1 658 724 176**	**9 454 262**	**716 356**	**1 458 458**
Equity and Liabilities					
Deposits	1 416 930 877	1 402 585 730	12 903 011	449 680	992 456
Insurance liabilities	5 134 718	5 134 718	-	-	-
Life fund	2 311 493	2 311 493	-	-	-
Other liabilities	11 514 727	11 498 481	3 877	10 722	1 647
Current tax payable	165 147	165 147	-	-`	-
Deferred taxation	2 606 658	2 606 658	-	-	-
Equity and reserves	231 689 632	231 689 632	-	-	-
Total Equity and Liabilities	**1 670 353 252**	**1 655 991 859**	**12 906 888**	**460 402**	**994 103**
Net position	**-**	**2 732 317**	**(3 452 626)**	**255 954**	**464 355**

31.7 Exchange rate risk (continued)

Foreign currency position as at 31 December 2013

Position expressed in US$

	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	152 612 007	139 065 884	7 825 865	2 883 446	2 836 812
Money market assets	175 131 880	175 131 880	-	-	-
Advances	1 028 118 742	1 027 326 458	329 289	621	462 374
Insurance assets	3 980 123	3 980 123	-	-	-
Other assets	71 078 468	70 739 147	182 804	94 523	61 994
Investment in equities	11 797 778	11 654 136	-	-	143 642
Investment properties	21 849 043	21 849 043	-	-	-
Property and equipment	76 444 894	76 361 916	6 869	-	76 109
Deferred taxation	16 050 111	16 050 111	-	-	-
Intangible assets	1 603 965	1 603 965	-	-	-
Total Assets	**1 558 667 011**	**1 543 762 663**	**8 344 827**	**2 978 590**	**3 580 931**
Equity and Liabilities					
Deposits	1 332 564 255	1 317 746 551	13 848 544	307 406	661 754
Insurance liabilities	3 619 146	3 619 146	-	-	-
Life fund	1 614 683	1 614 683	-	-	-
Other liabilities	10 485 516	10 421 050	14 722	48 185	1 559
Current tax payable	1 956 968	1 956 968	-	-	-
Deferred taxation	2 581 481	2 581 481	-	-	-
Equity and reserves	205 844 962	205 844 962	-	-	-
Total Equity and Liabilities	**1 558 667 011**	**1 543 784 841**	**13 863 266**	**355 591**	**663 313**
Net position 2013	**-**	**(22 178)**	**(5 518 439)**	**2 622 999**	**2 917 618**

31.7 Exchange rate risk (continued)

Foreign currency position as at 31 December 2014

Underlying currency in US$

	ZAR	GBP	Other foreign currencies
Assets			
Cash and short term assets	107 128 036	421 839	645 600
Advances	183 302	235	535 097
Money market assets	-	-	-
Investment in equities	-	-	143 643
Other assets	2 167 124	38 309	58 009
Property and equipment	79 747	-	76 109
Total assets	**109 558 209**	**460 383**	**1 458 458**
Liabilities			
Deposits	149 414 292	288 997	992 456
Other liabilities	44 895	6 891	1 646
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 in US$

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

31.8 Operational risk

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

31.8.1 Operational risk management framework

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

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

31.9 Strategic risk

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

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

31.10 Regulatory risk

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

a. Comprehensive and consistent compliance policies and procedures exist covering the Group and its SBUs;

b. A proactive and complete summary statement of the Group and its SBUs position on ethics and compliance;

c. A reporting structure of the Group Enterprise Wide Compliance Function exists that ensures independence and effectiveness; and

d. Periodic compliance and awareness training targeting employees in compliance sensitive areas is carried out.

31.11 Reputation risk

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

a. continuous improvements of the Group's operating facilities to ensure that they remain within the taste of the Group's various stakeholders;

b. ensuring that staff subscribe to the Group's code of conduct, code of ethics and general business ethics; and

c. stakeholders' feedback systems that ensures a proactive attention to the Group's reputation management.

31.12 Money-laundering risk

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

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;

c. development of early warning systems; and

d. integration of compliance into individual performance measurement and reward structures.

31.13 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 reinsurance arrangements.

31.13 Insurance risk (continued)

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

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

31.14 Risk and Credit Ratings

31.14.1 External Credit Rating

CBZ Bank Limited

Rating agent	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+	A	A	A	A	A+	A

31.14.2 Reserve Bank Ratings

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

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

32. CAPITAL ADEQUACY

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

	31 Dec 2014 CBZ Bank US$	31 Dec 2013 CBZ Bank US$
Risk Weighted Assets	**955 358 437**	**836 230 581**
Total qualifying capital	**134 099 830**	**116 138 437**
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	16 721 711	11 198 956
Revenue reserves	93 071 540	81 487 951
Exposures to insiders	(3 758 936)	(7 077 119)
Total core capital	**111 152 495**	**90 727 968**
Less transfer to tier 3	(18 638 685)	(18 240 798)
	92 513 810	**72 487 170**
Tier 2		
Revaluation reserve	11 005 355	14 957 586
General provisions	11 941 980	10 452 862
	22 947 335	**25 410 448**
Tier 3		
Capital allocated for market risk	284 272	462 983
Capital allocated to operations risk	18 354 413	17 777 815
	18 638 685	**18 240 798**
Capital adequacy	**14.03**	**13.89%**
-Tier 1	9.68%	8.67%
-Tier 2	2.40%	3.04%
-Tier 3	1.95%	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 hidden reserves agreed to by Banking Supervision of the Reserve Bank of Zimbabwe, general provisions and revaluation reserves.

33. GOING CONCERN

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

Company Financial Statements

COMPANY'S STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	31 Dec 2014 US$	31 Dec 2013 US$
Revenue	2	4 955 762	1 387 929
Operating expenditure	3	(549 160)	(1 607 317)
Operating profit /(loss)		**4 406 602**	**(219 388)**
Taxation	4	298 297	360 495
Profit for the year after taxation		**4 704 899**	**141 107**
Other comprehensive income		-	-
Total comprehensive income for the year		**4 704 899**	**141 107**
Profit for the year attributable to:			
Equity holders of parent		4 704 899	141 107
Total profit for the year		**4 704 899**	**141 107**
Total comprehensive income attributable to:			
Equity holders of parent		4 704 899	141 107
Total comprehensive income for the year		**4 704 899**	**141 107**
Earnings per share (US cents):			
Basic	6.1	0.80	0.02
Fully diluted	6.1	0.78	0.02
Headline	6.1	0.80	0.02

COMPANY'S STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	31 Dec 2014 US$	31 Dec 2013 US$
ASSETS			
Balances with banks and cash	5	201 240	6 348 202
Other assets	8	639 495	906 574
Investments in equities		4 310 380	3 257 636
Investments in subsidiaries	9	50 067 088	49 484 568
Property and equipment		132 936	265 298
Intangible assets		337 688	337 688
Deferred taxation		2 816 027	2 543 007
TOTAL ASSETS		**58 504 854**	**63 142 973**
LIABILITIES			
Other liabilities		2 894 574	2 773 978
Deferred taxation		126 820	153 660
TOTAL LIABILITIES		**3 021 394**	**2 927 638**
EQUITY AND RESERVES			
Share capital		6 866 065	6 862 084
Share premium		39 983 305	26 938 904
Treasury shares		(13 503 280)	(6 104 335)
Non - distributable reserve		-	13 000 000
Revenue reserve		21 230 303	18 745 792
Share option reserve		907 067	772 890
TOTAL EQUITY AND RESERVES		**55 483 460**	**60 215 335**
TOTAL LIABILITIES, EQUITY AND RESERVES		**58 504 854**	**63 142 973**

....	....	....
R. V. Wilde	**N.Nyemudzo**	**R. A. Jakanani**
Chairman	**Group Chief Executive Officer**	**Group Legal Corporate Secretary**

25 February 2015

COMPANY'S 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$	Share option reserve US$	Revenue reserve US$	Total US$
2013							
Balance at the beginning of the year	6 841 445	26 708 659	(7 960 025)	13 000 000	499 637	15 895 427	54 985 143
Total comprehensive Income	-	-	-	-	-	141 107	141 107
Treasury shares acquisition	-	-	(1 711 465)	-	-	-	(1 711 465)
Treasury shares disposal			3 567 155	-	-	4 697 393	8 264 548
Dividend	-	-	-	-	-	(1 988 135)	(1 988 135)
Employee share option expense	-	-	-	-	342 300	-	342 300
Exercise of share options	20 639	230 245	-	-	(69 047)	-	181 837
Balance at 31 December 2013	**6 862 084**	**26 938 904**	**(6 104 335)**	**13 000 000**	**772 890**	**18 745 792**	**60 215 335**
2014							
Balance at the beginning of the year	6 862 084	26 938 904	(6 104 335)	13 000 000	772 890	18 745 792	60 215 335
Total comprehensive Income	-	-	-	-	-	4 704 899	4 704 899
Treasury shares acquisition	-	-	(7 398 945)	-	-	-	(7 398 945)
Treasury shares disposal	-	-	-	-	-	-	-
Dividend	-	-	-	-		(2 220 388)	(2 220 388)
Employee share option expense			-	-	147 493	-	147 493
Inter category transfer	-	13 000 000	-	(13 000 000)	-	-	-
Exercise of share options	3 981	44 401	-	-	(13 316)	-	35 066
Balance at 31 December 2014	**6 866 065**	**39 983 305**	**(13 503 280)**	**-**	**907 067**	**21 230 303**	**55 483 460**

COMPANY'S STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	31 Dec 2014 US$	31 Dec 2013 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	4 406 602	(219 388)
Non cash items:		
Depreciation and amortisation	132 361	146 020
Fair value adjustment on financial instruments	351 756	(212 161)
Employee share option expense	147 493	342 300
Operating cash inflow before changes in operating assets and liabilities	**5 038 212**	**56 771**
Changes in operating assets and liabilities		
Other assets	267 079	749 778
Other liabilities	120 596	1 573 435
	387 675	**2 323 213**
Corporate tax paid	(1 563)	-
Net cash inflow from operating activities	**5 424 324**	**2 379 984**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(1 987 019)	(2 721 062)
Proceeds on disposal of property and equipment	-	-
Purchase of property and equipment		(4 575)
Net cash outflow from investing activities	**(1 987 019)**	**(2 725 637)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options exercised	35 066	181 837
Treasury shares acquisition	(7 398 945)	(1 711 465)
Treasury shares disposal	-	8 264 548
Dividend paid	(2 220 388)	(1 988 135)
Net cash (outflow)/inflow from financing activities	**(9 584 267)**	**4 746 785**
Net increase (decrease)/ Increase in balances with banks and cash	**(6 146 962)**	**4 401 132**
Balances with banks and cash at the beginning of the year	6 348 202	1 947 070
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	**201 240**	**6 348 202**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. INCORPORATION AND ACTIVITIES

The financial statements of the Company for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2015. The Company has subsidiaries which offer commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

2. REVENUE

	31 Dec 2014 US$	31 Dec 2013 US$
Net interest expense	(632 284)	(108 601)
Fair value adjustments on financial instruments	(351 756)	212 161
Dividend income	5 672 000	1 300 000
Other	267 802	(15 631)
	4 955 762	**1 387 929**

3. OPERATING EXPENDITURE

	31 Dec 2014 US$	31 Dec 2013 US$
Staff costs	147 493	342 300
Administration expenses	209 040	1 069 255
Audit fees	60 266	49 742
Depreciation	132 361	132 653
Amortisation of intangible assets	-	13 367
	549 160	**1 607 317**

4 TAXATION

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	1 563	-
Deferred income tax	(299 860)	(360 495)
Income tax expense	**(298 297)**	**(360 495)**

		31 Dec 2014 US$	31 Dec 2013 US$
5	**BALANCES WITH BANKS AND CASH**		
	Cash	**201 240**	**6 348 202**

6. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by sum of the weighted average number of ordinary shares outstanding at 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.

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

		31 Dec 2014 US$	31 Dec 2014 US$
6.1	**Earnings**		
	Basic	4 704 899	141 107
	Fully diluted	4 704 899	141 107
	Headline	4 704 899	141 107
	Number of shares used in calculations (weighted)		
	Basic earnings per share (weighted)	589 866 928	578 552 839
	Fully diluted earnings per share	605 123 808	594 207 764
	Headline earnings per share	589 866 298	578 552 839
6.2	**Reconciliation of denominators used for calculating basic and diluted earnings per share:**		
	Weighted average number of shares before adjustment for treasury shares	686 510 096	686 208 540
	Less: Treasury shares held	(96 643 168)	(107 655 701)
	Weighted average number of shares used for basic EPS	**589 866 928**	**578 552 839**
	Potentially dilutive shares	15 256 880	15 654 925
	Weighted average number of shares used for diluted EPS	**605 123 808**	**594 207 764**
6.4	**Headline earnings**		
	Profit attributable to ordinary shareholders	4 704 899	4 838 501
	Adjusted for excluded re-measurements	-	-
		4 704 899	**4 838 501**

	31 Dec 2014 US$	31 Dec 2013 US$
7. DIVIDENDS		
Interim dividend paid	1 103 009	961 305
Final dividend proposed	1 388 945	1 262 708
	2 491 954	**2 224 013**
8. OTHER ASSETS		
Inter-company balances:		
CBZ Insurance (Private Limited)	-	1 371
CBZ Life (Private) Limited	-	300 771
Sundry	639 495	604 432
	639 495	**906 574**

9. INVESTMENTS IN SUBSIDIARIES

	US$	%	US$	%
CBZ Bank Limited	21 839 891	100	21 839 891	100
CBZ Asset Management	1 987 950	100	1 987 950	100
CBZ Building Society	19 114 990	100	19 114 990	100
CBZ Insurance (Private) Limited	824 109	86.63	374 579	58.5
CBZ Properties (Private) Limited	4 779 144	100	4 779 144	100
CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
CBZ Asset Management(Mauritius)	132 990	100	-	-
	50 067 088	**100**	**49 484 568**	**100**

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%.

	31 Dec 2014 US$	31 Dec 2013 US$
Net asset value of NCI at acquisition	694 163	-
Fair value of consideration paid	449 530	-
Value of NCI Disposed (28.13%/41.5% of 694 163)	(470 525)	-
	(20 995)	**-**

10. EMPLOYEE SHARE OPTION RESERVE	31 Dec 2014 US$	31 Dec 2013 US$
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 US$35 066 was realised from the exercise.

10. EMPLOYEE SHARE OPTION RESERVE (continued)

Shares under option

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

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

Movement	31 Dec 2014 Number of shares	31 Dec 2013 Number of shares
Opening balance	37 951 792	40 000 000
Options exercised	(398 045)	2 408 208
Options forfeited	-	-
Closing balance	**37 553 747**	**37 951 792**

A valuation of the share option scheme was carried out by professional valuers as at 31 December 2014. The estimated fair value of the options granted was determined using the binomial model in accordance with IFRS 2 “Share Based Payments” with inputs and assumptions:

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

Valuation inputs:

Exercise price

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

Expected volatility

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

Expected dividends

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

Risk free rate of return

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

COMPANY ACCOUNTING POLICIES

The Company's accounting policies are consistent with those applied by the Group. These are detailed from page 62 to 76 of this report.

NOTICE TO MEMBERS

Notice is hereby given that the Twenty-Fifth Annual General Meeting of the members of CBZ Holdings Limited will be held in the Great Indaba Room, Crowne Plaza Harare, on Thursday 30 April 2015 at 15:00 hours.

1. ORDINARY MATTERS

a) To receive and consider the Audited Annual Financial Statements for the year ended 31 December 2014, including the Chairman's, Group Chief Executive Officer's, Managing Directors' Reports and the Report of the External Auditors.

b) To confirm the declaration of the final dividend of 0.202 US cents per share for the year ended 31 December 2014, following an interim dividend of 0.184 US cents per share giving a total dividend of 0.386 US per share.

c) Directorate

   i) To confirm the appointment of Messrs. Richard Dawes, Ian Harold Harris and Richard Zirobwa as Directors to the Board.
   ii) To note that in terms of Article 88 of the Articles of Association, one third of the Directors are required, after serving a period of three years, to retire from the Board by rotation and that in terms thereof the following Directors are eligible for retirement this year and offer themselves for re-election: Mrs Rebecca Pasi, Messrs Elliot Mugamu and Never Nyemudzo.
   iii) To note the retirement of Messrs. David Mutambara from the Board of Directors of CBZ Holdings Limited.
   iv) In terms of Article 84 of the Company's Articles and Memorandum of Association, to confirm the re-appointment of Mr Richard Victor Wilde as a board member, after having reached the age of retirement.

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

e) To confirm the re-appointment of Deloitte & Touche Chartered Accountants (Zimbabwe) as external auditors of the Company for the ensuing year.

f) To authorise the Directors to fix the external auditors' remuneration for the year 2014.

2. SPECIAL MATTERS

2.1 Share Buy Back

If Members deem it appropriate, they may approve the extension of the following resolution passed by Members at the Annual General Meeting held on 30 May 2012 and extended at the Annual General Meeting held on 30 April 2014 as a special resolution with or without amendments:

It was Resolved:-

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

i) *That the purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% or 5% above the weighted average trading price for such ordinary shares traded over 5 business working days immediately preceding the date of the purchase of such shares by the Company.*

ii) *That the shares secured under this resolution shall be ordinary shares in the Company and the maximum number of shares that may be acquired shall not exceed 68 660 659 shares.*

iii) *That this authority shall expire on the date of the next Annual General Meeting of the Company.*

iv) *That the shares purchased shall be held for treasury purposes."*

3. GENERAL

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

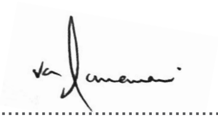
4. PROXIES

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

A proxy need not be a member.

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

BY ORDER OF THE BOARD



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RUMBIDZAYI A. JAKANANI
GROUP LEGAL CORPORATE SECRETARY

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

27 March 2015

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

* Executive Director

GROUP DETAILS

REGISTERED HEAD OFFICE

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

TRANSFER SECRETARIES

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

LEGAL PRACTITIONERS

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

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

AUDITORS

Deloitte & Touche
West block
Borrowdale Office Park
Borrowdale

FORM OF PROXY

I/We ____

Of ____

____

Being a member of CBZ Holdings Limited and entitled to…………………………votes hereby appoint

Of ____

Or failing him/her ____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held in the Great Indaba Room, Crowne Plaza Harare, on Thursday 30 April 2015 at 15:00 hours and at any adjournment thereof.

Signed by me this __________________________ day of________________________ 2015

Signature: ____

NOTES:

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

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

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