



AUDITED FINANCIAL RESULTS

for the Year Ended 31 December

2016



Chairman’s Statement

Once again, it gives me great pleasure to present another set of solid financial results for CBZ Holdings Limited for the year ended 31 December 2016. The Group continued to operate profitably, preserving shareholder value in a notably difficult operating environment.

Operating Environment

The Government made another step towards the normalisation of the country's international credit ratings, when it cleared the outstanding arrears to the International Monetary Fund “IMF”. Subsequently, the IMF removed the remedial measures that had been applied on Zimbabwe since 2001. However, the delayed conclusion of the broader arrears clearance strategy, and adoption of a new economic reform program, resulted in the adoption of short term measures by both the Government and private sector to navigate through the tough economic and business environment. These measures included the introduction of bond notes through an Afreximbank backed US\$200 million Export Incentive Scheme, Statutory Instrument “SI” 64 to support local producers and restrictions on some financial transactions, among others.

Money Markets

According to the Reserve Bank of Zimbabwe (RBZ), broad money supply stood at US\$5.5 billion in November 2016, up from US\$4.8 billion in December 2015. The rise in money supply was driven by increases in demand and savings deposits. Meanwhile, both lending and deposit rates declined marginally over the same period, in line with the interest rate framework and the subsequent repricing of liabilities by financial institutions.

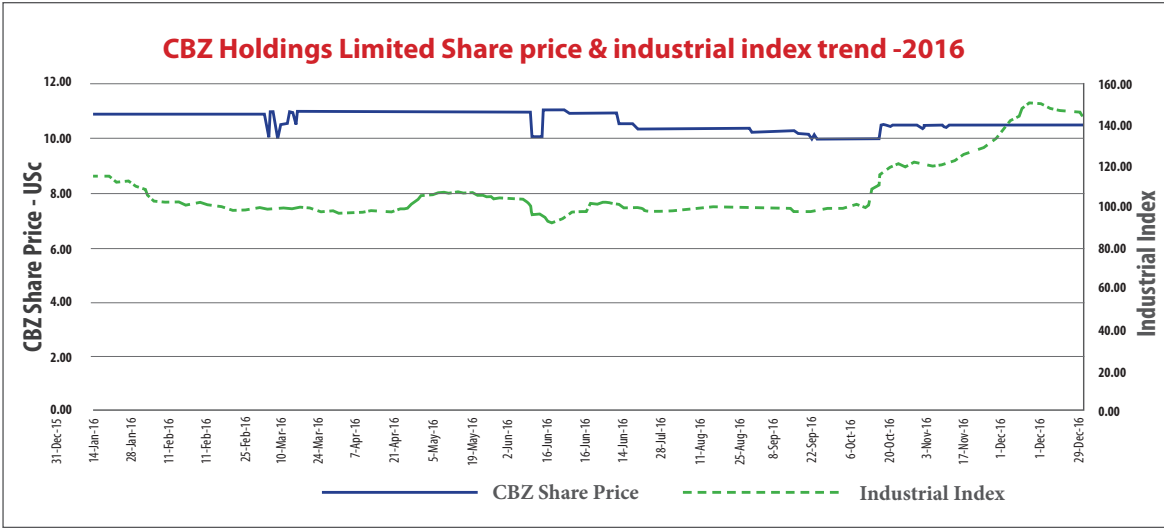
Property Market

Despite the continued absence of long term and suitably priced funding, the property market was fairly active during the period under review. Activity remained skewed towards housing developments, as both financiers and developers sought to capitalise on the country's housing delivery gap. On the other hand, high voids, rental arrears and falling rental yields were the major downside risks to the real estate market.

Capital Markets

A number of corporate activities and initiatives were noted during the period under review. There was renewed local investor interest in equities that was recorded during the last quarter of 2016, resulting in both the industrial and mining indices rising by 25.8% and 146.7% to close the year at 144.53 and 58.51, respectively. However, annual turnover fell by 15.2%, from US\$228.63 million in 2015 to US\$193.91 million in 2016, reflecting the limited participation by offshore investors.

Meanwhile, the Company's share traded in the 10–12c range during the year 2016 below the company's net asset value as shown in the graph below.



Overview of the Group's Performance

	Audited Year Ended 31 December 2016 US\$m	Audited Year Ended 31 December 2015 US\$m
Key Financial Performance Highlights		
Total assets	2 086.6	1 974.4
Total equity and reserves	283.1	261.9
Total deposits	1 777.2	1 684.3
Total advances	1 007.2	1 021.0
Profit before taxation	28.5	40.9
Profit after taxation	23.8	35.2
Total comprehensive income	24.2	35.6
Other statistics		
Growth in deposits (YTD)%	5.5	18.9
Growth in advances (YTD)%	(1.4)	(9.3)
Non- interest income to total income %	43.4	34.3
Growth in PBT (YOY)%	(30.3)	10.5
Growth in PAT (YOY)%	(32.5)	6.7
Basic earnings per share(cents)	4.5	6.5
Cost to income ratio %	69.6	64.7
Return on assets %	1.4	2.2
Return on equity %	8.7	14.3

Governance and Directorate

The Board is responsible for setting the right tone from the top and ensuring that a robust governance structure is in place to enable the business to succeed and deliver long-term sustainable growth. During the year under review we welcomed Tsitsi Mutasa and Gaylord Tafadzwa Nyamayi to the Board. Tsitsi, a Non Independent Non-Executive Director, brings to the Board her extensive experience in Corporate Governance and is a NSSA representative. Gaylord, an Independent Non-Executive Director, is a Chartered Accountant by profession, and brings vast experience in capital markets. We wish them well in their new roles.

Dividend

In line with the Group's dividend growth policy and considering the need for prudent capitalisation and liquidity management, the Board has proposed the declaration of a final dividend of \$1 602 155. Having declared an interim dividend of \$1 602 155, this translates to an annual dividend of \$3 204 310, a 10% growth from the prior year.

Outlook

Significant effort and progress was made by the Government in laying the foundation for a comprehensive economic reform program, including the settlement of overdue obligations to the IMF. Going forward, it therefore remains critical for the authorities to follow through on policy pronouncements made in 2016, including the arrears clearance strategy and the accelerated implementation of key reforms under the Rapid Results Initiative, in order to steer the economy towards a sustainable growth path. Agricultural output is expected to improve, leading to preservation of foreign currency for other critical imports.

Appreciation

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

Elliot Mugamu
Group Chairman

23 February 2017

AUDITOR'S STATEMENT

These financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2016, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe) who have issued an unmodified audit opinion thereon and have included a section of key audit matters in the report. The auditor's report on these financial results is available for inspection at the Company's registered office.

Ernst & Young
Chartered Accountants (Zimbabwe)
Harare, Zimbabwe

23 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	31 Dec 2016 US\$	31 Dec 2015 US\$
Interest income	2	181 182 497	203 921 398
Interest expense	2	(99 582 030)	(94 795 719)
Net interest income		81 600 467	109 125 679
Net non-interest income	3	69 078 973	62 582 558
Net underwriting income	4	8 305 755	10 543 865
Total income		158 985 195	182 252 102
Operating expenditure	5	(110 644 376)	(117 856 789)
Operating income		48 340 819	64 395 313
Charge for impairment	12.5/13.2	(19 847 256)	(23 510 196)
Profit before taxation		28 493 563	40 885 117
Taxation	6	(4 708 102)	(5 647 792)
Profit for the year after taxation		23 785 461	35 237 325
Other comprehensive income			
Gains on property revaluation		517 426	395 318
Deferred income tax relating to components of other comprehensive income	6.1	(53 403)	(75 150)
Other comprehensive income for the year, net of tax		464 023	320 168
Total comprehensive income for the year		24 249 484	35 557 493
Profit for the year attributable to:			
Equity holders of parent		23 689 820	35 083 635
Non-controlling interests	27.7	95 641	153 690
Profit for the year		23 785 461	35 237 325
Total comprehensive income attributable to:			
Equity holders of parent		24 153 843	35 403 803
Non-controlling interests	27.7	95 641	153 690
Total comprehensive income for the year		24 249 484	35 557 493
Earnings per share (cents):			
Basic	7.1	4.53	6.52
Fully diluted	7.1	4.40	6.34

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	31 Dec 2016 US\$	31 Dec 2015 US\$
ASSETS			
Balances with banks and cash	9	73 482 774	42 522 322
Money market assets*	10	37 512 007	200 683 145
Financial securities*	11	760 536 057	471 930 295
Loans and advances to customers	12	1 007 172 157	1 020 968 516
Insurance assets	13	4 851 887	5 189 347
Equity investments	15	7 826 107	7 233 272
Other assets	14	71 450 097	99 765 863
Current tax receivable		3 692 462	1 756 423
Intangible assets	19	2 697 421	1 509 346
Property and equipment	17	72 220 038	77 684 389
Investment properties	18	32 601 223	27 944 072
Deferred taxation	20.1	12 566 810	17 171 546
TOTAL ASSETS		2 086 609 040	1 974 358 536
LIABILITIES			
Deposits	21	1 777 154 753	1 684 277 828
Insurance liabilities	22	6 470 950	4 955 722
Other liabilities	23	13 859 233	15 800 251
Current tax payable		295 265	238 090
Life fund	24	1 844 992	3 360 688
Life assurance investment contract liabilities	25	1 517 121	1 314 713
Deferred taxation	20.2	2 359 408	2 534 187
TOTAL LIABILITIES		1 803 501 722	1 712 481 479
EQUITY AND RESERVES			
Share capital	27.1	6 868 288	6 867 689
Share premium	27.2	40 008 086	40 001 416
Treasury shares	27.3	(17 588 582)	(16 810 640)
Revaluation reserve	27.4	27 089 982	26 625 959
Share option reserve	27.5	1 101 026	1 032 565
Revenue reserves	27.6	225 085 611	203 691 964
Equity and reserves attributable to equity holders of the parent		282 564 411	261 408 953
Non-controlling interests	27.7	542 907	468 104
TOTAL EQUITY AND RESERVES		283 107 318	261 877 057
TOTAL LIABILITIES, EQUITY AND RESERVES		2 086 609 040	1 974 358 536

*Treasury bills, previously disclosed as part of money market assets in prior year, have been segmented and disclosed as financial securities. This disclosure has been applied retrospectively. Amounts of \$471 930 295 previously disclosed under money market assets have therefore been reclassified to financial securities within the 2016 statement of financial position. Attendant notes have been adjusted to follow the new classification. The reclassification has been made in order to more closely reflect the order of liquidity of the Group's assets.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share capital US\$	Share premium US\$	Treasury shares US\$	Revaluation reserve US\$	Share option reserve US\$	Revenue reserve US\$	Total equity attributable to parent US\$	Non-controlling interests US\$	Total US\$
2015									
Opening balance	6 866 065	39 983 305	(13 503 280)	26 305 791	907 067	170 846 270	231 405 218	284 414	231 689 632
Total comprehensive income	-	-	-	320 168	-	35 083 635	35 403 803	153 690	35 557 493
Treasury shares acquisition	-	-	(3 307 360)	-	-	-	(3 307 360)	-	(3 307 360)
Rights issue (Subsidiary)	-	-	-	-	-	-	-	30 000	30 000
Employee share option reserve	-	-	-	-	130 930	-	130 930	-	130 930
Exercise of share options	1 624	18 111	-	-	(5 432)	-	14 303	-	14 303
Dividend paid	-	-	-	-	-	(2 237 941)	(2 237 941)	-	(2 237 941)
Closing balance	6 867 689	40 001 416	(16 810 640)	26 625 959	1 032 565	203 691 964	261 408 953	468 104	261 877 057
2016									
Opening balance	6 867 689	40 001 416	(16 810 640)	26 625 959	1 032 565	203 691 964	261 408 953	468 104	261 877 057
Total comprehensive income	-	-	-	464 023	-	23 689 820	24 153 843	95 641	24 249 484
Treasury shares acquisition	-	-	(777 942)	-	-	-	(777 942)	-	(777 942)
Rights issue (Subsidiary)	-	-	-	-	-	-	-	20 600	20 600
Change in degree of ownership	-	-	-	-	-	41 438	41 438	(41 438)	-
Employee share option reserve	-	-	-	-	70 461	-	70 461	-	70 461
Exercise of share options	599	6 670	-	-	(2 000)	-	5 269	-	5 269
Dividend paid	-	-	-	-	-	(2 337 611)	(2 337 611)	-	(2 337 611)
Closing balance	6 868 288	40 008 086	(17 588 582)	27 089 982	1 101 026	225 085 611	282 564 411	542 907	283 107 318



AUDITED FINANCIAL RESULTS

for the Year Ended 31 December

2016



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

	31 Dec 2016 US\$	31 Dec 2015 US\$
Non cash items:		
Depreciation	7 351 264	7 237 948
Amortisation of intangible assets	977 107	370 270
Impairment of fixed assets	160 884	74 270
Impairment of land inventory	414 825	2 085 672
Fair value adjustments on investment properties	1 015 269	951 370
Fair value adjustments on financial instruments	(442 833)	571 082
Impairment on advances and insurance assets	19 847 256	23 510 196
Unrealised gain/ (loss) on foreign currency position	259 340	(1 228 415)
Unearned premium reserve movement	(961 828)	1 477 315
Provision for incurred but not reported claims(IBNR)	(519 379)	449 269
Deferred commission movement	124 292	(292 214)
(Profit)/loss on sale of property and equipment	(40 629)	45 125
Employee share option expense	70 461	130 930
Operating cash inflow before changes in operating assets and liabilities	56 749 592	76 267 935

Changes in operating assets and liabilities

	31 Dec 2016 US\$	31 Dec 2015 US\$
Deposits	92 617 585	146 723 004
Loans and advances to customers	(81 431 426)	(93 627 916)
Life assurance investment contract liabilities	202 408	401 940
Money market assets	(42 314 131)	(112 487 712)
Financial securities	17 488 992	(26 380 435)
Insurance assets	(82 263)	(1 450 478)
Insurance liabilities	1 523 214	325 422
Other assets	2 668 166	(8 726 974)
Other liabilities	(1 940 500)	4 275 470
	(11 267 955)	(90 947 679)
Corporate tax paid	(2 210 411)	(5 944 734)
Net cash outflow from operating activities	43 271 226	(20 624 478)

CASH FLOWS FROM INVESTING ACTIVITIES

	31 Dec 2016 US\$	31 Dec 2015 US\$
Net change in investments	(150 002)	5 288 531
Purchase of investment properties	(1 642 209)	(49 053)
Proceeds on disposal of property and equipment	112 060	150 611
Purchase of property and equipment	(6 461 170)	(9 622 586)
Purchase of intangible assets	(1 079 769)	(415 715)
Net cash outflow from investing activities	(9 221 090)	(4 648 212)

CASH FLOWS FROM FINANCING ACTIVITIES

	31 Dec 2016 US\$	31 Dec 2015 US\$
Employee share options	5 269	14 303
Treasury shares acquisition	(777 942)	(3 307 360)
Rights issue (Non-Controlling Interest)	20 600	30 000
Dividends paid	(2 337 611)	(2 237 941)
Net cash outflow from financing activities	(3 089 684)	(5 500 998)

NET INCREASE/(DECREASE) IN BALANCES WITH BANKS AND CASH

	31 Dec 2016 US\$	31 Dec 2015 US\$
Balances with banks and cash at the beginning of the year	42 522 322	73 296 010
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	73 482 774	42 522 322

ACCOUNTING POLICIES

for the year ended 31 December 2016

1. GROUP ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

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

The financial results are presented in United States Dollars (US\$), the Group's functional and presentation currency and all figures are rounded to the nearest dollar.

Basis of consolidation

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

The financial results of the subsidiaries are prepared for the same reporting year 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. Kindly refer to our website (www.cbz.co.zw) for a detailed analysis of the significant accounting estimates and judgements, which are consistent with those applied in the Group's 2015 annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 23 February 2017. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance, risk advisory and other financial services and is incorporated in Zimbabwe.

2. INTEREST

Interest Income

	31 Dec 2016 US\$	31 Dec 2015 US\$
Bankers acceptances	426 719	1 169 250
Overdrafts	83 566 563	104 611 137
Loans	31 171 452	44 913 275
Mortgage interest	15 245 319	17 892 448
Staff loans	3 461 439	3 236 028
Securities investments	46 618 912	33 555 160
Other investments	692 093	(1 455 900)
	181 182 497	203 921 398

Interest expense

	31 Dec 2016 US\$	31 Dec 2015 US\$
Call deposits	1 606 055	1 432 904
Savings deposits	37 190 539	17 911 314
Money market deposits	46 856 513	62 530 023
Other offshore deposits	13 928 923	12 921 478
	99 582 030	94 795 719

NET INTEREST INCOME

81 600 467 **109 125 679**

3. NET NON-INTEREST INCOME

	31 Dec 2016 US\$	31 Dec 2015 US\$
Fair value adjustments on financial instruments	442 833	(571 082)
Fair value adjustments on investment properties	(1 015 269)	(951 370)
Net income from foreign currency dealings	2 949 485	3 474 727
Unrealised gains on foreign currency position	(259 340)	1 228 415
Commission and fee income	56 482 839	48 186 788
Profit/(loss) on sale of assets	40 629	(45 125)
Bad debts recovered	1 876 455	5 999 079
Property sales	5 372 866	2 499 574
Rental income	2 374 553	1 583 334
Other income	813 922	1 178 218
	69 078 973	62 582 558

4. NET UNDERWRITING INCOME

	31 Dec 2016 US\$	31 Dec 2015 US\$
Gross premium insurance	19 211 234	22 802 845
Reinsurance	(5 413 120)	(5 314 424)
Net written premium	13 798 114	17 488 421
Unearned premium	961 828	(1 477 315)
Net earned premium	14 759 942	16 011 106
Net commission (a)	(821 155)	(764 306)
Net claims (b)	(5 633 032)	(4 702 935)
	8 305 755	10 543 865

(a) Net commission

	31 Dec 2016 US\$	31 Dec 2015 US\$
Commission received	1 224 022	1 247 704
Commissions paid	(1 920 885)	(2 304 224)
Deferred acquisition costs	(124 292)	292 214
Net commission	(821 155)	(764 306)

(b) Net claims

	31 Dec 2016 US\$	31 Dec 2015 US\$
Gross claims incurred	9 468 920	6 284 838
Reinsurance claims	(3 316 509)	(2 031 172)
Incurred but not yet reported claims	(519 379)	449 269
	5 633 032	4 702 935

5. OPERATING EXPENDITURE

	31 Dec 2016 US\$	31 Dec 2015 US\$
Staff costs	54 291 008	58 701 491
Administration expenses	46 860 526	48 860 300
Audit fees	588 762	526 838
Depreciation	7 351 264	7 237 948
Amortisation of intangible assets	977 107	370 270
Impairment of property and equipment	160 884	74 270
Impairment of land inventory	414 825	2 085 672
	110 644 376	117 856 789

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
Fees for services as directors	1 043 050	1 010 402
Pension for past and present directors	673 710	690 059
Salaries and other benefits	7 679 172	9 361 860
	9 395 932	11 062 321

Operating leases

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
Less than 1 year	1 638 641	167 014
Between 1 and 5 years	1 656 450	1 869 359
More than 5 years	-	944 678
	3 295 091	2 981 051

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

During the year ended 31 December 2016, an amount of US\$1 925 601 (Dec 2015: US\$2 072 384) was recognised as rent expense in the statement of profit or loss and other comprehensive income.

6. TAXATION

The following constitutes the major components of income tax expense recognised in the statement of profit or loss and other comprehensive income.

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
Current income tax charge	331 547	5 751 644
Deferred income tax	4 376 555	(103 852)
Income tax expense	4 708 102	5 647 792

6.1 Tax effects relating to other comprehensive income

	31 Dec 2016 US\$	31 Dec 2015 US\$
Tax expense on revaluation of property and equipment	53 403	75 150

6.2 Tax rate reconciliation

	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Non deductible expenses	52.57	46.66
Exempt income	(60.94)	(57.91)
Tax credit	(0.86)	(0.69)
Effective tax rate	16.52	13.81

7. EARNINGS PER SHARE

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

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

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
7.1 Annualised earnings per share (US cents)		
Basic	4.53	6.52
Fully diluted	4.40	6.34
7.2 Earnings		
Basic earnings (earnings attributable to holders of parent)	23 689 820	35 083 635
Fully diluted	23 689 820	35 083 635
Number of shares used in calculations (weighted)	Shares	Shares
Basic earnings per share (weighted)	523 252 082	538 013 960
Fully diluted earnings per share (weighted)	538 430 359	553 229 658
7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:		
Weighted average number of shares before adjustment for treasury shares	686 806 364	686 551 277
Less: Treasury shares held	(163 554 282)	(148 537 317)
Weighted average number of shares used for basic EPS	523 252 082	538 013 960
Potentially dilutive shares (Employee Share Options)	15 178 277	15 215 698
Weighted average number of shares used for diluted EPS	538 430 359	553 229 658

8. DIVIDENDS

Interim dividend paid	1 223 052	1 141 339
Final dividend proposed and paid	1 602 155	1 456 505
Interim dividend per share (cents)	0.23	0.21
Final dividend per share (cents)	0.23	0.21

Dividends are paid on shares held at the record date net of treasury shares held on the same date. The dividend per share is calculated inclusive of treasury shares.

9. BALANCES WITH BANKS AND CASH

Cash	9 427 759	16 237 934
Nostro accounts	18 878 945	3 866 923
Balance with the Reserve Bank of Zimbabwe	45 172 652	22 406 112
Interbank clearing accounts	3 418	11 353
	73 482 774	42 522 322

10. MONEY MARKET ASSETS

Money market assets are non-credit financial assets with an original maturity of 1 year or less.

AMA bills	1 912 000	2 262 000
Agro bills	1 420 000	626 250
Treasury placements	32 783 045	184 575 082
Aftrades	635 656	-
ZETDC	546 333	-
Bankers acceptances	-	12 035 037
Accrued interest	214 973	1 184 776
	37 512 007	200 683 145

10.1 Maturity analysis

The maturity analysis of money market assets is shown below:

Between 0 and 3 months	32 340 662	195 973 462
Between 3 and 6 months	909 447	3 873 431
Between 6 months and 12 months	4 261 898	836 252
	37 512 007	200 683 145

11. FINANCIAL SECURITIES

Financial securities are non-credit financial assets with an original maturity of more than 1 year.

Treasury bills	751 645 905	465 574 969
Accrued interest	8 890 152	6 355 326
	760 536 057	471 930 295

11.1 Maturity analysis

The maturity analysis of financial securities is shown below:

Between 0 and 3 months	46 657 787	15 041 437
Between 3 and 6 months	1 510 156	-
Between 6 and 12 months	26 341 510	5 903 855
Between 1 and 5 years	156 643 663	188 105 232
Above 5 years	529 382 941	262 879 771
	760 536 057	471 930 295

12. LOANS AND ADVANCES TO CUSTOMERS

Overdrafts	528 694 701	622 332 605
Loans	365 701 540	292 438 437
Staff loans	57 455 489	55 485 183
Mortgage advances	106 829 953	104 106 092
	1 058 681 683	1 074 362 317
Interest accrued	9 292 767	21 544 908
Total gross loans and advances customers	1 067 974 450	1 095 907 225
Provision for impairment (Including interest in suspense)	(60 802 293)	(74 938 709)
	1 007 172 157	1 020 968 516

12.1 Sectoral analysis

	31 Dec 2016 US\$	%	31 Dec 2016 US\$	%
Private	191 112 349	18	156 219 389	15
Agriculture	250 771 986	24	310 735 698	29
Mining	9 764 786	1	11 264 816	1
Manufacturing	100 708 876	9	155 904 814	14
Distribution	114 916 923	11	219 593 068	20
Construction	7 105 680	1	5 371 935	-
Transport	12 209 680	1	13 246 917	1
Communication	11 884	-	2 133 707	-
Services	153 633 755	14	199 597 725	18
Financial organisations	227 738 531	21	21 839 156	2
	1 067 974 450	100	1 095 907 225	100

12.2 Maturity analysis

	31 Dec 2016 US\$	31 Dec 2015 US\$
Less than 1 month	453 831 069	440 514 893
Between 1 and 3 months	45 289 663	48 954 744
Between 3 and 6 months	15 710 628	99 587 999
Between 6 months and 1 year	71 812 691	162 491 291
Between 1 and 5 years	115 948 102	176 839 758
More than 5 years	365 382 297	167 518 540
	1 067 974 450	1 095 907 225

Maturity analysis is based on the remaining period from 31 December 2016 to contractual maturity.

12.3 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

Advances made during the year

Repayments during the year

Balance at end of the year

Loans to employees

Included in advances are loans to employees:

Opening balance

Advances made during the year

Repayments during the year

Balance at end of the year

12.4 Non performing advances

Total advances on which interest is suspended

12.5 Provision for impairment of advances

Opening balance

Charge for impairment on advances

Interest in suspense

Amounts written off during the year

Balance at end of the year

Comprising:

Specific impairments

Portfolio impairments

12.6 Collateral

Cash cover

Mortgage bonds

Notarial general covering bonds

13. INSURANCE ASSETS

Reinsurance unearned premium reserve

Reinsurance receivables

Deferred acquisition cost

Insurance premium receivables

Suspended premium

13.1 Reinsurance unearned premium reserve

Unearned premiums at the beginning of the year

Written premiums

Premiums earned during the year

13.2 Impairment on insurance assets

Opening balance

Charge for impairment on insurance receivables

Balance at end of the year

14. OTHER ASSETS

Land inventory

Prepayments and deposits

Other receivables

15. EQUITY INVESTMENTS

Opening balance

Investments in equities during the year

Investments disposed during the year

Fair value adjustments

15.1 Investments in equities

Unlisted investments

Listed investments

At cost

At fair value

15.2 Investment in subsidiaries

CBZ Bank Limited

CBZ Asset Management (Private) Limited

CBZ Building Society

CBZ Insurance (Private) Limited

CBZ Properties (Private) Limited

CBZ Life Assurance (Private) Limited

CBZ Asset Management - Mauritius

CBZ Risk Advisory (Private) Limited

16. CATEGORIES OF FINANCIAL ASSETS

	At fair value through profit or loss US\$	Available for sale US\$	Loans and receivables US\$	Total carrying amount US\$
31 December 2016				
Balances with banks and cash	-	-	73 482 774	73 482 774
Money market assets	-	-	37 512 007	37 512 007
Financial securities	-	-	760 536 057	760 536 057
Loans and advances to customers	-	-	1 007 172 157	1 007 172 157
Insurance assets	-	-	4 851 887	4 851 887
Equity investments	1 553 193	6 272 914	-	7 826 107
Other assets	-	-	11 486 291	11 486 291
Total	1 553 193	6 272 914	1 895 041 173	1 902 867 280
31 December 2015				
Balances with banks and cash	-	-	42 522 322	42 522 322
Money market assets	-	-	200 683 145	200 683 145
Financial securities	-	-	471 930 295	471 930 295
Loans and advances to customers	-	-	1 020 968 516	1 020 968 516
Insurance assets	-	-	5 189 347	5 189 347
Equity investments	959 439	6 273 833	-	7 233 272
Other assets	-	-	16 031 293	16 031 293
Total	959 439	6 273 833	1 757 324 918	1 764 558 190

	31 Dec 2016 US\$	31 Dec 2015 US\$
Loans to directors and key management		
Opening balance	6 886 820	6 605 193
Advances made during the year	611 259	852 990
Repayments during the year	(656 406)	(571 363)
Balance at end of the year	6 841 673	6 886 820
Loans to employees		
Opening balance	48 598 363	44 378 749
Advances made during the year	6 680 242	8 854 810
Repayments during the year	(4 664 788)	(4 635 196)
Balance at end of the year	50 613 817	48 598 363
Non performing advances		
Total advances on which interest is suspended	70 622 426	76 071 314
Provision for impairment of advances		
Opening balance	74 938 709	65 831 958
Charge for impairment on advances	19 594 299	23 273 886
Interest in suspense	(1 057 208)	10 113 912
Amounts written off during the year	(32 673 507)	(24 281 047)
Balance at end of the year	60 802 293	74 938 709
Comprising:		
Specific impairments	33 231 459	37 802 734
Portfolio impairments	27 570 834	37 135 975
	60 802 293	74 938 709
Collateral		
Cash cover	14 093 465	203 582 970
Mortgage bonds	932 012 190	856 592 104
Notarial general covering bonds	760 371 701	788 254 088
	1 706 477 356	1 848 429 162
INSURANCE ASSETS		
Reinsurance unearned premium reserve	1 300 868	1 531 253
Reinsurance receivables	1 608 046	1 025 196
Deferred acquisition cost	679 407	848 819
Insurance premium receivables	1 393 082	1 916 690
Suspended premium	(129 516)	(132 611)
	4 851 887	5 189 347
Reinsurance unearned premium reserve		
Unearned premiums at the beginning of the year	1 531 253	1 259 712
Written premiums	5 292 959	5 546 294
Premiums earned during the year	(5 523 344)	(5 274 753)
	1 300 868	1 531 253
Impairment on insurance assets		
Opening balance	436 451	200 141
Charge for impairment on insurance receivables	252 957	236 310
Balance at end of the year	689 408	436 451
OTHER ASSETS		
Land inventory	59 963 806	84 540 941
Prepayments and deposits	1 681 360	1 786 659
Other receivables	9 804 931	13 438 263
	71 450 097	99 765 863
EQUITY INVESTMENTS		
Opening balance	7 233 272	13 092 885
Investments in equities during the year	150 002	2 341 436
Investments disposed during the year	-	(7 629 967)
Fair value adjustments	442 833	(571 082)
	7 826 107	7 233 272
Investments in equities		
Unlisted investments	6 272 914	6 273 833
Listed investments	1 553 193	959 439
	7 826 107	7 233 272
At cost	6 272 914	6 273 833
At fair value	1 553 193	959 439
	7 826 107	7 233 272

	31 Dec 2016 US\$	%	31 Dec 2015 US\$	%
Investment in subsidiaries				
CBZ Bank Limited	21 839 891	100	21 839 891	100
CBZ Asset Management (Private) Limited	1 987 950	100	1 987 950	100
CBZ Building Society	19 114 990	100	19 114 990	100
CBZ Insurance (Private) Limited	1 690 879	89.37	1 690 879	86.63
CBZ Properties (Private) Limited	4 779 144	100	4 779 144	100
CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
CBZ Asset Management - Mauritius	132 990	100	132 990	100
CBZ Risk Advisory (Private) Limited	545 080	100	-	-
	51 478 938		50 933 858	

During the year CBZ Holdings invested 100% in CBZ Risk Advisory (Private) Limited and increased its shareholding in CBZ Insurance as detailed in note 27.7.1 .



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17. PROPERTY AND EQUIPMENT

31 December 2016 Cost	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computer and equipment US\$	Work in progress US\$	Total US\$
Opening balance	5 287 613	49 571 576	805 435	5 733 574	32 305 911	5 331 414	99 035 523
Additions	-	50 842	-	868 077	3 078 374	2 463 877	6 461 170
Revaluation	(33 152)	(1 989 146)	-	-	-	-	(2 022 298)
Impairments	-	(198 920)	-	-	(32 740)	-	(231 660)
Disposals	-	-	-	(184 192)	(133 925)	(33 288)	(351 405)
Transfers to intangible assets	-	-	-	-	-	(1 124 088)	(1 124 088)
Transfers to other assets	-	-	-	-	(3 744)	-	(3 744)
Transfers to investment properties	-	(3 764 750)	-	-	-	(5 461)	(3 770 211)
Transfers (PPE inter-categories)	-	34 575	-	-	2 529 075	(2 563 650)	-
Closing balance	5 254 461	43 704 177	805 435	6 417 459	37 742 951	4 068 804	97 993 287
Accumulated depreciation and impairment							
Opening balance	-	-	350 202	3 182 255	17 818 677	-	21 351 134
Charge for the year	-	2 626 375	78 544	788 764	3 857 581	-	7 351 264
Disposals	-	-	-	(165 772)	(114 202)	-	(279 974)
Transfer on revaluation	-	(2 539 724)	-	-	-	-	(2 539 724)
Impairments	-	(86 651)	-	-	(22 800)	-	(109 451)
Closing balance	-	-	428 746	3 805 247	21 539 256	-	25 773 249
Net book value	5 254 461	43 704 177	376 689	2 612 212	16 203 695	4 068 804	72 220 038

31 December 2015 Cost	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computer equipment US\$	Work in progress US\$	Total US\$
Opening balance	5 699 347	52 289 299	805 435	4 677 170	29 865 129	1 133 356	94 469 736
Additions	-	636 890	-	1 263 567	2 913 312	4 808 817	9 622 586
Revaluation	(68 723)	(2 062 623)	-	-	-	-	(2 131 346)
Impairments	-	(168 617)	-	-	-	-	(168 617)
Disposals	-	-	-	(207 163)	(697 790)	(76 151)	(981 104)
Transfers to intangible assets	-	-	-	-	-	(124 439)	(124 439)
Transfers to other assets	-	-	-	-	-	(100 000)	(100 000)
Transfers to investment properties	(396 330)	(4 863 870)	-	-	-	(55 843)	(5 316 043)
Transfers from investment properties	53 319	3 711 431	-	-	-	-	3 764 750
Transfers (PPE inter-categories)	-	29 066	-	-	275 260	(254 326)	-
Closing balance	5 287 613	49 571 576	805 435	5 733 574	32 305 911	5 331 414	99 035 523
Accumulated depreciation and impairment							
Opening balance	-	-	271 657	2 647 272	14 600 635	-	17 519 564
Charge for the year	-	2 621 010	78 545	720 477	3 817 916	-	7 237 948
Disposals	-	-	-	(185 494)	(599 874)	-	(785 368)
Transfer on revaluation	-	(2 526 663)	-	-	-	-	(2 526 663)
Impairments	-	(94 347)	-	-	-	-	(94 347)
Closing balance	-	-	350 202	3 182 255	17 818 677	-	21 351 134
Net book value	5 287 613	49 571 576	455 233	2 551 319	14 487 234	5 331 414	77 684 389

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2016 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.

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

- Comparable market evidence which comprised of complete transactions as well as transactions where offers had been made but the transactions had not been finalised.
- Professional judgement was exercised to take cognisance of the fact that properties in the transactions were not exactly comparable in terms of size, quality and location to the properties owned by the Group.
- The reasonableness of the market values of commercial properties so determined, per above bullet, was assessed by reference to the properties in the transaction.
- The values per square 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 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\$25 827 521 (December 2015:US\$30 287 119) had they been carried at cost. Further details on fair valuation hierarchy are provided in the Group's annual report.

If the fair value adjustment had been 5% up or down, the Group's Other Comprehensive Income would have been \$23 201 higher or lower and the Statement of Financial Position would have been \$25 871 higher or lower than the reported position.

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

18. INVESTMENT PROPERTIES	31 Dec 2016 US\$	31 Dec 2015 US\$
Opening balance	27 944 072	25 161 306
Additions	1 642 209	2 182 843
Transfer from property and equipment	3 770 211	5 316 043
Transfer to property and equipment	-	(3 764 750)
Transfer from other assets	260 000	-
Fair valuation loss	(1 015 269)	(951 370)
Closing balance	32 601 223	27 944 072

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having, an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties and also in reference to the rental yields applicable to similar property. The properties were valued as at 31 December 2016.Further details on fair valuation hierarchy are provided in the Group's annual report.

If the fair value adjustment had been 5% up or down, the Group's profit would have been \$37 692 higher or lower and the Statement of Financial Position would have been \$50 763 higher or lower than the reported position.

The rental income derived from investment properties amounted to US\$1 152 430 (Dec 2015: US\$1 083 326) and direct operating expenses amounted to US\$113 583 (Dec 2015: US\$132 858).

19. INTANGIBLE ASSETS	31 Dec 2016 US\$	31 Dec 2015 US\$
Computer software		
At cost	6 503 710	4 497 146
Accumulated amortisation	(3 806 289)	(2 987 800)
	2 697 421	1 509 346
Movement in intangible assets:		
Opening balance	1 509 346	1 339 462
Additions	1 079 769	415 715
Impairment charges	(38 675)	-
Transfer from property and equipment	1 124 088	124 439
Amortisation charge	(977 107)	(370 270)
Closing balance	2 697 421	1 509 346

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

20. DEFERRED TAXATION

20.1 Deferred tax asset
Deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, unused tax losses and unused tax credits.

20.1.1 The deferred tax included in the statement of financial position and changes recorded in the statement of profit or loss and other comprehensive are comprised of:

	31 Dec 2016 US\$	31 Dec 2015 US\$
Opening balance	17 171 546	17 215 314
Assessed loss	(74 124)	111 288
Impairments and provisions	(3 367 207)	2 327 628
Intangible assets	(26 995)	15 361
Property and equipment	24 740	(28 941)
Prepayments	560 823	(1 180 286)
Tax claimable impairments	854 229	(1 463 002)
Investment properties	56 551	(50 834)
Other	(2 632 753)	225 018
Closing balance	12 566 810	17 171 546

20.2 Deferred tax liability

Deferred tax liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences.

20.2.1 The deferred tax included in the statement of financial position and changes recorded in the statement of profit or loss and other comprehensive income comprised of:

	31 Dec 2016 US\$	31 Dec 2015 US\$
Opening balance	2 534 187	2 606 658
Prepayments	-	(10 075)
Equity investments	3 831	(5 018)
Property and equipment	(17 645)	124 584
Investment properties	(63 156)	(31 445)
Other	(97 809)	(225 667)
Closing balance	2 359 408	2 534 187

21. DEPOSITS

Call deposits
Savings and other deposits
Money market deposits
Lines of credit
Accrued interest

21.1 Deposits by type

Retail
Corporate
Money market
Lines of credit

	31 Dec 2016 US\$	31 Dec 2015 US\$
11 303 411	31 109 059	
1 054 695 613	861 630 492	
606 173 907	660 678 443	
96 174 558	121 526 644	
8 807 264	9 333 190	
1 777 154 753	1 684 277 828	
155 145 969	152 921 355	
911 849 912	741 456 676	
611 077 928	665 952 231	
99 080 944	123 947 566	
1 777 154 753	1 684 277 828	

Lines of credit relate to borrowings from a foreign bank or financial institution. These have an average tenure of 3 years with an average interest rate of 8.5 % and are secured by a variety of instruments which include lien over bank accounts, guarantees, treasury bills and sub borrower securities.

21.2 Sectoral Analysis	31 Dec 2016 US\$	%	31 Dec 2015 US\$	%
Private	88 636 424	5	90 147 161	5
Agriculture	54 321 702	3	51 234 288	3
Mining	16 625 453	1	15 452 687	1
Manufacturing	125 340 664	7	119 589 950	7
Distribution	296 085 858	17	301 222 457	18
Construction	38 714 651	2	36 145 700	2
Transport	26 191 824	1	24 715 539	1
Communication	36 278 492	2	27 107 402	2
Services	582 644 267	33	524 892 088	31
Financial organisations	487 396 643	28	467 865 847	29
Financial and investments	24 918 775	1	25 904 709	1
	1 777 154 753	100	1 684 277 828	100

21.3 Maturity analysis

Less than 1 month
Between 1 and 3 months
Between 3 and 6 months
Between 6 months and 1 year
Between 1 and 5 years
More than 5 years

	31 Dec 2016 US\$	31 Dec 2015 US\$
451 608 712	554 530 347	
342 776 681	166 348 301	
222 852 073	152 908 048	
391 358 214	117 383 171	
210 474 249	448 890 370	
158 084 824	244 217 591	
1 777 154 753	1 684 277 828	

Maturity analysis is based on the remaining period from 31 December 2016 to contractual maturity.

22. INSURANCE LIABILITIES

Reinsurance payables (a)
Gross outstanding claims (b)
Gross unearned premium reserve (c)
Deferred reinsurance acquisition revenue (d)

22.1 Insurance contract provisions

(a) Reinsurance payables

Reinsurance payables at beginning of year
Premiums ceded during the year
Reinsurance paid
Reinsurance payables at end of the year

	31 Dec 2016 US\$	31 Dec 2015 US\$
763 507	605 094	
2 359 305	953 962	
3 035 840	3 079 891	
312 298	316 775	
6 470 950	4 955 722	
605 094	695 165	
4 718 951	4 716 395	
(4 560 538)	(4 806 466)	
763 507	605 094	

(b) Gross outstanding claims provision

Outstanding claims at the beginning of year
Claims incurred
Incurred but not reported claims provision (IBNR)
Claims paid
Outstanding claims at end of the year

	31 Dec 2016 US\$	31 Dec 2015 US\$
953 962	1 042 838	
5 524 190	3 838 212	
17 127	6 773	
(4 135 974)	(3 933 861)	
2 359 305	953 962	

(c) Gross premium reserve

Unearned premiums at the beginning of year
Written premiums
Premiums earned during the year
Unearned premiums at end of the year

	31 Dec 2016 US\$	31 Dec 2015 US\$
3 079 891	3 082 376	
10 220 701	9 590 832	
(10 264 752)	(9 593 317)	
3 035 840	3 079 891	

(d) Deferred reinsurance acquisition revenue

December 2016	Unearned commissions US\$	Deferred acquisition US\$	Net US\$
Unearned at the beginning of year	316 775	330 247	(13 472)
Written premiums	1 123 500	1 187 637	(64 137)
Earned during the year	(1 127 977)	(1 149 642)	21 665
Unearned at end of year	312 298	368 242	(55 944)

December 2015	Unearned commissions US\$	Deferred acquisition US\$	Net US\$
Unearned at the beginning of year	290 824	350 539	(59 715)
Written premiums	1 090 068	944 027	146 041
Earned during the year	(1 064 117)	(964 319)	(99 798)
Unearned at end of year	316 775	330 247	(13 472)

23. OTHER LIABILITIES

Revenue received in advance
Sundry creditors
Other

	US\$	US\$
827 799	2 076 459	
8 182 501	7 382 248	
4 848 933	6 341 544	
13 859 233	15 800 251	

24. LIFE FUNDS

24.1 Movement in Life Fund

31 December 2016	Unearned Premium Reserve US\$	Incurred But Not Reported US\$	Total US\$
Opening balance	2 292 534	1 068 154	3 360 688
Transfer to income	(979 191)	(536 505)	(1 515 696)
Closing balance	1 313 343	531 649	1 844 992

31 December 2015

	Unearned Premium Reserve US\$	Incurred But Not Reported US\$	Total US\$
Opening balance	773 062	625 658	1 398 720
Transfer from income	1 519 472	442 496	1 961 968
Closing balance	2 292 534	1 068 154	3 360 688



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Partners For Success

The CBZ Group Enterprise Wide Governance and Compliance Unit evaluates quality of compliance with policies, processes and governance structures. In terms of risk governance, the Group Board has delegated authority to the following Group Board Committees whose membership consists of Non – Executive Directors of the Group:

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

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

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

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

34.3 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 profile and by credit rating. Concentration is monitored and reviewed through the responsible risk committees set up by the Board.

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

Credit mitigation

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

Non–performing loans and advances

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

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

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

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

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

34.3. (a) Credit risk exposure

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
Balances with banks	64 055 015	26 284 388
Money market assets	37 512 007	200 683 145
Financial securities	760 536 057	471 930 295
Loans and advances to customers	1 007 172 157	1 020 968 516
Other assets	11 486 291	16 031 293
Total	1 880 761 527	1 735 897 637
Guarantees	20 681 653	144 192 922

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\$64 055 015 (excluding notes and coins) as at 31 December 2016, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
1 to 3 months	310 125 191	333 725 137

Past due but not impaired loans relate to loans in the special mention category. See definition of special mention category on note number 34.3.1

(c) Aging analysis of non-performing loans

	31 Dec 2016 US\$	31 Dec 2015 US\$
3 to 6 months	20 190 340	48 067 740
6 to 12 months	50 432 086	23 710 337
Above 1 year	-	4 293 237
Total	70 622 426	76 071 314

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

	31 Dec 2016 US\$	31 Dec 2016 US\$	31 Dec 2015 US\$	31 Dec 2015 US\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	191 112 349	18 777 485	156 219 389	24 382 693
Agriculture	250 771 986	63 166 397	310 735 698	86 926 371
Mining	9 764 786	1 911 212	11 264 816	2 518 218
Manufacturing	100 708 876	31 722 453	155 904 814	45 694 862
Distribution	114 916 923	39 653 796	219 593 068	77 751 656
Construction	7 105 680	2 419 274	5 371 935	3 187 641
Transport	12 209 680	3 265 357	13 246 917	4 302 443
Communication	11 884	-	2 133 707	-
Services	153 633 755	9 920 594	199 597 725	14 370 493
Financial organisations	227 738 531	-	21 839 156	-
Total	1 067 974 450	170 836 568	1 095 907 225	259 134 377

	31 Dec 2016 US\$	31 Dec 2015 US\$
Collateral held		
Mortgage bonds	932 012 190	856 592 104
Cash cover	14 093 465	203 582 970
Other forms of security including		
Notarial General Covering Bonds (NGCBs) sessions, etc.	760 371 701	788 254 088
	1 706 477 356	1 848 429 162

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
Against doubtful* and loss* grades		
Property	24 200 242	11 779 980
Other	17 389 900	21 524 021
Against substandard* grade		
Property	6 603 775	17 173 748
Other	21 086 126	52 281 010
Against special mention* grade		
Property	209 438 485	198 535 847
Other	240 335 469	251 071 974
Against normal* grade		
Property	691 769 687	629 102 529
Other	495 653 671	666 960 053
	1 706 477 355	1 848 429 162

*See definition on note 34.3.1

34.3(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.

	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful and loss grade US\$	Total US\$
DECEMBER 2016					
Advances					
Agriculture	69 397 318	155 879 386	10 843 526	14 651 756	250 771 986
Manufacturing	59 630 350	37 970 824	578 037	2 529 665	100 708 876
Commercial	86 915 705	52 701 435	2 691 235	11 325 380	153 633 755
Private	155 825 168	29 656 519	3 026 686	2 603 976	191 112 349
Mining	7 234 310	2 530 476	-	-	9 764 786
Distribution	73 418 056	26 669 285	2 986 118	11 843 464	114 916 923
Construction	3 757 846	3 283 096	64 738	-	7 105 680
Transport	11 195 516	1 014 164	-	-	12 209 680
Communication	11 884	-	-	-	11 884
Financial services	219 840 680	420 006	-	7 477 845	227 738 531
	687 226 833	310 125 191	20 190 340	50 432 086	1 067 974 450

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\$20 681 653.

	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful and loss grade US\$	Total US\$
DECEMBER 2015					
Advances					
Agriculture	127 772 165	171 622 752	6 329 447	5 011 334	310 735 698
Manufacturing	143 488 199	10 433 625	1 700 251	282 739	155 904 814
Commercial	133 463 861	51 691 045	10 577 671	3 865 148	199 597 725
Individuals and households	134 827 087	16 573 548	4 772 041	46 713	156 219 389
Mining	6 325 750	4 939 066	-	-	11 264 816
Distribution	124 717 582	58 462 400	21 664 021	14 749 065	219 593 068
Construction	1 544 736	3 827 199	-	-	5 371 935
Transport	10 166 038	2 479 849	-	601 030	13 246 917
Communication	2 133 707	-	-	-	2 133 707
Financial services	1 671 649	13 695 653	3 024 309	3 447 545	21 839 156
	686 110 774	333 725 137	48 067 740	28 003 574	1 095 907 225

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is US\$144 192 922.

Allowances for impairment

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

Write-offs

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

Concentration of credit risk

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

34.3.1 Credit quality definitions

Normal grade

An asset is classified as normal, if the asset in question;

- (i) is fully protected by the current sound worth and paying capacity of the obligor,
- (ii) is performing in accordance with contractual terms and is expected to continue to do so.

Special mention grade

An asset is classified as special mention, if the asset in question;

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

Substandard grade

An asset is classified as substandard, if the asset in question;

- (i) is past due for more than 90 days but less than 180 days; or
- (ii) if it 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 classified as doubtful, if the asset in question;

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

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

34.3.2 Market risk
This is the risk of loss under both the banking book and or trading book arising from unfavourable changes in market price 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.

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

34.4 Liquidity risk
Liquidity relates to the Group's ability to fund its growth in assets and to meet obligations as they fall due without incurring unacceptable losses. The Group 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 profile. The Group tries to ensure through the ALCO processes and statement of financial position management that asset growth and maturity are funded by appropriate growth in deposits and stable funding respectively.

34.4.1 Gap analysis

LIQUIDITY PROFILE AS AT 31 DECEMBER 2016

	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
Assets							
Balances with banks and cash	73 482 774	-	-	-	-	-	73 482 774
Money market assets	31 562 045	778 617	909 447	4 261 898	-	-	37 512 007
Financial securities	-	46 657 787	1 510 156	26 341 510	156 643 663	529 382 941	760 536 057
Loans and advances to customers	393 028 775	45 289 663	15 710 628	71 812 691	115 948 102	365 382 298	1 007 172 157
Insurance assets	-	-	-	1 483 879	-	-	1 483 879
Financial guarantees	350 817	982 331	2 807 766	1 834 513	2 000 000	12 706 226	20 681 653
Current tax receivable	-	3 692 462	-	-	-	-	3 692 462
Other liquid assets	1 208 193	10 278 098	-	-	-	-	11 486 291
Total	499 632 604	107 678 958	20 937 997	105 734 491	274 591 765	907 471 465	1 916 047 280
Liabilities							
Deposits	451 608 712	342 776 681	222 852 073	391 358 214	210 474 249	158 084 824	1 777 154 753
Insurance liabilities	-	163 326	-	3 122 813	-	-	3 286 139
Other liabilities	1 481 473	2 129 154	-	476 987	9 771 619	-	13 859 233
Current tax payable	-	295 265	-	-	-	-	295 265
Financial guarantees	350 817	982 331	2 807 766	1 834 513	2 000 000	12 706 226	20 681 653
Capital commitments contracted for	-	-	-	1 232 940	-	-	1 232 940
Total	453 441 002	346 346 757	225 659 839	398 025 467	222 245 868	170 791 050	1 816 509 983
Liquidity gap	46 191 602	(238 667 799)	(204 721 842)	(292 290 976)	52 345 897	736 680 415	99 537 297
Cumulative liquidity gap	46 191 602	(192 476 197)	(397 198 039)	(689 489 015)	(637 143 118)	99 537 297	99 537 297

LIQUIDITY PROFILE AS AT 31 DECEMBER 2015

	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
Assets							
Balances with banks and cash	42 522 322	-	-	-	-	-	42 522 322
Money market assets	62 856 858	133 116 604	3 873 431	836 252	-	-	200 683 145
Financial securities	3 731 631	11 309 806	-	5 903 855	188 105 232	262 879 771	471 930 295
Loans and advances to customers	365 576 182	48 954 744	99 587 999	162 491 291	176 839 759	167 518 541	1 020 968 516
Equity investements	-	-	-	178 857	-	655 972	834 829
Financial guarantees	121 580 804	1 760 448	2 040 056	4 026 614	3 105 000	11 680 000	144 192 922
Current tax receivable	-	1 756 423	-	-	-	-	1 756 423
Other liquid assets	948 402	13 661 266	1 421 625	-	-	-	16 031 293
Total	597 216 199	210 559 291	106 923 111	173 436 869	368 049 991	442 734 284	1 898 919 745
Liabilities							
Deposits	554 530 347	166 348 301	152 908 048	117 383 171	448 890 370	244 217 591	1 684 277 828
Insurance liabilities	-	-	605 093	-	8 199	-	613 292
Current tax payable	-	238 090	-	-	-	-	238 090
Other liabilities	710 389	8 906 140	539 857	-	7 137 686	-	17 294 072
Financial guarantees	121 580 804	1 760 448	2 040 056	4 026 614	3 105 000	11 680 000	144 192 922
Capital commitments contracted for	-	-	-	1 065 400	-	-	1 065 400
Total	676 821 540	1 77 252 979	156 093 054	122 475 185	459 141 255	255 897 591	1 847 681 604
Liquidity gap	(79 605 341)	33 306 312	(49 169 943)	50 961 684	(91 091 264)	186 836 693	51 238 141
Cumulative liquidity gap	(79 605 341)	(46 299 029)	(95 468 972)	(44 507 288)	(135 598 552)	51 238 141	51 238 141

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

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

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

	CBZ Bank Limited %
At 31 December 2016	76.65
At 31 December 2015	51.84
Average for the year	55.19
Maximum for the year	76.65
Minimum for the year	50.84

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

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

At 31 December 2016, if interest rates (both earning and paying rates) at that date had been 15 basis points higher or lower with all other variables held constant, post tax profit would have been US\$692 091 lower or higher respectively than the reported position. This arises as a result of the sensitivity of the net interest assets in the movement in the interest rates.

34.5.1 Interest rate repricing

31 DECEMBER 2016	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non-interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	18 882 363	-	-	-	-	-	54 600 411	73 482 774
Money market assets	31 562 045	778 617	909 447	4 261 898	-	-	-	37 512 007
Financial securities	-	46 657 787	1 510 156	26 341 510	156 643 663	529 382 941	-	760 536 057
Loans and advances to customers	393 028 774	45 289 664	15 710 628	71 812 691	115 948 102	365 382 298	-	1 007 172 157
Insurance assets	-	-	-	-	-	-	4 851 887	4 851 887
Equity investment	-	-	-	-	-	-	7 826 107	7 826 107
Other assets	-	-	-	-	-	-	71 450 097	71 450 097
Current tax receivable	-	-	-	-	-	-	3 692 462	3 692 462
Intangible assets	-	-	-	-	-	-	2 697 421	2 697 421
Investment properties	-	-	-	-	-	-	32 601 223	32 601 223
Property and equipment	-	-	-	-	-	-	72 220 038	72 220 038
Deferred taxation	-	-	-	-	-	-	12 566 810	12 566 810
Total assets	443 473 182	92 726 068	18 130 231	102 416 099	272 591 765	894 765 239	262 506 456	2 086 609 040
Equity and liabilities								
Deposits	451 608 712	342 776 681	222 852 073	391 358 214	210 474 249	158 084 824	-	1 777 154 753
Insurance liabilities	-	-	-	-	-	-	6 470 950	6 470 950
Other liabilities	-	-	-	-	-	-	13 859 233	13 859 233
Current tax payable	-	-	-	-	-	-	295 265	295 265
Life funds	-	-	-	-	-	-	1 844 992	1 844 992
Life assurance investment contract liabilities	-	-	-	-	-	-	1 517 121	1 517 121
Deferred taxation	-	-	-	-	-	-	2 359 408	2 359 408
Equity	-	-	-	-	-	-	283 107 318	283 107 318
Total equity and liabilities	451 608 712	342 776 681	222 852 073	391 358 214	210 474 249	158 084 824	309 454 287	2 086 609 040
Interest rate repricing gap	(8 135 530)	(250 050 613)	(204 721 842)	(288 942 115)	62 117 516	736 680 415	(46 947 831)	-
Cumulative gap	(8 135 530)	(258 186 143)	(462 907 985)	(751 850 100)	(689 732 584)	46 947 831	-	-

31 DECEMBER 2015	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non-interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	3 878 277	-	-	-	-	-	38 644 045	42 522 322
Money market assets	62 856 858	133 116 604	3 873 431	836 252	-	-	-	200 683 145
Financial securities	3 731 631	11 309 806	-	5 903 855	188 105 232	262 879 771	-	471 930 295
Loans and advances to customers	365 576 182	48 954 744	99 587 999	162 491 291	176 839 759	167 518 541	-	1 020 968 516
Insurance assets	-	-	-	-	-	-	5 189 347	5 189 347
Equity investment	-	-	-	-	-	-	7 233 272	7 233 272
Other assets	-	-	-	-	-	-	99 765 863	99 765 863
Current tax receivable	-	-	-	-	-	-	1 756 423	1 756 423
Intangible assets	-	-	-	-	-	-	1 509 346	1 509 346
Investment properties	-	-	-	-	-	-	27 944 072	27 944 072
Property and equipment	-	-	-	-	-	-	77 684 389	77 684 389
Deferred taxation	-	-	-	-	-	-	17 171 546	17 171 546
Total assets	436 042 948	193 381 154	103 461 430	169 231 398	364 944 991	430 398 312	276 898 303	1 974 358 536
Equity and liabilities								
Deposits	554 530 347	166 348 301	152 908 048	117 383 171	448 890 370	244 217 591	-	1 684 277 828
Insurance liabilities	-	-	-	-	-	-	4 955 722	4 955 722
Other liabilities	-	-	-	-	-	-	15 800 251	15 800 251
Current tax payable	-	-	-	-	-	-	238 090	238 090
Life fund	-	-	-	-	-	-	3 360 688	3 360 688
Life assurance investment contract liabilities	-	-	-	-	-	-	1 314 713	1 314 713
Deferred taxation	-	-	-	-	-	-	2 534 187	2 534 187
Equity	-	-	-	-	-	-	261 877 057	261 877 057
Total equity and liabilities	554 530 347	166 348 301	152 908 048	117 383 171	448 890 370	244 217 591	290 080 708	1 974 358 536
Interest rate repricing gap	(118 487 399)	27 032 853	(49 446 618)	51 848 227	(83 945 379)	186 180 721	(13 182 405)	-
Cumulative gap	(118 487 399)	(91 454 546)	(140 901 164)	(89 052 937)	(172 998 316)	13 182 405	-	-

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

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

At 31 December 2016, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the year would have been US\$166 532 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 2016 is as below:

Foreign currency position as at 31 December 2016

Position expressed in US\$	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	73 482 774	67 469 165	4 423 457	540 684	1 049 468
Money market assets	37 512 007	37 512 007	-	-	-
Loans and advances to customers	1 007 172 157	990 241 786	20 717	258 187	16 651 467
Financial securities	760 536 057	760 536 057	-	-	-
Insurance assets	4 851 887	4 851 887	-	-	-
Equity investments	7 826 107	7 682 206	-	-	143 901
Other assets	71 450 097	70 936 716	337 310	119 123	56 948
Current tax receivable	3 692 462	3 692 462	-	-	-
Intangible assets	2 697 421	2 697 421	-	-	-
Investment properties	32 601 223	32 601 223	-	-	-
Property and equipment	72 220 038	72 220 038	-	-	-
Deferred taxation	12 566 810	12 566 810	-	-	-
Total assets	2 086 609 040	2 063 007 778	4 781 484	917 994	17 901 784
Equity and liabilities					
Deposits	1 777 154 753	1 757 196 702	8 404 145	398 179	11 155 727
Insurance liabilities	6 470 950	6 470 950	-	-	-
Life fund	1 844 992	1 844 992	-	-	-
Life assurance investment contract liabilities	1 517 121	1 517 121	-	-	-
Other liabilities	13 859 233	13 828 260	11 296	19 243	434
Current tax payable	295 265	295 265	-	-	-
Deferred taxation	2 359 408	2 359 408	-	-	-
Equity	283 107 318	283 107 318	-	-	-
Total equity and liabilities	2 086 609 040	2 066 620 016	8 415 441	417 422	11 156 161



AUDITED FINANCIAL RESULTS

for the Year Ended 31 December

2016



Foreign currency position as at 31 December 2016

Underlying currency	ZAR	GBP	Other foreign currencies in US\$
Assets			
Cash and short term assets	60 279 778	440 369	1 049 468
Loans and advances to customers	282 311	210 284	16 651 467
Equity investments	-	-	143 901
Other assets	4 596 629	97 022	56 948
Total assets	65 158 718	747 675	17 901 784
Liabilities			
Deposits	114 525 798	324 303	11 155 727
Other liabilities	153 927	15 673	434
Total liabilities	114 679 725	339 976	11 156 161
Net position	(49 521 007)	407 699	6 745 623

Foreign currency position as at 31 December 2015

Underlying currency	ZAR	GBP	Other foreign currencies in US\$
Assets			
Cash and short term assets	73 277 713	396 852	1 742 674
Loans and advances to customers	157 195	173 825	15 900 729
Equity investments	-	-	143 901
Other assets	3 486 403	28 321	57 291
Total assets	76 921 311	598 998	17 844 595
Liabilities			
Deposits	131 282 540	274 330	14 875 227
Other liabilities	158 842	8 878	84 861
Total liabilities	131 441 382	283 208	14 960 088
Net position	(54 520 071)	315 790	2 884 507

34.7 Operational risk

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

34.7.1 Operational risk management framework

The Group Risk Management Committee exercises adequate oversight over operational risks across the Group with the support of SBU Boards as well as business and functional level committees. Group Risk Management is responsible for setting and approving of 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, the Group Risk Management and Group IT Department with assistance from the Organisation and Methods Department within Group Human Resources ensure that processes, procedures and control systems are in line with variables in the operating environment.

34.8 Strategic risk

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

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

34.9 Regulatory risk

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

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

34.10 Reputation risk

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

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

34.11 Money-laundering risk

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

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

34.12 Insurance risk

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

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

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

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

34.13 Risk and Credit Ratings

34.13.1 External Credit Rating

CBZ Bank Limited

Rating agent	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating	A-	A	A+	A+	A+	A+	A	A	A	A+	A+	A

CBZ Life Pvt Limited

Rating agent	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating (Financial strength)	BBB+	BBB+	-	-	-	-	-	-	-	-	-	

CBZ Insurance Pvt Limited

Rating agent	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating(Claims paying ability)	BBB	BBB	-	-	-	-	-	-	-	-	-	

CBZ Asset Management Pvt Limited

Rating agent	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating (Manager quality)	A	A	-	-	-	-	-	-	-	-	-	

31.13.2 Reserve Bank Ratings

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

Key

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

34.13.3 Risk Matrix Summary

CBZ Group Risk Matrix Summary

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

CBZ Bank Limited Risk Matrix Summary

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

CBZ Asset Management Pvt Limited Risk Matrix Summary

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

CBZ Life Pvt Limited Risk Matrix Summary

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

CBZ Insurance Pvt Limited Risk Matrix Summary

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

CORPORATE GOVERNANCE

The Group recognises the need to conduct the affairs of the company with integrity and in line with best corporate governance practices. In order to protect stakeholders' interests at all times, the Group has designed systems, procedures and practices that foster a culture that values ethical behaviour, integrity and respect.

The Group continues to apply high corporate governance standards aimed at ensuring the on-going sustainability of the business, the creation of long-term shareholder value and stakeholder benefit from the Group's on-going success. The Board of Directors is responsible for ensuring that the Group has a clearly defined governance and compliance framework. The Board is primarily accountable to shareholders, while also considering the interests of other stakeholders such as customers, employees, suppliers, regulators and community. In an environment of increasing change and complexity of regulation, Management aims to achieve a balance between the governance expectations of shareholders and other stakeholders, and the need to generate competitive financial returns.

GOVERNANCE STRUCTURE



THE BOARD OF DIRECTORS

This is the main decision making body, 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. In addition, the Board is responsible for the overall stewardship of the Group and in particular for its long term growth and profitability through implementation of agreed strategic imperatives, policies and financial objectives.

The Board has overall responsibility for:-

- Establishment of Group strategy and consideration of strategic challenges.
- Management of the business and affairs of the Group.
- Ensuring that the Group manages risk effectively through the approval and monitoring of the Group's risk appetite.
- Allocation and raising of capital.
- Preparation and approval of the Group's annual report and accounts.

Composition of the Board

The Board currently comprises thirteen Directors, being a Non-Executive Chairman, two Executive Directors and ten Non-Executive Directors. The Board of Directors has a wide range of skills, experience and expertise together with a proper understanding of and competence to deal with current and emerging issues of the business.

Appointment of New Directors

The appointment of new Directors is based on pre-established criteria having regard to the existing skills matrix of the Board as a whole and having assessed areas where additional skill, expertise or experience is required. Appointments to the Board are made with due cognisance of the need to ensure that the Board comprises a diverse range of skills, knowledge and expertise and has the requisite independence, 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 Fitness and Probity Assessment in line with the Reserve Bank of Zimbabwe (RBZ) Prudential Guidelines and the Banking Act.

The Chairman of the Board

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 role of the Chairman is to manage the Board effectively, to provide leadership to the Board and to facilitate the Board's interface with Management. The Chairman's key responsibilities include, but are 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 re-valuated annually.
- Ensure that 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 that the Board fulfils its responsibilities under its Charter. 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.

Independence of Directors

The majority of the Board members are independent Directors. Directors must notify the Group about any conflict of interest, potential material relationship with the Group or circumstances relevant to their independence.

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. The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern the Group. 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. The Board values and is committed to promoting gender and ethnic diversity at Board level where possible.

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.

Banking Amendment Act 2015

Since the promulgation of the Banking Amendment Act, 2015 the Group has taken all the necessary steps to comply with its provisions.

BOARD COMMITTEES

The Board Committees continued to play a crucial role in the company's governance framework, 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. The four standing committees are:- Audit and Finance Committee, Strategy and Innovation Committee, Risk Management and Compliance Committee and Human Resources and Corporate Governance Committee.

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.

The Board evaluates the performance and effectiveness of Board Committees every year and the Board is of the view that these committees have effectively discharged the responsibilities as outlined in the respective terms of reference.

The Boards of Directors of the various units for the year ended 31 December 2016 were constituted as tabulated below:

CBZ Holdings Limited	CBZ Bank Limited	CBZ Asset Management	CBZ Insurance	CBZ Life Limited
Mugamu, E*	Mabeza-Chimedza R*	Zirobwa, R*	Nhamo, R*	Dawes, R W*
Wilde, RV****	Pasi, R	Naik, B S	Naik, B S	Masunda, V (Dr)
Mabeza-Chimedza R (Dr)	Chirimuuta, F B	Harris, I H	Nyemudzo, N	Zizhou, F B
Dawes, R W	Madzonga, P S	Nyemudzo, N	Chimutsa, C	Nyemudzo, N
Nhamo, R	Whata, P S	Chimutsa, C	Mureriwa, N**	Chimutsa, C
Pasi, R	Nyemudzo, N	Smith, J F**		Tshuma,H***
Taputaira, G	Chimutsa, C	Muzadzi, T**		Mureriwa, N**
Zirobwa, R	Mugamu, E			
Harris, I H	Shinya, D***			
Mutasa, T***	Bhulabhai, N			
Dernawi, F M	Mudondo, M T**			
Nyamayi, G.T***	Zimunya, P**			
Nyemudzo, N**	Wilde, RV*****			
Chimutsa, C**				

* Board Chairperson

** Executive Director

*** New appointment

**** RV Wilde retired from CBZ Holdings Board on 30 April 2016 and E Mugamu was appointed Board Chairman on 1 May 2016.

***** RV Wilde retired from CBZ Bank Board on 30 April 2016.

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

This table outlines details of Board and Committee member's attendance of Board and Board Committee meetings for 2016

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2016)

	Audit & Finance	Risk Management & Compliance	Human Resources & Corporate Governance	Strategy & Innovation	Main Board
Number of Meetings Held	4	4	5	4	5
Dawes, R	**	**	**	4	5
Dernawi, F M	**	4	**	**	4
Harris, I H	4	**	**	**	5
Mabeza-Chimedza, R (Dr)	**	3	4	**	4
Mugamu, E	**	1	5	3	4
Mutasa, T	**	3	**	**	4
Nhamo, R	**	**	5	**	5
Nyamayi G T	3	**	**	**	4
Pasi, R	**	4	**	4	5
Taputaira, G	**	**	**	4	4
Wilde, R V***	**	**	1	**	1
Zirobwa, R	4	**	**	**	5
Nyemudzo, N*	4	4	5	4	5
C. Chimutsa*	4	4	**	4	5

KEY

* Executive Directors

** Not a Member

*** RV Wilde retired from CBZ Holdings Board on 30 April 2016 and E Mugamu was appointed Board Chairman on 1 May 2016.

Meeting	Number of Meetings Held
AUDIT AND FINANCE	4
RISK MANAGEMENT & COMPLIANCE	4
HUMAN RESOURCES & CORPORATE GOVERNANCE	5
STRATEGY & INNOVATION	4
MAIN BOARD	5

CBZ BANK BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2016)

	AUDIT & FINANCE	ALCO	ALCO & BUSINESS	CREDIT	LOANS REVIEW	MAIN BOARD
R V Wilde***	**	1	***	1	**	1
N Nyemudzo	4	1	3	3	4	4
C Chimutsa	4	1	3	5	**	4
R Mabeza-Chimedza (Dr)	**	**	2	4	**	4
R Pasi	**	**	3	5	**	4
E Mugamu	**	1	1	**	4	4
F B Chirimuuta	3	**	**	5	**	4
P S Whata	4	**	**	**	**	4
P S Madzonga	2	1	**	**	4	4
N Bhulabhai****	-	-	3	-	-	3
D K Shinya****	2	-	-	-	1	2
*P Zimunya	4	1	3	5	4	4
*M Mudondo	4	1	3	5	4	4

* Executive Directors

** Not a committee member

*** RV Wilde retired from CBZ Bank Board on 30 April 2016 and Dr. R. Mabeza-Chimedza was appointed Board Chairperso on 1 May 2016.

**** New Appointment

Meeting	Number of Meetings Held
AUDIT & FINANCE	4
ALCO (RECONSTITUTED)	1
ALCO & BUSINESS	3
CREDIT	5
LOANS REVIEW	4
MAIN BOARD	4

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2016)

	Audit & Compliance	Investments & Risk	Main Board
Meetings held	2	4	4
Naik, BS	**	4	4
Harris , IH	2	4	4
Zirobwa, R	**	**	4
Nyemudzo, N	**	**	4
Chimutsa, C	2	4	4
Smith, J*	2	4	4
Muzadzi, T*	4	2	4

* Executive Directors

** Not a Member

Meeting	Number of Meetings Held
AUDIT & COMPLIANCE	2
INVESTMENTS & RISK	4
MAIN BOARD	4

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER (January to December 2016)

	INVESTMENTS & RISK	MAIN
Meetings Held	4	4
Dawes, R	**	4
Zizhou, F B	3	3
Masunda, V (Dr)	4	4
Tshuma, H***	2	2
Nyemudzo, N	**	3
Chimutsa, C	4	4
Mureriwa, N*	4	4

Key

* - Executive Directors

** Not a Member

*** New Appointment

Meeting	Number of Meetings Held
INVESTMENTS & RISK	4
MAIN BOARD	4

CBZ INSURANCE BOARD ATTENDANCE REGISTER (January to December 2016)

	MAIN BOARD
Meetings Held	4
Nhamo, R	3
Naik,S B	4
Nyemudzo, N	3
Chimutsa, C	4
Mureriwa, N*	4

Key

* - Executive Directors

** Not a Member

Meeting	Number of Meetings Held
MAIN BOARD	4

CBZ RISK ADVISORY SERVICES BOARD ATTENDANCE REGISTER (July to December 2016)

	MAIN BOARD
Meetings Held	2
Pasi, R	2
Magorimbo, L	2
Ndlovu, N	2
Nyemudzo, N	2
Chimutsa, C	2
Mureriwa, N*	2

Key

* - Executive Directors

** Not a Member

Meeting	Number of Meetings Held
MAIN BOARD	2

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 is also responsible for ensuring that the Board receives accurate, timely and clear information, facilitates good information flows between Board member; leading on the implementation of the recommendations from the annual Board evaluation and monitoring 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 year under review, the Group complied with the requisite regulatory requirements.

By order of the Board

Rumbidzayi A. Jakanani
GROUP LEGAL CORPORATE SECRETARY

23 February 2017



AUDITED FINANCIAL RESULTS

for the Year Ended 31 December

2016



Partners For Success

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	31 Dec 2016 US\$	31 Dec 2015 US\$
Interest income	2	163 403 895	182 720 025
Interest expense	2	(98 835 993)	(94 058 506)
Net interest income		64 567 902	88 661 519
Net non-interest income	3	53 760 228	51 061 483
Total income		118 328 130	139 723 002
Operating expenditure	4	(78 634 241)	(86 204 649)
Operating income		39 693 889	53 518 353
Charge for impairment on advances	11.4	(19 644 304)	(22 114 512)
Profit before taxation		20 049 585	31 403 841
Taxation	5	(1 368 500)	(5 245 862)
Profit for the year after taxation		18 681 085	26 157 979
Other comprehensive income			
Gains on property revaluations	22.2	196 672	306 533
Deferred tax relating to components of other comprehensive income	22.2	(50 643)	(78 932)
Other comprehensive income for the year net of tax		146 029	227 601
Total comprehensive income for the year		18 827 114	26 385 580
Profit attributable to:			
Equity holders of parent		18 681 085	26 157 979
Total comprehensive income attributed to:			
Equity holders of parent		18 827 114	26 385 580
Earnings per share (cents):			
Basic	6.4	3.65	5.11
Diluted	6.4	3.65	5.11

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	31 Dec 2016 US\$	31 Dec 2015 US\$
ASSETS			
Balances with banks and cash	8	71 311 137	38 351 549
Money market assets	9	20 980 988	200 063 263
Financial securities	10	760 536 057	471 930 296
Loans and advances to customers	11	873 999 508	883 467 862
Other assets	12	108 090 526	143 190 946
Equity investments	13	956 682	956 682
Property and equipment	15	51 394 822	52 433 995
Investment properties	16	7 397 000	7 605 000
Intangible assets	17	2 123 872	498 674
Deferred taxation	18	12 132 337	13 878 170
Current tax receivable		3 668 473	1 750 333
TOTAL ASSETS		1 912 591 402	1 814 126 770
LIABILITIES			
Deposits	19	1 735 423 213	1 652 596 210
Other liabilities	20	10 538 709	13 728 194
Total liabilities		1 745 961 922	1 666 324 404
EQUITY AND RESERVES			
Share capital	22	5 118 180	5 118 180
Share premium	22.1	16 721 711	16 721 711
Revaluation reserve	22.2	11 378 985	11 232 956
Revenue reserve	22.3	133 410 604	114 729 519
Total equity and reserves		166 629 480	147 802 366
TOTAL LIABILITIES, EQUITY AND RESERVES		1 912 591 402	1 814 126 770

*Treasury bills, previously disclosed as part of money market assets in prior year, have been segmented and disclosed as financial securities. This disclosure has been applied retrospectively. Amounts of US\$1 930 296 previously disclosed under money market assets have therefore been reclassified to financial securities within the 2016 statement of financial position attendant notes have been adjusted to follow the new classification. The reclassification has been made in order to more closely reflect the order of liquidity of the Banks' assets

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share capital US\$	Share premium US\$	Revaluation reserve US\$	Revenue reserve US\$	Total US\$
2015					
Opening balance	5 118 180	16 721 711	11 005 355	93 071 540	125 916 786
Total comprehensive income	-	-	227 601	26 157 979	26 385 580
Dividends	-	-	-	(4 500 000)	(4 500 000)
Closing balance	5 118 180	16 721 711	11 232 956	114 729 519	147 802 366
2016					
Opening balance	5 118 180	16 721 711	11 232 956	114 729 519	147 802 366
Total comprehensive income	-	-	146 029	18 681 085	18 827 114
Closing balance	5 118 180	16 721 711	11 378 985	133 410 604	166 629 480

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	31 Dec 2016 US\$	31 Dec 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20 049 585	31 403 841
Non-cash items:		
Depreciation	5 715 306	5 307 379
Amortisation of intangible assets	489 062	124 983
Impairments on property and equipment	102 306	40 040
Impairments on land inventory	379 151	2 085 672
Fair value adjustment	576 491	(202 410)
Impairment on advances	19 644 304	22 114 512
(Profit)/Loss on sale of property and equipment	(40 824)	40 261
Unrealised loss/(gain) on foreign currency positions	558 088	(836 272)
Operating cash flow before changes in operating assets and liabilities	47 473 469	60 078 006
Changes in operating assets and liabilities		
Deposits	82 268 915	148 583 586
Advances	(72 147 067)	(106 683 252)
Money market assets	(26 402 993)	(49 595 877)
Financial securities	17 488 992	(26 380 436)
Other assets	(4 177 101)	(49 627 943)
Other liabilities	(3 189 483)	4 228 138
	(6 158 737)	(79 475 784)
Corporate tax paid	(1 591 450)	(5 402 034)
Net cash inflow/(outflow) from operating activities	39 723 282	(24 799 812)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment property	(103 030)	-
Net change in investments	-	7 125 491
Proceeds on disposal of property and equipment	106 439	283 664
Purchase of property and equipment	(5 776 932)	(9 013 971)
Purchase of intangible assets	(990 171)	(136 881)
Net cash outflow from investing activities	(6 763 694)	(1 741 697)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(4 500 000)
NET INCREASE/(DECREASE) IN BALANCES WITH BANKS AND CASH	32 959 588	(31 041 509)
Balances with banks and cash at the beginning of the year	38 351 549	69 393 058
BALANCES WITH BANKS AND CASH AT THE END OF THE YEAR	71 311 137	38 351 549

NOTES TO THE FINANCIAL RESULTS

for the year ended 31 December 2016

1. INCORPORATION ACTIVITIES

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

2. NET INTEREST INCOME

Interest income

Bankers acceptances
Overdrafts
Loans
Home loans
Staff loans
Securities investments
Other investments

31 Dec 2016 US\$	31 Dec 2015 US\$
-	1 169 250
76 686 792	99 473 401
29 173 207	40 671 320
3 150 481	1 735 772
3 106 803	2 971 152
46 618 912	32 427 802
4 667 700	4 271 328
163 403 895	182 720 025

Interest expense

Savings deposits
Call deposits
Money market deposits
Other Offshore deposits

31 Dec 2016 US\$	31 Dec 2015 US\$
37 313 731	18 216 265
1 606 055	1 432 904
46 665 754	62 224 480
13 250 453	12 184 857
98 835 993	94 058 506

Net interest income

64 567 902	88 661 519
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3. NET NON-INTEREST INCOME

Fair value adjustment on investment property
Net income from foreign currency dealings
Unrealised (loss)/gains on foreign currency positions
Commission and fee income
Profit/(loss) on sale of property and equipment
Bad debts recovered
Property sales
Rental income

31 Dec 2016 US\$	31 Dec 2015 US\$
(576 491)	202 410
2 949 485	3 474 727
(558 088)	836 272
47 033 957	38 846 590
40 824	(40 261)
1 870 361	5 999 079
2 414 850	1 436 248
585 330	306 418
53 760 228	51 061 483

4. OPERATING EXPENDITURE

Staff costs
Other administration expenses
Audit fees
Depreciation
Amortisation of intangible assets
Impairment of property and equipment
Impairment of land inventory

31 Dec 2016 US\$	31 Dec 2015 US\$
40 602 295	50 684 510
31 073 607	27 717 403
272 514	244 662
5 715 306	5 307 379
489 062	124 983
102 306	40 040
379 151	2 085 672
78 634 241	86 204 649

Included in staff costs are pension contributions under the National Social Security Authority, a defined contribution fund and the Bank's separate trustee administered fund of US\$3 739 469 (2015:US\$3 398 958).

Remuneration of directors / key management personnel

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

31 Dec 2016 US\$	31 Dec 2015 US\$
329 716	933 867
265 342	272 909
2 937 041	3 751 769
3 532 099	4 958 545

Operating leases

The following is an analysis of expenses related to operating leases

Non cancellable leases are paid as follows:

Less than 1 year
Between 1 and 5 years

31 Dec 2016 US\$	31 Dec 2015 US\$
1 583 561	1 225 790
624 013	499 678
2 207 574	1 725 468

The Bank leases a number of properties that houses its branches and other equipment under operating leases. The leases typically run for a period of less than five years with an option to renew the lease after that expiry date. During the year ended 31 December 2016, an amount of US\$1 621 452 (2015:US\$1 714 904) was recognised as rent expense in the statement of comprehensive income.

5. TAXATION

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

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

Current tax (income)/expense
Deferred tax expense
Tax expense

31 Dec 2016 US\$	31 Dec 2015 US\$
(326 690)	5 133 039
1 695 190	112 823
1 368 500	5 245 862

Tax rate reconciliation

Notional tax
Aids levy
Non deductible expenses
Exempt income
Tax benefits
Effective rate

%	%
25.00	25.00
0.75	0.75
18.84	9.60
(36.90)	(17.94)
(0.86)	(0.70)
6.83	16.71

6. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the profit after tax attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into the ordinary shares.

The following notes, 6.2, 6.3 and 6.4, reflect the respective earnings and share data used in the basic and diluted earnings per share computations:

Earnings

Basic earnings
Diluted earnings

31 Dec 2016 US\$	31 Dec 2015 US\$
18 681 085	26 157 979
18 681 085	26 157 979

6.2 Reconciliation of numerators used for calculating basic and diluted earnings per share:

Basic earnings
Effect of potential dilutive transactions
Diluted earnings

31 Dec 2016 US\$	31 Dec 2015 US\$
18 681 085	26 157 979
-	-
18 681 085	26 157 979



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	31 Dec 2016 Shares	31 Dec 2015 Shares
6.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:		
Weighted average number of shares used for basic earnings per share	511 817 951	511 817 951
Potential dilutive shares	-	-
Weighted average number of shares used for dilutive EPS	511 817 951	511 817 951
	31 Dec 2016 US\$	31 Dec 2015 US\$
6.4 Annualised earnings per share (cents)		
Basic	3.65	5.11
Diluted	3.65	5.11
7. DIVIDENDS		
Dividend paid	-	4 500 000
8. BALANCES WITH BANKS AND CASH		
Cash	14 550 305	18 549 630
Nostro accounts	11 584 761	3 648 655
Balance with the Reserve Bank of Zimbabwe	45 172 653	16 141 910
Interbank clearing accounts	3 418	11 354
	71 311 137	38 351 549
9. MONEY MARKET ASSETS		
Treasury placements	20 958 292	199 121 500
Accrued interest	22 696	941 763
	20 980 988	200 063 263
Maturity analysis		
Between 0 and 3 months	20 980 988	200 063 263
Between 3 and 6 months	-	-
Between 6 and 12 months	-	-
	20 980 988	200 063 263
10. FINANCIAL SECURITIES		
Treasury bills	751 645 905	465 574 969
Accrued interest	8 890 152	6 355 327
	760 536 057	471 930 296
Maturity analysis		
Between 0 and 3 months	46 657 787	15 041 437
Between 3 and 6 months	1 510 156	-
Between 6 and 12 months	26 341 510	5 903 854
Between 1 and 5 years	156 643 663	188 105 232
Above 5 years	529 382 941	262 879 773
	760 536 057	471 930 296
11. ADVANCES		
Overdrafts	501 345 223	589 728 372
Loans	347 281 987	269 858 750
Staff loans	50 952 052	50 353 967
Mortgage advances	22 718 551	23 486 657
	922 297 813	933 427 746
Interest accrued	7 332 700	19 341 424
Total gross advances	929 630 513	952 769 170
Provision for impairment	(55 631 005)	(69 301 308)
	873 999 508	883 467 862
11.1 Maturity analysis		
Less than 1 month	421 281 442	411 438 312
Between 1 and 3 months	44 532 158	46 812 644
Between 3 and 6 months	15 046 669	97 710 042
Between 6 months and 1 year	63 542 124	147 132 567
Between 1 and 5 years	95 481 754	154 363 499
More than 5 years	289 746 366	95 312 106
	929 630 513	952 769 170
Maturity analysis is based on the remaining period from 31 December 2016 to contractual maturity.		
11.2 Loans to directors and key management personnel and employees		
Loans to directors and key management personnel		
Included in advances are loans to directors and key management:		
Opening balance	6 873 913	6 588 498
Advances made during the year	611 259	852 990
Repayments during the year	(656 406)	(567 575)
Closing balance	6 828 766	6 873 913
Loans to employees		
Included in advances are loans to employees:		
Opening balance	43 480 054	40 347 089
Advances made during the year	4 548 840	7 068 168
Repayments during the year	(3 905 608)	(3 935 203)
Closing balance	44 123 286	43 480 054
11.3 Non performing advances		
Total advances on which interest is suspended	67 487 096	73 073 189
11.4 Provision for impairment of advances		
Opening balance	69 301 308	61 742 161
Charge for impairment	19 644 304	22 114 512
Interest in suspense	(736 451)	9 342 187
Amounts written off during the year	(32 578 156)	(23 897 552)
Balance at end of the year	55 631 005	69 301 308
11.5 Comprising:		
Specific impairments	31 440 136	35 830 895
Portfolio impairments	24 190 869	33 470 413
	55 631 005	69 301 308

	31 Dec 2016 US\$	%	31 Dec 2015 US\$	%
11.6 Sectoral Analysis				
Private	113 106 750	12	86 197 497	9
Agriculture	233 956 469	25	287 250 031	30
Mining	8 735 758	1	10 061 556	1
Manufacturing	99 639 623	11	154 870 543	16
Distribution	93 147 969	10	194 803 531	21
Construction	5 742 777	1	4 994 439	1
Transport	11 812 351	1	9 873 128	1
Communication	11 884	0	2 133 707	0
Services	130 772 055	14	181 531 512	19
Financial organisations	232 704 877	25	21 053 226	2
	929 630 513	100	952 769 170	100

12. OTHER ASSETS		
Intercompany balances	51 053 633	59 465 813
Land inventory	49 438 067	72 505 655
Prepayments	1 550 358	1 695 373
Receivables	6 048 468	9 524 105
	108 090 526	143 190 946

13. EQUITY INVESTMENTS		
Investments in equity instruments	956 682	956 682
	956 682	956 682
At cost	956 682	956 682
	956 682	956 682

14. CATEGORIES OF FINANCIAL ASSETS

	Available for sale US\$	Loans and receivables US\$	Total carrying amount US\$
31 December 2016			
Balances with banks and cash	-	71 311 137	71 311 137
Money market assets	-	20 980 988	20 980 988
Financial securities	-	760 536 057	760 536 057
Loans and advances to customers	-	873 999 508	873 999 508
Equity investments	956 682	-	956 682
Other monetary assets	-	56 626 867	56 626 867
Total	956 682	1 783 454 557	1 784 411 239

31 December 2015

	Available for sale US\$	Loans and receivables US\$	Total carrying amount US\$
Balances with banks and cash	-	38 351 549	38 351 549
Money market assets	-	200 063 263	200 063 263
Financial securities	-	471 930 296	471 930 296
Loans and advances to customers	-	883 467 862	883 467 862
Equity investments	956 682	-	956 682
Other monetary assets	-	70 231 425	70 231 425
Total	956 682	1 664 044 395	1 665 001 077

15. PROPERTY AND EQUIPMENT

	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computers and equipment US\$	Work in progress US\$	Total US\$
31 December 2016							
COST							
Opening balance	3 770 000	28 539 400	602 917	4 876 505	24 137 717	5 328 492	67 255 031
Additions	-	31 561	-	493 620	2 787 874	2 463 877	5 776 932
Revaluation reserve	-	(1 392 036)	-	-	-	-	(1 392 036)
Impairments	-	(184 000)	-	-	-	-	(184 000)
Disposals	-	-	-	(176 692)	(80 049)	(33 288)	(290 029)
Transfers to non PPE assets	-	-	-	-	-	(1 129 549)	(1 129 549)
Transfers	-	34 575	-	-	2 529 075	(2 563 650)	-
Closing balance	3 770 000	27 029 500	602 917	5 193 433	29 374 617	4 065 882	70 036 349
ACCUMULATED DEPRECIATION							
Opening balance	-	-	289 204	2 519 925	12 011 907	-	14 821 036
Charge for the year	-	1 670 401	58 291	707 817	3 278 797	-	5 715 306
Disposals	-	-	-	(159 021)	(65 393)	-	(224 414)
Revaluation	-	(1 588 707)	-	-	-	-	(1 588 707)
Impairments	-	(81 694)	-	-	-	-	(81 694)
Closing balance	-	-	347 495	3 068 721	15 225 311	-	18 641 527
Net book value	3 770 000	27 029 500	255 422	2 124 712	14 149 306	4 065 882	51 394 822

	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computers and equipment US\$	Work in progress US\$	Total US\$
31 December 2015							
COST							
Opening balance	3 774 000	29 424 550	602 917	3 802 151	21 932 642	1 130 434	60 666 694
Additions	-	408 869	-	1 229 067	2 567 217	4 808 818	9 013 971
Revaluation reserve	(4 000)	(1 192 489)	-	-	-	-	(1 196 489)
Impairments	-	(130 596)	-	-	-	-	(130 596)
Disposals	-	-	-	(154 713)	(587 402)	(231 994)	(974 109)
Transfers to non PPE assets	-	-	-	-	-	(124 440)	(124 440)
Transfers	-	29 066	-	-	225 260	(254 326)	-
Closing balance	3 770 000	28 539 400	602 917	4 876 505	24 137 717	5 328 492	67 255 031
ACCUMULATED DEPRECIATION							
Opening balance	-	-	230 913	2 071 393	9 455 113	-	11 757 419
Charge for the year	-	1 593 578	58 291	587 784	3 067 726	-	5 307 379
Disposals	-	-	-	(139 252)	(510 932)	-	(650 184)
Revaluation	-	(1 503 022)	-	-	-	-	(1 503 022)
Impairments	-	(90 556)	-	-	-	-	(90 556)
Closing balance	-	-	289 204	2 519 925	12 011 907	-	14 821 036
Net book value	3 770 000	28 539 400	313 713	2 356 580	12 125 810	5 328 492	52 433 995

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2016 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The revaluation of land and buildings entailed the following:

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

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

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

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

Adjustments were made to the following aspects:

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



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

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

The carrying amount of buildings would have been US\$21 607 873 (December 2015: US\$21 490 019) had they been carried at cost.

If the fair value adjustment had been 5% up or down, the Bank's Other Comprehensive Income would have been \$7 301 higher or lower and the statement of Financial Position would have been \$9 834 higher or lower than the reported position.

Property was tested for impairment through comparisons with open market values determined by an independent valuer.

16. INVESTMENT PROPERTIES	31 Dec 2016 US\$	31 Dec 2015 US\$
Opening balance	7 605 000	5 268 800
Fair value adjustment	(576 491)	202 410
Transfer from property and equipment	265 461	-
Additions	103 030	2 133 790
Closing balance	7 397 000	7 605 000

Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2016 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The basis of valuation is consistent with that detailed in note 15 to the financial statements.

If the fair value adjustment had been 5% up or down, the Bank's profit would have been \$21 402 higher or lower and the Statement of Financial Position would have been \$28 825 higher or lower than the reported position.

The rental income derived from investments properties amounted to US\$153 574 with direct operating expenses amounting to US\$83 010. Direct operating expenses (including repairs and maintenance) arising from investment properties that did not generate rental income during the year were US\$nil.

17 INTANGIBLE ASSETS	31 Dec 2016 US\$	31 Dec 2015 US\$
At cost	4 448 503	2 334 243
Accumulated amortisation and impairment	(2 324 631)	(1 835 569)
	2 123 872	498 674
Movement in intangible asset		
Opening balance	498 674	362 337
Additions	990 171	136 881
Transfers from property and equipment	1 124 089	124 439
Amortisation charge	(489 062)	(124 983)
Closing balance	2 123 872	498 674

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

18 DEFERRED TAX ASSET	31 Dec 2016 US\$	31 Dec 2015 US\$
Deferred tax related to items charged or credited to statement of comprehensive income during the year is as follows:		
Opening balance	13 878 170	14 069 925
Impairment and provisions	(3 520 103)	1 946 481
Intangible assets	(26 995)	15 361
Prepayments	560 823	(1 180 286)
Property and equipment	24 740	(28 941)
Tax claimable impairments	854 229	(1 463 002)
Investment properties	56 551	(50 834)
Other	304 922	569 466
Closing balance	12 132 337	13 878 170

19. DEPOSITS	31 Dec 2016 US\$	31 Dec 2015 US\$
Call deposits	11 303 411	31 109 059
Savings and other deposits	1 015 108 442	843 508 227
Money market deposits	608 908 958	652 844 813
Lines of credit	91 615 660	116 098 748
Accrued interest	8 486 742	9 035 363
	1 735 423 213	1 652 596 210
Deposits by type		
Retail	137 957 505	142 260 566
Corporate	889 432 866	733 976 856
Money market	613 514 065	657 842 658
Lines of credit	94 518 777	118 516 130
	1 735 423 213	1 652 596 210

Lines of credit relate to borrowings from a foreign bank or financial institution. These have an average tenure of 3 years with an average interest rate of 8.5 % and are secured by a variety of instruments which include liens over bank accounts, guarantees, treasury bills and sub borrower securities.

	31 Dec 2016 US\$	%	31 Dec 2015 US\$	%
Sectoral analysis				
Private	71 394 344	4	74 637 058	4
Agriculture	54 069 005	3	51 084 842	3
Mining	16 327 034	1	15 425 917	1
Manufacturing	120 444 415	7	119 158 247	7
Distribution	293 760 361	17	300 240 628	18
Construction	38 249 064	2	36 138 031	2
Transport	26 151 083	2	24 707 758	2
Communication	36 043 078	2	26 606 434	2
Services	555 971 737	32	505 268 391	31
Financial organisations	481 320 946	28	460 132 856	28
Investment organisations	41 692 146	2	39 196 048	2
	1 735 423 213	100	1 652 596 210	100
Maturity analysis				
Less than one month	411 906 957		527 623 894	
Between 1 and 3 months	348 956 643		170 906 969	
Between 3 and 6 months	222 702 072		152 758 048	
Between 6 months and 1 year	391 358 213		117 133 171	
Between 1 and 5 years	207 466 711		439 956 537	
More than 5 years	153 032 617		244 217 591	
	1 735 423 213		1 652 596 210	

Maturity analysis is based on the remaining period from 31 December 2016 to contractual maturity.

20. OTHER LIABILITIES	31 Dec 2016 US\$	31 Dec 2015 US\$
Revenue received in advance	813 551	2 076 459
Sundry creditors	6 654 810	6 092 074
Other suspense accounts	3 070 348	5 559 661
Total other liabilities	10 538 709	13 728 194
21. CATEGORIES OF FINANCIAL LIABILITIES		
The Bank's financial liabilities are carried at amortised cost		
22. SHARE CAPITAL		
Authorised		
600 000 000 ordinary shares of \$0.01 each	6 000 000	6 000 000
Issued and fully paid		
511 817 951 ordinary shares of \$0.01 each	5 118 180	5 118 180
22.1 Share premium		
Opening balance	16 721 711	16 721 711
Closing balance	16 721 711	16 721 711

	31 Dec 2016 US\$	31 Dec 2015 US\$
22.2 Revaluation reserve		
Opening balance	11 232 956	11 005 355
Revaluation adjustments made during the year	196 672	306 533
Deferred tax	(50 643)	(78 932)
Closing balance	11 378 985	11 232 956
22.3 Revenue reserve		
Opening balance	114 729 519	93 071 540
Profit for the year	18 681 085	26 157 979
Dividend paid	-	(4 500 000)
Closing balance	133 410 604	114 729 519

23. RELATED PARTY DISCLOSURES

CBZ Holdings Limited owns 100% of CBZ Bank (Private) Limited. CBZ Properties (Private) Limited, CBZ Building Society, CBZ Asset Management (Private) Limited, CBZ Insurance (Private) Limited, CBZ Life (Private) Limited and CBZ Advisory Services (Private) Limited are related to CBZ Bank Limited through common shareholding. The Bank has related party relationships with its Directors and key management employees, their companies and close family members.

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

	Gross limits US\$	Utilised limits US\$	Value of security US\$
31 December 2016	2 343 484	1 657 783	5 190 750
Loans to entities related to directors			
31 December 2015	3 682 000	3 376 683	3 656 000
Loans to entities related to directors			

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
(a) Transactions with other related parties:		
Interest income earned on loans and advances to directors and other related parties	299 863	510 338
Commission and fee income	37 720	8 515
	337 583	518 853
(b) Deposits from directors and key management personnel:		
Closing balance	134 212	30 291
Interest expense on deposits from directors and key management personnel	879	408
(c) Balances with group companies:		
Amounts due from group companies	53 396 795	71 849 783
Amounts due to group companies	16 773 253	13 291 338
(d) Transactions with group companies:		
Interest income on amounts due from group companies	4 704 548	6 477 582
Interest expense on amounts due to group companies	775 015	883 918
Non interest income from group companies	767 950	890 596
Costs charged by group companies	6 437 730	457 957

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. The loans above are provided at commercial terms with interest rates ranging from 6% to 16% and a tenure ranging from 1 month to 3 years. The loans to directors and key management personnel are shown in note 11.2.

24. RISK MANAGEMENT

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

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

24.3 Credit risk

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
Balances with banks	56 760 832	19 801 919
Money market assets	20 980 988	200 063 263
Financial securities	760 536 057	471 930 296
Loans and advances to customers	873 999 508	883 467 862
Other assets	56 626 867	70 231 425
Total	1 768 904 252	1 645 494 765
Guarantees	20 229 252	143 888 502
	20 229 252	143 888 502

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

The Bank held cash and cash equivalents of US\$56 760 832 (excluding notes and coins) as at 31 December 2016 (2015:US\$19 801 919), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

24.3.2 Aging analysis of past due but not impaired loans and advances (Special Mention Loans):	31 Dec 2016 US\$	31 Dec 2015 US\$
1 to 3 months	280 046 650	298 043 103

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

24.3.3 Aging analysis of Non Performing Loans:	31 Dec 2016 US\$	31 Dec 2014 US\$
3 to 6 months	18 679 302	46 453 213
6 to 12 months	48 807 794	26 619 976
Total	67 487 096	73 073 189

Past due and impaired loans relate to loans under the following asset classification classes: Substandard, Doubtful and Loss. (See definition on note number 34.3.1 of the CBZ Holdings Limited notes to the financial results)

24.3.4 An industry sector analysis of the Bank's advances before and after taking into account collateral held is as follows:

	31 Dec 2016 US\$ Gross maximum exposure	31 Dec 2016 US\$ Net maximum exposure (not covered by mortgage security)	31 Dec 2015 US\$ Gross maximum exposure	31 Dec 2015 US\$ Net maximum exposure (not covered by mortgage security)
Private	113 106 750	13 577 930	86 197 497	19 189 408
Agriculture	233 956 469	63 166 397	287 250 031	86 926 371
Mining	8 735 758	1 911 212	10 061 556	2 518 218
Manufacturing	99 639 623	31 722 453	154 870 543	45 694 862
Distribution	93 147 969	39 653 796	194 803 531	77 751 656
Construction	5 742 777	2 419 274	4 994 439	3 187 641
Transport	11 812 351	3 265 357	9 873 128	4 302 443
Communication	11 884	-	2 133 707	-
Services	130 772 055	9 920 594	181 531 512	14 370 493
Financial organisations	232 704 877	-	21 053 226	-
Total	929 630 513	165 637 013	952 769 170	253 941 092

Collateral analysis	31 Dec 2016 US\$	31 Dec 2015 US\$
Cash cover	2 210 000	193 563 611
Mortgage bonds	763 993 500	698 828 078
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc.	760 371 701	788 254 088
	1 526 575 201	1 680 645 777

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
Against doubtful* and loss* grades		
Property	22 007 450	10 396 383
Other	17 389 900	21 524 023
Against substandard* grade		
Property	4 563 874	15 559 224
Other	21 086 126	52 281 008
Against special mention* grade		
Property	168 164 531	162 853 813
Other	240 335 469	251 071 974
Against normal* grade		
Property	569 257 645	510 018 658
Other	483 770 206	656 940 694
	1 526 575 201	1 680 645 777

*See definition on note number 34.3.1 of the CBZ Holdings Limited notes to the financial results.

24.3.5 Credit quality per class of financial assets

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

	*Normal grade US\$	*Special mention grade US\$	*Sub- Standard grade US\$	*Doubtful and Loss grade US\$	Total US\$
31 December 2016					
Loans and advances to customers					
Agriculture	66 530 994	142 738 406	10 562 506	14 124 563	233 956 469
Manufacturing	58 591 311	37 940 611	578 037	2 529 664	99 639 623
Commercial	69 453 529	47 656 157	2 336 989	11 325 380	130 772 055
Private	85 196 129	23 221 026	2 424 345	2 265 250	113 106 750
Mining	7 233 367	1 502 391	-	-	8 735 758
Distribution	57 079 398	22 270 792	2 712 687	11 085 092	93 147 969
Construction	2 394 943	3 283 096	64 738	-	5 742 777
Transport	10 798 186	1 014 165	-	-	11 812 351
Communication	11 884	-	-	-	11 884
Financial services	224 807 026	420 006	-	7 477 845	232 704 877
	582 096 767	280 046 650	18 679 302	48 807 794	929 630 513

The Bank has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Bank, assuming all guarantees are called on, is US\$20.2 million (December 2015: US\$143.9 million).

	*Normal grade US\$	*Special mention grade US\$	*Sub- Standard grade US\$	*Doubtful and Loss grade US\$	Total US\$
31 December 2015					
Loans and advances to customers					
Agriculture	126 739 887	150 118 246	5 769 432	4 622 466	287 250 031
Manufacturing	142 476 752	10 410 802	1 700 250	282 739	154 870 542
Commercial	120 110 257	46 994 303	10 561 804	3 865 148	181 531 513
Private	70 687 611	11 287 027	4 210 386	12 473	86 197 497
Mining	6 209 923	3 851 633	-	-	10 061 556
Distribution	104 035 320	55 792 603	21 187 034	13 788 574	194 803 531
Construction	1 442 504	3 551 935	-	-	4 994 439
Transport	6 931 196	2 340 902	-	601 030	9 873 128
Communication	2 133 707	-	-	-	2 133 707
Financial services	885 721	13 695 652	3 024 307	3 447 546	21 053 226
	581 652 878	298 043 103	46 453 213	26 619 976	952 769 170

*See definition on note number 34.3.1 of the CBZ Holdings Limited notes to the financial results.

24.4 Liquidity risk

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

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

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

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

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

24.4.1 Liquidity Gap Analysis

	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
31 DECEMBER 2016							
Assets							
Balances with banks and cash	71 311 137	-	-	-	-	-	71 311 137
Money market assets	19 828 862	1 152 126	-	-	-	-	20 980 988
Financial securities	-	46 657 787	1 510 156	26 341 510	156 643 663	529 382 941	760 536 057
Loans and advances to customers	365 650 437	44 532 158	15 046 669	63 542 124	95 481 754	289 746 366	873 999 508
Financial guarantees	350 817	846 331	2 759 646	1 566 232	2 000 000	12 706 226	20 229 252
Current tax receivable	-	3 668 473	-	-	-	-	3 668 473
Other assets	-	56 626 867	-	-	-	-	56 626 867
Total assets	457 141 253	153 483 742	19 316 471	91 449 866	254 125 417	831 835 533	1 807 352 282

Liabilities							
Deposits	411 906 957	348 956 643	222 702 072	391 358 213	207 466 711	153 032 617	1 735 423 213
Other liabilities	-	10 538 709	-	-	-	-	10 538 709
Financial guarantees	350 817	846 331	2 759 646	1 566 232	2 000 000	12 706 226	20 229 252
Capital commitments contracted for	-	-	-	1 095 804	-	-	1 095 804
Total liabilities	412 257 774	360 341 683	225 461 718	394 020 249	209 466 711	165 738 843	1 767 286 978

Liquidity gap	44 883 479	(206 857 941)	(206 145 247)	(302 570 383)	44 658 706	666 096 690	40 065 304
Cumulative liquidity gap	44 883 479	(161 974 462)	(368 119 709)	(670 690 092)	(626 031 386)	40 065 304	40 065 304

	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
31 DECEMBER 2015							
Assets							
Balances with banks and cash	38 351 549	-	-	-	-	-	38 351 549
Money market assets	12 300 000	187 763 263	-	-	-	-	200 063 263
Financial securities	3 731 631	11 309 806	-	5 903 854	188 105 232	262 879 773	471 930 296
Advances	342 137 004	46 812 644	97 710 042	147 132 567	154 363 499	95 312 106	883 467 862
Other assets	-	70 231 425	-	-	-	-	70 231 425
Financial guarantees	121 580 805	1 656 253	1 958 170	3 908 274	3 105 000	11 680 000	143 888 502
Current tax receivable	-	1 750 333	-	-	-	-	1 750 333
Total assets	518 100 989	319 523 724	99 668 212	156 944 695	345 573 731	369 871 879	1 809 683 230

Liabilities							
Deposits	527 623 894	170 906 969	152 758 048	117 133 171	439 956 537	244 217 591	1 652 596 210
Other liabilities	-	13 728 194	-	-	-	-	13 728 194
Financial guarantees	121 580 805	1 656 253	1 958 170	3 908 274	3 105 000	11 680 000	143 888 502
Capital commitments contracted for	-	-	-	1 060 561	-	-	1 060 561
Total liabilities	649 204 699	186 291 416	154 716 218	122 102 006	443 061 537	255 897 591	1 811 273 467

Liquidity gap	(131 103 710)	133 232 308	(55 048 006)	34 842 689	(97 487 806)	113 974 288	(1 590 237)
Cumulative liquidity gap	(131 103 710)	2 128 598	(52 919 408)	(18 076 719)	(115 564 525)	(1 590 237)	(1 590 237)

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

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

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

	%
At 31 December 2016	76.65
At 31 December 2015	51.84
Average for the year	55.19
Maximum for the year	76.65
Minimum for the year	50.84

24.5 Interest rate risk

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

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

24.5.1 Interest rate repricing and gap analysis

31 DECEMBER 2016	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	11 588 178	-	-	-	-	-	59 722 959	71 311 137
Money market assets	19 828 862	1 152 126	-	-	-	-	-	20 980 988
Financial securities	-	46 657 787	1 510 156	26 341 510	156 643 663	529 382 941	-	760 536 057
Loans & advances to customers	365 650 437	44 532 158	15 046 669	63 542 124	95 481 754	289 746 366	-	873 999 508
Other assets	-	51 053 633	-	-	-	-	57 036 893	108 090 526
Equity investments	-	-	-	-	-	-	956 682	956 682
Investment property	-	-	-	-	-	-	7 397 000	7 397 000
Property and equipment	-	-	-	-	-	-	51 394 822	51 394 822
Intangible assets	-	-	-	-	-	-	2 123 872	2 123 872
Deferred tax	-	-	-	-	-	-	12 132 337	12 132 337
Current tax receivable	-	-	-	-	-	-	3 668 473	3 668 473
Total assets	397 067 477	143 395 704	16 556 825	89 883 634	252 125 417	819 129 307	194 433 038	1 912 591 402

Equity and liabilities								
Deposits	411 906 957	348 956 643	222 702 072	391 358 213	207 466 711	153 032 617	-	1 735 423 213
Other liabilities	-	-	-	-	-	-	10 538 709	10 538 709
Equity and reserves	-	-	-	-	-	-	166 629 480	166 629 480
Total liabilities, equity - & reserves	411 906 957	348 956 643	222 702 072	391 358 213	207 466 711	153 032 617	177 168 189	1 912 591 402

Interest rate repricing gap	(14 839 480)	(205 560 939)	(206 145 247)	(301 474 579)	44 658 706	666 096 690	17 264 849	-
Cumulative gap	(14 839 480)	(220 400 419)	(426 545 666)	(728 020 245)	(683 361 539)	(17 264 849)	-	-

31 DECEMBER 2015	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	3 660 009	-	-	-	-	-	34 691 540	38 351 549
Money market assets	12 300 000	187 763 263	-	-	-	-	-	200 063 263
Financial securities	3 731 631	11 309 806	-	5 903 854	188 105 232	262 879 773	-	471 930 296
Loans & advances to customers	342 137 004	46 812 644	97 710 042	147 132 567	154 363 499	95 312 106	-	883 467 862
Other assets	-	-	-	-	-	-	143 190 946	143 190 946
Equity investments	-	-	-	-	-	-	956 682	956 682
Investment property	-	-	-	-	-	-	7 605 000	7 605 000
Property and equipment	-	-	-	-	-	-	52 433 995	52 433 995
Intangible assets	-	-	-	-	-	-	498 674	498 674
Deferred tax	-	-	-	-	-	-	13 878 170	13 878 170
Current tax receivable	-	-	-	-	-	-	1 750 333	1 750 333
Total assets	361 828 644	245 885 713	97 710 042	153 036 421	342 468 731	358 191 879	255 005 340	1 814 126 770

Equity and liabilities								
Deposits	527 623 894	170 906 969	152 758 048	117 133 171	439 956 537	244 217 591	-	1 652 596 210
Other liabilities	-	-	-	-	-	-	13 728 194	13 728 194
Equity and reserves	-	-	-	-	-	-	147 802 366	147 802 366
Total liabilities, equity and reserves	527 623 894	170 906 969	152 758 048	117 133 171	439 956 537	244 217 591	161 530 560	1 814 126 770

Interest rate repricing gap	(165 795 250)	74 978 744	(55 048 006)	35 903 250	(97 487 806)	113 974 288	93 474 780	-
Cumulative gap	(165 795 250)	(90 816 506)	(145 864 512)	(109 961 262)	(207 449 068)	(93 474 780)	-	-

24.6 Foreign exchange 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 rates where open positions either spot or forward, are taken for both on and off – statement of financial position transactions.

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



AUDITED FINANCIAL RESULTS

for the Year Ended 31 December

2016



Partners For Success

24.6 Foreign exchange risk

At 31 December 2016, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the year would have been US\$223 481 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Bank as at 31 December 2016 is as below:

FOREIGN CURRENCY POSITION

Foreign currency position as at 31 December 2016

Position expressed in US\$	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	71 311 137	65 608 435	4 117 336	540 157	1 045 209
Money market assets	20 980 988	20 980 988	-	-	-
Financial securities	760 536 057	760 536 057	-	-	-
Loans and advances to customers	873 999 508	857 070 051	20 033	258 178	16 651 246
Other assets	108 090 526	107 577 240	337 216	119 123	56 947
Equity Investments	956 682	812 781	-	-	143 901
Investment properties	7 397 000	7 397 000	-	-	-
Property and equipment	51 394 822	51 394 822	-	-	-
Deferred taxation	12 132 337	12 132 337	-	-	-
Intangible assets	2 123 872	2 123 872	-	-	-
Current tax receivable	3 668 473	3 668 473	-	-	-
Total assets	1 912 591 402	1 889 302 056	4 474 585	917 458	17 897 303
Equity and liabilities					
Deposits	1 735 423 213	1 716 490 419	7 390 604	398 081	11 144 109
Other liabilities	10 538 709	10 507 943	11 090	19 243	433
Equity and reserves	166 629 480	166 629 480	-	-	-
Total equity and liabilities	1 912 591 402	1 893 627 842	7 401 694	417 324	11 144 542

Foreign currency position as at 31 December 2015

Position expressed in US\$	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	38 351 549	31 552 462	4 474 985	585 773	1 738 329
Money market assets	200 063 263	200 063 263	-	-	-
Financial securities	471 930 296	471 930 296	-	-	-
Loans and advances to customers	883 467 862	867 299 868	9 647	257 665	15 900 682
Other assets	143 190 946	142 867 354	224 318	41 983	57 291
Equity investments	956 682	812 781	-	-	143 901
Investment properties	7 605 000	7 605 000	-	-	-
Property and equipment	52 433 995	52 433 995	-	-	-
Deferred taxation	13 878 170	13 878 170	-	-	-
Intangible assets	498 674	498 674	-	-	-
Current tax receivable	1 750 333	1 750 333	-	-	-
Total assets	1 814 126 770	1 790 692 196	4 708 950	885 421	17 840 203
Equity and liabilities					
Deposits	1 652 596 210	1 629 346 833	8 028 877	400 285	14 820 215
Other liabilities	13 728 194	13 623 235	6 941	13 161	84 857
Equity and reserves	147 802 366	147 802 366	-	-	-
Total equity and liabilities	1 814 126 770	1 790 772 434	8 035 818	413 446	14 905 072

Foreign currency position as at 31 December 2016

Underlying currency	ZAR	GBP	Other foreign currencies in US\$
Assets			
Balances with banks and cash	56 108 175	439 939	1 045 209
Loans and advances to customers	272 992	210 277	16 651 246
Other assets	4 595 345	97 022	56 947
Equity investments	-	-	143 901
Total assets	60 976 512	747 238	17 897 303
Liabilities			
Deposits	100 713 978	324 223	11 144 109
Other liabilities	151 126	15 673	433
Total liabilities	100 865 104	339 896	11 144 542
Net position	(39 888 592)	407 342	6 752 761

Foreign currency position as at 31 December 2015

Underlying currency	ZAR	GBP	Other foreign currencies in US\$
Assets			
Balances with banks and cash	69 551 116	395 152	1 738 329
Loans and advances to customers	149 935	173 816	15 900 682
Other assets	3 486 403	28 321	57 291
Equity investments	-	-	143 901
Total assets	73 187 454	597 289	17 840 203
Liabilities			
Deposits	124 786 405	270 025	14 820 215
Other liabilities	107 876	8 878	84 857
Total liabilities	124 894 281	278 903	14 905 072
Net position	(51 706 827)	318 386	2 935 131

24.7 Operational risk

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

24.7.1 Operational risk management framework

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

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

24.8 Strategic risk

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

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

24.9 Regulatory risk

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

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

24.10 Reputation risk

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

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

24.11 Money laundering risk

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

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

24.12 Risk and Credit Ratings

24.12.1 External Credit Rating

Rating Agent	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating Co. (Short Term)	A1-	A1	A1	A1	-	-	-	-	-	-	A1	A1
Global Credit Rating Co. (Long Term)	A	A	A+	A+	A+	A+	A	A	A	A+	A+	A

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

24.12.2 Reserve Bank of Zimbabwe Ratings

CAMELS RATING MATRIX

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

Key

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

25. CAPITAL MANAGEMENT

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

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

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

25.1. Capital Adequacy

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

	31 Dec 2016 US\$	31 Dec 2015 US\$
Risk weighted assets	783 003 808	961 868 377
Total qualifying capital	174 759 245	156 449 038
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	16 721 711	16 721 711
Revenue reserves	133 410 604	114 729 519
Exposures to insiders	(1 657 783)	(3 376 683)
Total core capital	153 592 712	133 192 727
Less transfer to Tier 3	(20 219 720)	(19 738 594)
	133 372 992	113 454 133
Tier 2		
Revaluation reserve	11 378 985	11 232 956
General provisions	9 787 548	12 023 355
	21 166 533	23 256 311
Tier 3		
Capital allocated for market risk	627 288	245 074
Capital allocated to operations risk	19 592 432	19 493 520
	20 219 720	19 738 594
Capital adequacy	22.32%	16.27%
-Tier 1	17.03%	11.80%
-Tier 2	2.71%	2.42%
-Tier 3	2.58%	2.05%

Regulatory capital consists of Tier 1 capital which comprises share capital, share premium and revenue reserves including current year profit. The other component of the regulatory capital is Tier 2 capital, which includes general provisions and revaluation reserves. The regulated minimum capital base required by the Central Bank is US\$25 million with a tier 1 ratio of 8% and a total capital adequacy ratio of 12%.

26. CORPORATE GOVERNANCE STATEMENT

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

27. DISCLOSURE POLICY

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

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Notes	31 Dec 2016 US\$	31 Dec 2015 US\$
Gross written premium		9 556 878	13 212 013
Reinsurance premium		(694 169)	(598 029)
Net written premium		8 862 709	12 613 984
Unearned premium movement	12.1	979 190	(1 519 471)
Net earned premium		9 841 899	11 094 513
Net commission	2	(1 248 342)	(1 618 907)
Net claims	3	(3 218 199)	(2 825 195)
Technical profit		5 375 358	6 650 411
Operating expenditure	4	(3 545 824)	(3 192 483)
Charge for impairment		(75 704)	-
Underwriting profit		1 753 830	3 457 928
Other income	5	859 690	1 080 568
Profit before taxation		2 613 520	4 538 496
Taxation	6	(11 448)	(44 094)
Profit for the year		2 602 072	4 494 402
Other comprehensive income		-	-
Total comprehensive income		2 602 072	4 494 402

STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Notes	31 Dec 2016 US\$	31 Dec 2015 US\$
ASSETS			
Current assets			
Cash and cash equivalents	7	2 091 351	884 466
Money market assets	8	14 364 915	14 310 617
Insurance contract assets	9	383 517	1 122 112
Other receivables		68 895	16 360
Current tax receivables		8 518	6 090
		16 917 196	16 339 645
Non-current assets			
Intangible assets	10	557 565	610 251
Property and equipment	11	251 231	287 826
Investment properties		1 594 000	-
		2 402 796	898 077
TOTAL ASSETS		19 319 992	17 237 722
EQUITY AND LIABILITIES			
Liabilities			
Life fund	12	1 844 992	3 360 688
investment contract liabilities	13	1 517 121	1 314 713
Other payables	14	1 103 782	310 296
		4 465 895	4 985 697
Equity			
Share capital	15	2	2
Share premium		1 388 012	1 388 012
Revenue reserves		13 466 083	10 864 011
		14 854 097	12 252 025
TOTAL EQUITY AND LIABILITIES		19 319 992	17 237 722

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
2015				
Opening balance	2	1 388 012	7 136 587	8 524 601
Total comprehensive income	-	-	4 494 402	4 494 402
Dividend paid	-	-	(766 978)	(766 978)
Closing balance	2	1 388 012	10 864 011	12 252 025
2016				
Opening balance	2	1 388 012	10 864 011	12 252 025
Total comprehensive income	-	-	2 602 072	2 602 072
Closing balance	2	1 388 012	13 466 083	14 854 097

STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	31 Dec 2016 US\$	31 Dec 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2 613 520	4 538 496
Non cash items:		
Depreciation	96 883	87 967
Amortisation	140 389	144 783
Unearned premium movement	(979 190)	1 519 471
Claims incurred but not reported	(536 506)	442 496
unearned commission on reinsurance premium movement	166 767	(338 459)
Fair value adjustment on investment properties	(94 000)	-
Impairment on insurance assets	75 704	-
Profit on sale of property and equipment	-	(6 163)
Operating profit before changes in operating assets and liabilities	1 483 567	6 388 591
Changes in operating assets and liabilities		
Other receivables	(52 535)	16 356
Insurance contract assets	496 125	(569 571)
Other payables	793 486	(289 416)
Money market assets	(54 298)	(4 234 917)
Life assurance investment contract liabilities	202 408	401 940
	1 385 186	(4 675 608)
Corporate tax paid	(13 877)	(49 175)
Net cash inflow from operating activities	2 854 876	1 663 809
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	-	9 671
Purchase of property and equipment	(60 288)	(64 089)
Purchase of intangible assets	(87 703)	(266 362)
Purchase of investment properties	(1 500 000)	-
Net cash outflow from investing activities	(1 647 991)	(320 780)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(766 978)
Net cash outflow from financing activities	-	(766 978)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1 206 885	576 051
Cash and cash equivalents at the beginning of the year	884 466	308 415
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2 091 351	884 466

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

1. INCORPORATION AND ACTIVITES

The company offers life insurance services and is incorporated in Zimbabwe.

2. NET COMMISSION

Commission paid
Commission received
Deferred acquisition cost

3. NET CLAIMS

Gross claims paid
Claims received from reinsurance
Incurred but not reported provision movement

4. OPERATING EXPENDITURE

Administration expenses
Management fees
Audit fees
Depreciation
Amortisation of intangible assets
Staff costs

Directors' remuneration (included in staff costs)
Fees for services as Directors
Pension for past and present directors
Salaries and other benefits

5. OTHER INCOME

Short term money market interest
Interest on bank balances
Profit on disposal of property and equipment
Fair value adjustment on investment properties

6. TAXATION

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

Current income tax

6.1 TAX RATE RECONCILIATION

Notional tax
Aids levy
Permanent differences
Effective tax rate

7. CASH AND CASH EQUIVALENTS

Cash at bank

8. INVESTMENTS

8.1 Money market assets:

Loans and receivables

8.2 Maturity analysis

Less than 3 month
Between 3 months and 6 months
Between 6 months and 1 year

9. INSURANCE CONTRACTS ASSETS

Reinsurance unearned premium reserve
Deferred acquisition costs
Premium receivables

10. INTANGIBLE ASSETS

Computer Software Cost
Opening balance
Additions
Closing balance

Amortisation
Opening balance
Charge for the year
Closing balance

Carrying amount at end of the year

11. PROPERTY AND EQUIPMENT

	Motor vehicles US\$	Computers, furniture and other equipment US\$	31 Dec 2016 US\$	31 Dec 2015 US\$
Cost				
Opening balance	90 049	416 644	506 693	468 054
Additions	48 830	11 458	60 288	64 089
Disposals	-	-	-	(25 450)
Closing balance	138 879	428 102	566 981	506 693
Accumulated depreciation				
Opening balance	49 359	169 508	218 867	152 842
Charge for the year	22 822	74 061	96 883	87 967
Disposals	-	-	-	(21 942)
Closing balance	72 181	243 569	315 750	218 867
Net Book Value	66 698	184 533	251 231	287 826

12. LIFE FUND

12.1 Movement in Life fund

Opening balance 1 January 2015
Transfer from income
Closing balance at 31 Dec 2015
Transfer to income
Closing balance at 31 Dec 2016

12.2 Life fund liabilities are supported by the following net assets:

Money market assets
Prescribed assets
investment property

13. INVESTMENT CONTRACT LIABILITIES

13.1 Investment contract movement

Opening balance 1 January 2015
Interest on GEP investment fund
Fund management fees
GEP investments from clients
GEP withdrawals by clients
Closing balance at 31 Dec 2016

13.2 Investment contract liabilities are supported by the following net assets:

Money market assets
Prescribed assets
Cash and cash equivalents

14. OTHER PAYABLES

Inter-company
Sundry payables

15. SHARE CAPITAL

15.1 Authorised share capital
20 000 ordinary shares of US\$1 each

15.2 Issued share capital
2 ordinary shares of US\$1 each

	31 Dec 2016 US\$	31 Dec 2015 US\$
	1 182 098 (141 163) 207 407	2 115 002 (157 636) (338 459)
	1 248 342	1 618 907
	3 944 731 (190 026) (536 506)	2 439 854 (57 155) 442 496
	3 218 199	2 825 195
	1 487 063 219 662 29 668 96 883 140 389 1 572 159	1 478 673 - 30 205 87 966 144 783 1 450 856
	3 545 824	3 192 483
	51 156 59 909 519 026	46 368 47 610 649 891
	63 0 091	743 869
	764 628 1 062 -	1 071 485 2 920 6 163
	859 690	1 080 568
	11 448	44 094
	%	%
	25.00 0.75 (25.30)	25.00 0.75 (24.78)
	0.45	0.97
	US\$	US\$
	2 091 351	884 466
	14 364 915	14 310 617
	10 707 472 909 447 2 737 996	10 437 186 3 873 431 -
	14 364 915	14 310 617
	72 114 311 165 238	241 087 518 572 362 453
	383 517	1 122 112
	798 412 87 703	532 050 266 362
	886 115	798 412
	188 161 140 389	43 378 144 783
	328 550	188 161
	557 565	610 251



Partners For Success

AUDITED FINANCIAL RESULTS
for the Year Ended 31 December

2016



AUDITED FINANCIAL RESULTS
for the Year Ended 31 December

2016



A member of the CBZ Holdings Group

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	31 Dec 2016 US\$	31 Dec 2015 US\$
Gross written premium	10 220 701	9 590 832
Reinsurance	(4 718 950)	(4 716 395)
Net written premium	5 501 751	4 874 437
Unearned premium	(17 362)	42 156
Net earned premium	5 484 389	4 916 593
Net commission	(21 663)	99 796
Net claims	(2 414 834)	(1 877 741)
Technical result	3 047 892	3 138 648
Operating expenditure	(2 022 310)	(1 612 875)
Impairment loss	(177 253)	(236 310)
Underwriting profit	848 329	1 289 463
Other income	400 500	294 101
Profit before taxation	1 248 829	1 583 564
Taxation	(333 888)	(434 044)
Profit for the year	914 941	1 149 520
Other comprehensive income	-	-
Total comprehensive income for the year	914 941	1 149 520
Basic earnings per share (cents)	58.56	74.17
Diluted earnings per share (cents)	58.56	74.17

STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	31 Dec 2016 US\$	31 Dec 2015 US\$
ASSETS		
Cash and cash equivalents	454 217	937 055
Money market assets	6 420 908	4 061 213
Other assets	30 245	29 067
Insurance receivables	1 263 328	1 421 626
Insurance contract assets:		
Reinsurance receivables	220 551	728 015
Reinsurance outstanding claims	1 387 495	297 181
Deferred acquisition costs	368 242	330 247
Reinsurance unearned premium reserve	1 228 754	1 290 166
Financial assets at fair value through profit or loss	388 636	178 857
Investment properties	145 000	145 000
Property and equipment	197 235	201 927
Deferred tax asset	403 710	237 806
Intangible assets	-	38 675
TOTAL ASSETS	12 508 321	9 896 835
EQUITY AND LIABILITIES		
LIABILITIES		
Other payables	735 344	539 859
Current tax payable	193 419	228 185
Insurance contract liabilities:		
Reinsurance payables	763 507	605 093
Gross outstanding claims	2 101 988	713 772
Incurred but not yet reported claims	257 317	240 190
Unearned commission reserve	312 297	316 777
Gross unearned premium reserve	3 035 840	3 079 891
Total liabilities	7 399 712	5 723 767
EQUITY		
Share capital	78 116	77 496
Share premium	1 479 091	1 459 111
Retained earnings	3 551 402	2 636 461
Total equity	5 108 609	4 173 068
TOTAL EQUITY AND LIABILITIES	12 508 321	9 896 835

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
2015				
Balance at 1 January 2015	50 500	589 807	1 486 941	2 127 248
Rights issue	26 996	869 304	-	896 300
Total comprehensive income	-	-	1 149 520	1 149 520
Balance at 31 December 2015	77 496	1 459 111	2 636 461	4 173 068
2016				
Balance at 1 January 2016	77 496	1 459 111	2 636 461	4 173 068
Rights issue	620	19 980	-	20 600
Total comprehensive income	-	-	914 941	914 941
Balance at 31 December 2016	78 116	1 479 091	3 551 402	5 108 609

STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	31 Dec 2016 US\$	31 Dec 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1 248 829	1 583 564
Non cash items:		
Depreciation	55 343	52 045
Amortisation	-	28 068
Derecognition of property and equipment	9 940	-
Derecognition of intangible assets	38 675	-
Impairment of other assets	35 674	-
Interest income	(317 775)	(353 430)
Fair value adjustment	(59 777)	77 324
Unearned premium reserve movement	17 362	(42 156)
Deferred commission movement	(42 474)	46 245
Incurred but not yet reported claims provision	17 127	6 773
Profit on disposal of property and equipment	(150)	-
Impairment loss	177 253	236 310
Cash flow before changes in operating assets and liabilities	1 180 027	1 634 743
Changes in operating assets and liabilities		
Decrease in inventory	780	32
Increase in receivables	(636 214)	(347 710)
Increase in money market assets	(2 359 695)	(1 363 682)
Increase/(decrease) in payables	1 742 116	(2 836)
	(72 986)	(79 453)
Interest received	317 775	353 430
Tax paid	(534 559)	(412 208)
Cash utilised in operating activities	(289 770)	(138 231)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(63 816)	(61 411)
Proceeds on disposal of property and equipment	150	-
Purchase of investments	(150 002)	-
Net cash utilised in investing activities	(213 668)	(61 411)
CASHFLOWS FROM FINANCING ACTIVITIES		
Rights issue	20 600	896 300
Net cash proceeds generated from financing activities	20 600	896 300
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(482 838)	696 658
Cash and cash equivalents at the beginning of the year	937 055	240 397
Balances with banks and cash at end of the year	454 217	937 055

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	31 Dec 2016 US\$	31 Dec 2015 US\$
Revenue	2 141 074	2 102 403
Operating expenditure	(2 003 169)	(1 886 306)
Profit before taxation	137 905	216 097
Taxation	(49 176)	(64 787)
Profit for the year after taxation	88 729	151 310
Other comprehensive income	-	-
Total comprehensive income	88 729	151 310

STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	31 Dec 2016 US\$	31 Dec 2015 US\$
ASSETS		
Balances with banks and cash	54 829	194 733
Money market assets	1 925 158	1 767 149
Loans and advances	12 907	12 907
Investment securities	14	9
Other assets	742 627	658 774
Intangible assets	15 037	24 058
Investment property	93 000	105 000
Equipment	150 959	192 294
Current taxation	8 657	-
Deferred taxation	20 495	25 491
TOTAL ASSETS	3 023 683	2 980 415
LIABILITIES		
Current taxation	-	23 060
Other liabilities	83 156	94 660
Provisions	294 535	305 432
TOTAL LIABILITIES	377 691	423 152
EQUITY AND RESERVES		
Share capital	63 005	63 005
Share premium	1 924 944	1 924 944
Revenue reserves	658 043	569 314
TOTAL EQUITY AND RESERVES	2 645 992	2 557 263
TOTAL LIABILITIES, EQUITY AND RESERVES	3 023 683	2 980 415

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
2015				
Opening balance	63 005	1 924 944	418 004	2 405 953
Total comprehensive income	-	-	151 310	151 310
Closing balance	63 005	1 924 944	569 314	2 557 263
2016				
Opening balance	63 005	1 924 944	569 314	2 557 263
Total comprehensive income	-	-	88 729	88 729
Closing balance	63 005	1 924 944	658 043	2 645 992

STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	31 Dec 2016 US\$	31 Dec 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	137 905	216 097
Non cash items:		
Fair value adjustment	11 995	6
Depreciation and amortisation	50 356	123 392
Profit on sale of property and equipment	-	(3 488)
Operating cash inflow before changes in operating assets and liabilities	200 256	336 007
Changes in operating assets and liabilities		
Money market assets	(158 009)	(118 529)
Advances	-	3 788
Other assets	(83 853)	(67 013)
Other liabilities	(11 504)	(53 495)
Provisions	(10 897)	39 340
	(264 263)	(195 909)
Corporate tax paid	(75 897)	(80 939)
Net cash (outflow)/inflow from operating activities	(139 904)	59 159
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	-	6 279
Purchase of property and equipment	-	(4 557)
Purchase of intangible assets	-	(12 472)
Net cash outflow from investing activities	-	(10 750)
NET (DECREASE)/INCREASE IN BALANCES WITH BANKS AND CASH	(139 904)	48 409
Balances with banks and cash at the beginning of the year	194 733	146 324
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	54 829	194 733