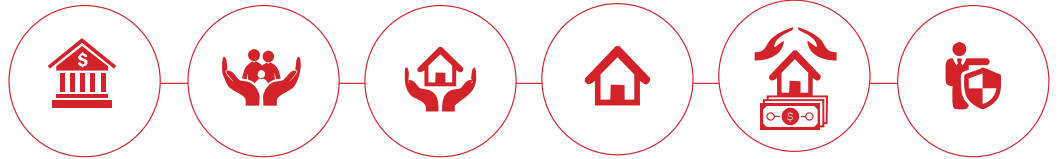


AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2017



CHAIRMAN'S STATEMENT

I am pleased to present to you the financial results for CBZ Holdings Limited and its subsidiaries, for the year ended 31 December 2017.

Economic Growth

The Government of Zimbabwe estimated the economy to have grown by 3.7% in 2017, up from 0.6% in 2016. Notable output increases were recorded in the agricultural, mining and infrastructure sectors due to Government support facilities, private sector investments and a recovery in commodity prices. However, the absence of suitably structured long term capital and low levels of investment continued to constrain broad based economic activity, thereby limiting the country's growth potential. Furthermore, manufacturing sector capacity utilisation declined from 47.4% in 2016 to 45.1% in 2017.

Financial & Capital Markets Developments

Goods Market

According to the ZIMSTAT, the annual average inflation rate rose from -1.6% in 2016 to 0.9% in 2017, marking the end of a prolonged period of deflation and achieving a near 6 year high of 3.5%.

Money Market

Broad money supply grew by 42.2% from US\$5.64 billion in December 2016 to US\$8.02 billion in November 2017. The rise in money supply resulted in an improvement in domestic liquidity conditions, but the limited availability of cash resulted in inefficient allocation of resources. The average lending rates for individuals and corporates fell from 11.14% and 7.12% in 2016 to 9.14% and 6.92% in 2017. Savings rates for 1-month and 3-months deposits also fell from 5.96% and 6.39% in December 2016 to 4.4% and 4.62% in December 2017, respectively, as financial institutions re-priced liabilities in order to preserve optimal margins. The decline in savings rates also reflected the improvement in domestic liquidity conditions.

Foreign Exchange Market

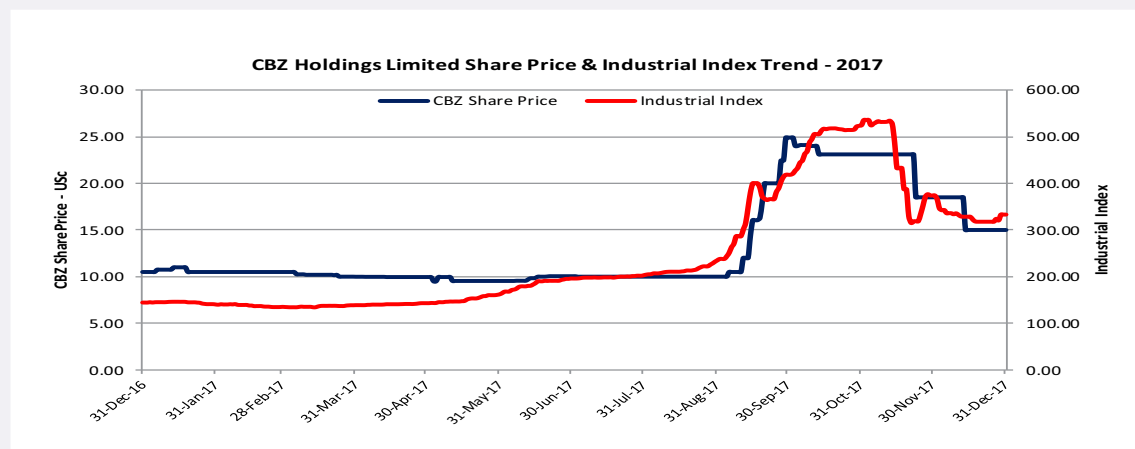
The Central Bank introduced short term measures to boost the country's exports and foreign currency generation capacity, as part of efforts to address the foreign currency shortages. The measures included expansion and extension of the export incentive scheme and the US\$600 million NOSTRO stabilisation facility.

Property Market

Activity remained skewed towards retail and residential property development. Provisional figures indicate that the banking sector funded a total of 5 700 housing units valued at \$172.1 million in 2017, up from 1 531 units valued at US\$75.0 million in 2016. However, the shortage of cash and foreign currency, on the back of rising inflation fears and general uncertainty adversely affected the performance of the sector.

Stock market

The industrial and mining indices rose by 130.4% and 143.4% to end the year at 333.02 and 142.4, respectively. Market turnover also increased by 258.3% to US\$694.9 million in 2017. CBZH stock trended in line with the market, rising to a high of US¢25 in September 2017 before receding to end the year 42.9% higher at US¢15. The graph below shows the trend in the CBZH share price and the benchmark industrial index during the year 2017



Source: ZSE

Public Sector Developments

Government's net revenue collections improved by 15.5% to US\$3.75 billion in 2017, from US\$3.25 billion in 2016. This was driven by enhancement of tax collection measures by the Zimbabwe Revenue Authority. The improvement in revenue collections assisted towards stabilising Government cash-flows, thereby improving Government's ability to meet its obligations. However, the low fiscal space continued to limit the Government's developmental budget, and thus, its ability to crowd-in the private sector and grow the economy through public-private-partnerships.

Socio-Political Developments

The socio-political environment remained generally stable during the period under review. Government re-engagement efforts with the international community were stepped up during the last quarter of the year, resulting in an opening up of new possibilities for the economy. The stable socio-political environment also enhanced the company's ability to positively contribute towards the national financial inclusion drive.

Overview of the Group's Performance

	Audited Year Ended December 2017	Audited Year Ended December 2016
Key Financial Highlights	US\$m	US\$m
Profit after taxation	27.8	23.8
Total comprehensive income	29.7	24.2
Total assets	2,192.7	2 086.6
Total equity	309.7	283.1
Total deposits	1,853.7	1 777.2
Total advances	941.4	1 007.2
Other statistics		
Basic earnings per share (cents)	5.4	4.5
Non interest income to total income (%)	52.2	43.4
Cost to income ratio (%)	63.9	69.6
Return on assets (%)	1.2	1.4
Return on equity (%)	9.0	8.7
Growth in deposits (YTD%)	4.3	5.5
Growth in advances (YTD%)	(6.5)	(1.4)
Growth in PAT (YOY%)	17.0	(32.5)

Governance & Directorship

The primary role of the Board is to bring an independent view and provide oversight to the company. The Board also gives direction and sets targets for management whilst ensuring that a robust governance structure is in place and is effective. Mr. William Annandale, Mrs. Varaidzo Zifudzi and myself joined the Board during the year as new members. Mr. Never Nyemudzo the Group Chief Executive Officer resigned from the Board following his retirement from the company in December 2017. The Board wishes to express its utmost gratitude for the contribution Never made to the company and wish him well in his new pursuits.

In line with regulatory requirements, the following members were retired from the Board after having served for more than 10 years within the Group: Ian Harris, Richard Zirobwa and Dr Ruvimbo Mabeza-Chimedza. Rebecca Pasi and Richard Dawes moved to the CBZ Bank Limited Board and CBZ Life Board respectively. We thank them for their dedication and service.

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 \$ 1 762 371. Having declared an interim dividend of \$ 1 762 371, this translates to an annual dividend of \$ 3 524 742, a 10% growth from the prior year.

Outlook

The 2018 National Budget and Monetary Statements were premised on the creation of an open environment for business. The benefits arising from the open environment are likely to remain subdued in the short to medium term due to foreign currency shortages, inflationary pressures and slow uptake to the call for new investment driven by the re-engagement process with the international community. The Company will in the short to medium term place emphasis on productivity enhancements whilst exploring opportunities for growth in its various business value streams.

Appreciation.

My appreciation goes to our valued clients, who are the mainstay of our success. I also thank the Group Board, Boards of Group companies, Management and Staff for their continued dedication during the year.

Admüßer

Noah M Matimba
Chairman

15 March 2018

AUDITOR'S STATEMENT

These financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2017, 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. The auditor's report on these financial results is available for inspection at the Company's registered office.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Notes	31 Dec 2017 US\$	31 Dec 2016 US\$
Interest income	2	152 949 238	181 182 497
Interest expense	2	(77 390 065)	(99 582 030)
Net interest income		75 559 173	81 600 467
Net non-interest income	3	91 398 386	69 078 973
Net underwriting income	4	8 076 286	8 305 755
Total income		175 033 845	158 985 195
Operating expenditure	5	(111 905 039)	(110 644 376)
Operating income		63 128 806	48 340 819
Charge for impairment on loans and advances and insurance assets	12.5/13.2	(36 011 671)	(19 847 256)
Profit before taxation		27 117 135	28 493 563
Taxation	6	721 783	(4 708 102)
Profit for the year after taxation		27 838 918	23 785 461
Other comprehensive income			
Gains on property revaluation		2 203 767	517 426
Deferred income tax relating to components of other comprehensive income	6.1	(366 225)	(53 403)
Other comprehensive income for the year, net of tax		1 837 542	464 023
Total comprehensive income for the year		29 676 460	24 249 484
Profit for the year attributable to:			
Equity holders of parent		27 782 891	23 689 820
Non-controlling interests	27.7	56 027	95 641
Profit for the year		27 838 918	23 785 461
Total comprehensive income attributable to:			
Equity holders of parent		29 620 433	24 153 843
Non-controlling interests	27.7	56 027	95 641
Total comprehensive income for the year		29 676 460	24 249 484
Earnings per share (cents):			
Basic	7.1	5.36	4.53
Fully diluted	7.1	5.21	4.40

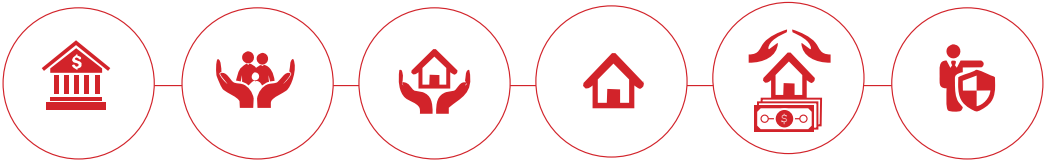
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	31 Dec 2017 US\$	31 Dec 2016 US\$
ASSETS			
Balances with banks and cash	9	89 606 676	73 482 774
Money market assets	10	45 820 077	37 512 007
Financial securities	11	899 862 222	760 536 057
Loans and advances to customers	12	941 408 103	1 007 172 157
Insurance assets	13	4 812 830	4 851 887
Equity investments	15	10 687 540	7 826 107
Other assets	14	72 016 809	71 450 097
Current tax receivable		621 938	3 692 462
Intangible assets	19	2 530 080	2 697 421
Property and equipment	17	71 605 721	72 220 038
Investment properties	18	33 950 354	32 601 223
Deferred taxation	20.1	19 732 819	12 566 810
TOTAL ASSETS		2 192 655 169	2 086 609 040
LIABILITIES			
Deposits	21	1 853 677 673	1 777 154 753
Insurance liabilities	22	5 453 852	6 470 950
Other liabilities	23	17 951 208	13 859 233
Current tax payable		18 055	295 265
Life fund	24	1 465 928	1 844 992
Life assurance investment contract liabilities	25	1 806 932	1 517 121
Deferred taxation	20.2	2 595 916	2 359 408
TOTAL LIABILITIES		1 882 969 564	1 803 501 722
EQUITY			
Share capital	27.1	6 868 795	6 868 288
Share premium	27.2	40 013 748	40 008 086
Treasury shares	27.3	(17 588 582)	(17 588 582)
Revaluation reserve	27.4	28 927 524	27 089 982
Share option reserve	27.5	1 135 049	1 101 026
Revenue reserves	27.6	250 212 784	225 085 611
Equity attributable to equity holders of the parent		309 569 318	282 564 411
Non-controlling interests	27.7	116 287	542 907
TOTAL EQUITY		309 685 605	283 107 318
TOTAL LIABILITIES AND EQUITY		2 192 655 169	2 086 609 040

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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\$
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
2017									
Opening 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
Total comprehensive income	-	-	-	1 837 542	-	27 782 891	29 620 433	56 027	29 676 460
Change in degree of ownership	-	-	-	-	-	(105 752)	(105 752)	(463 205)	(568 957)
Employee share option reserve	-	-	-	-	35 720	-	35 720	-	35 720
Exercise of share options	507	5 662	-	-	(1 697)	-	4 472	-	4 472
Dividend paid	-	-	-	-	-	(2 549 966)	(2 549 966)	(19 442)	(2 569 408)
Closing balance	6 868 795	40 013 748	(17 588 582)	28 927 524	1 135 049	250 212 784	309 569 318	116 287	309 685 605



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27 117 135	28 493 563
Non cash items:		
Depreciation	7 885 794	7 351 264
Amortisation of intangible assets	1 182 686	977 107
Write-offs of property and equipment and intangible assets	165 373	160 884
Write-offs of other assets	765 403	414 825
Fair value adjustments on properties	(1 904 448)	1 015 269
Fair value adjustments on equity instruments	(2 201 647)	(442 833)
Impairment on advances and insurance assets	36 011 671	19 847 256
Unrealised gain on foreign currency position	1 019 410	259 340
Unearned premium reserve movement	(387 144)	(961 828)
Provision for incurred but not reported claims (IBNR)	113 441	(519 379)
Deferred commission movement	125 853	124 292
Loss on sale of investment properties	350 000	-
(Profit)/loss on sale of property and equipment	33 526	(40 629)
Employee share option expense	35 720	70 461
Operating cash inflow before changes in operating assets and liabilities	70 312 773	56 749 592
Changes in operating assets and liabilities		
Deposits	75 503 510	92 617 585
Loans and advances to customers	(40 804 606)	(81 431 426)
Life assurance investment contract liabilities	289 811	202 408
Money market assets	(8 308 070)	(42 314 131)
Financial securities	(68 610 423)	17 488 992
Insurance assets	(85 581)	(82 263)
Insurance liabilities	(1 282 428)	1 523 214
Other assets	(909 522)	2 668 166
Other liabilities	4 091 975	(1 940 500)
	(40 115 334)	(11 267 955)
Corporate tax paid	(3 780 629)	(2 210 411)
Net cash inflow from operating activities	26 416 810	43 271 226
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(1 082 380)	(150 002)
Purchase of investment properties	(1 250 537)	(1 642 209)
Proceeds on disposal of investment property	1 500 000	-
Proceeds on disposal of property and equipment	119 794	112 060
Purchase of property and equipment	(6 129 845)	(6 461 170)
Purchase of intangible assets	(316 047)	(1 079 769)
Net cash outflow from investing activities	(7 159 015)	(9 221 090)
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	4 472	5 269
Treasury shares acquisition	-	(777 942)
Rights issue (Non-Controlling Interest)	-	20 600
Acquisition of additional interest in subsidiary	(568 957)	-
Dividends paid	(2 569 408)	(2 337 611)
Net cash outflow from financing activities	(3 133 893)	(3 089 684)
NET INCREASE IN BALANCES WITH BANKS AND CASH	16 123 902	30 960 452
Balances with banks and cash at the beginning of the year	73 482 774	42 522 322
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	89 606 676	73 482 774

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2017

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 consolidated financial results have been prepared under policies consistent with International Financial Reporting Standards ("IFRS").The consolidated 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 consolidated 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 consolidated financial results. 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 2016 annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017

1. INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 15 March 2018. 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

	31 Dec 2017 US\$	31 Dec 2016 US\$
Interest Income		
Bankers acceptances	356 587	426 719
Overdrafts	52 607 898	83 566 563
Loans	36 131 509	31 171 452
Mortgage interest	10 629 426	15 245 319
Staff loans	3 489 978	3 461 439
Securities investments	48 639 996	46 618 912
Other investments	1 093 844	692 093
	152 949 238	181 182 497
Interest expense		
Call deposits	738 601	1 606 055
Savings deposits	32 124 010	37 190 539
Money market deposits	36 368 567	46 856 513
Other offshore deposits	8 158 887	13 928 923
	77 390 065	99 582 030

NET INTEREST INCOME

	75 559 173	81 600 467
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3. NET NON-INTEREST INCOME

Net income from trading securities	34 751	-
Fair value adjustments on financial instruments	2 201 647	442 833
Fair value adjustments on investment properties	1 894 488	(1 015 269)
Net income from foreign currency dealings	4 528 336	2 949 485
Unrealised gains on foreign currency position	(1 019 410)	(259 340)
Commission and fee income	72 282 687	56 482 839
Profit/(loss) on sale of assets	(383 526)	40 629
Bad debts recovered	650 376	1 876 455
Property sales	5 684 939	5 372 866
Rental income	2 713 681	2 374 553
Other income	2 810 417	813 922
	91 398 386	69 078 973

4. NET UNDERWRITING INCOME

Gross premium insurance	19 123 925	19 211 234
Reinsurance	(5 330 359)	(5 413 120)
Net written premium	13 793 566	13 798 114
Unearned premium	387 144	961 828
Net earned premium	14 180 710	14 759 942
Net commission (a)	(536 064)	(821 155)
Net claims (b)	(5 568 360)	(5 633 032)
	8 076 286	8 305 755
(a) Net commission		
Commission received	1 302 617	1 224 022
Commissions paid	(1 712 828)	(1 920 885)
Deferred acquisition costs	(125 853)	(124 292)
Net commission	(536 064)	(821 155)
(b) Net claims		
Gross claims incurred	9 241 746	9 468 920
Reinsurance claims	(3 786 827)	(3 316 509)
Incurred but not yet reported claims	113 441	(519 379)
	5 568 360	5 633 032

5. OPERATING EXPENDITURE

Staff costs	53 536 903	54 291 008
Administration expenses	47 784 511	46 860 526
Audit fees	584 369	588 762
Depreciation	7 885 794	7 351 264
Amortisation of intangible assets	1 182 686	977 107
Write-offs of property and equipment and intangible assets	165 373	160 884
Impairment of other assets	765 403	414 825
	111 905 039	110 644 376

Remuneration of directors / key management personnel (included in staff costs)		
Fees for services as directors	632 573	1 043 050
Pension and retirement benefits for past and present directors	3 324 525	673 710
Salaries and other benefits	7 334 212	7 679 172
	11 291 310	9 395 932

Operating leases		
The following is an analysis of expenses related to operating leases: Non cancellable lease rentals are payable as follows:		
Less than 1 year	1 700 070	1 638 641
Between 1 and 5 years	779 664	1 656 450
More than 5 years	-	-
	2 479 734	3 295 091

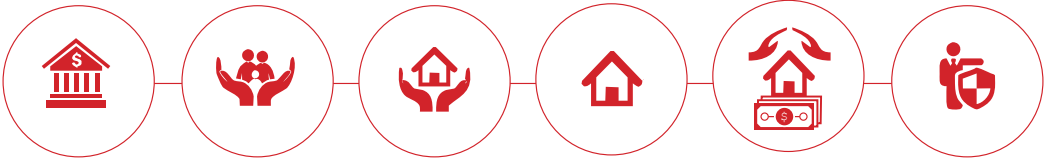
The Group leases a number of buildings from which its branches operate. The leases typically run for a period of 5 years with an option to renew the lease after the expiry date.

During the year ended 31 December 2017, an amount of US\$2 733 006 (Dec 2016: US\$1 925 601) 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.

	31 Dec 2017 US\$	31 Dec 2016 US\$
Analysis of tax charge in respect of the profit for the year		
Current income tax charge	6 573 943	331 547
Deferred income tax	(7 295 726)	4 376 555
Income tax expense	(721 783)	4 708 102
6.1 Tax effects relating to other comprehensive income		
Tax expense on revaluation of property and equipment	366 225	53 403
6.2 Tax rate reconciliation		
%	%	
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Non deductible expenses	56.50	52.57
Exempt income	(84.59)	(60.94)
Tax credit	(0.41)	(0.86)
Effective tax rate	(2.66)	16.52



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 2017 US\$	31 Dec 2016 US\$
7.1 Annualised earnings per share (US cents)		
Basic	5.36	4.53
Fully diluted	5.21	4.40
7.2 Earnings		
Basic earnings (earnings attributable to holders of parent)	27 782 891	23 689 820
Fully diluted	27 782 891	23 689 820
Number of shares used in calculations (weighted)	Shares	Shares
Basic earnings per share (weighted)	517 863 996	523 252 082
Fully diluted earnings per share (weighted)	533 025 170	538 430 359

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

Weighted average number of shares before adjustment for treasury shares	686 845 843	686 806 364
Less: Treasury shares held	(168 981 847)	(163 554 282)
Weighted average number of shares used for basic EPS	517 863 996	523 252 082
Potentially dilutive shares (Employee Share Options)	15 161 174	15 178 277
Weighted average number of shares used for diluted EPS	533 025 170	538 430 359

8. DIVIDENDS

Interim dividend paid	1 344 284	1 223 051
Final dividend proposed and paid	1 205 682	1 114 560
	2 549 966	2 337 611

Interim dividend per share (cents)	0.20	0.23
Final dividend per share (cents)	0.18	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.

Proposed dividends on ordinary shares:		
Final cash dividend	1 762 371	1 602 155
Final dividend per share (cents)	0.26	0.23

Proposed dividends on ordinary shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at 31 December 2017.

9. BALANCES WITH BANKS AND CASH

Cash	11 819 743	9 427 759
Nostro accounts	4 000 099	18 878 945
Balance with the Reserve Bank of Zimbabwe	73 782 874	45 172 652
Interbank clearing accounts	3 960	3 418
	89 606 676	73 482 774

10. MONEY MARKET ASSETS

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

AMA bills	24 200 000	1 912 000
Agro bills	-	1 420 000
Treasury placements	19 495 440	32 783 045
Afrades	1 230 938	635 656
ZETDC	-	546 333
Accrued interest	893 699	214 973
	45 820 077	37 512 007

10.1 Maturity analysis

The maturity analysis of money market assets is shown below:

Between 0 and 3 months	17 685 315	32 340 662
Between 3 and 6 months	167 255	909 447
Between 6 months and 12 months	27 967 507	4 261 898
	45 820 077	37 512 007

11. FINANCIAL SECURITIES

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

Treasury bills	882 558 352	751 645 905
ZETDC	347 665	-
Accrued interest	16 956 205	8 890 152
	899 862 222	760 536 057

11.1 Maturity analysis

The maturity analysis of financial securities is shown below:

Between 0 and 3 months	26 649 412	46 657 787
Between 3 and 6 months	5 678 424	1 510 156
Between 6 and 12 months	38 007 224	26 341 510
Between 1 and 5 years	232 726 096	156 643 663
Above 5 years	596 801 066	529 382 941
	899 862 222	760 536 057

12. LOANS AND ADVANCES TO CUSTOMERS

Overdrafts	489 967 037	528 694 701
Loans	366 528 626	365 701 540
Staff loans	54 551 700	57 455 489
Mortgage advances	83 479 732	106 829 953
	994 527 095	1 058 681 683
Interest accrued	25 505 959	9 292 767
Total gross loans and advances customers	1 020 033 054	1 067 974 450
Provision for impairment (Including interest in suspense)	(78 624 951)	(60 802 293)
	941 408 103	1 007 172 157

12.1 Sectoral analysis

	31 Dec 2017 US\$	%	31 Dec 2016 US\$	%
Private	182 562 405	18	191 112 349	18
Agriculture	248 017 847	24	250 771 986	24
Mining	10 641 051	1	9 764 786	1
Manufacturing	67 034 854	7	100 708 876	9
Distribution	92 677 855	9	114 916 923	11
Construction	8 603 879	1	7 105 680	1
Transport	8 370 306	1	12 209 680	1
Communication	127 705	-	11 884	-
Services	162 740 665	16	153 633 755	14
Financial organisations	239 256 487	23	227 738 531	21
	1 020 033 054	100	1 067 974 450	100

12.2

Maturity analysis

Less than 1 month	398 269 371	453 831 069
Between 1 and 3 months	98 764 134	45 289 663
Between 3 and 6 months	36 766 238	15 710 628
Between 6 months and 1 year	55 740 341	71 812 691
Between 1 and 5 years	90 417 126	115 948 102
More than 5 years	340 075 844	365 382 297
	1 020 033 054	1 067 974 450

Maturity analysis is based on the remaining period from 31 December 2017 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	8 178 093	8 223 239
Advances made during the year	702 314	611 259
Repayments during the year	(623 814)	(656 405)
Closing balance	8 256 593	8 178 093

Loans to employees

Included in advances are loans to employees:

Opening balance	49 277 396	47 261 942
Advances made during the year	2 174 409	6 680 242
Repayments during the year	(5 156 699)	(4 664 788)
Closing balance	46 295 106	49 277 396

12.4

Non performing advances

Total advances on which interest is suspended

	112 148 194	70 622 426
--	-------------	------------

12.5

Provision for impairment of advances

Opening balance	60 802 293	74 938 709
Charge for impairment on advances	35 852 917	19 594 299
Interest in suspense	11 676 411	(1 057 208)
Amounts written off during the year	(29 706 670)	(32 673 507)
Closing balance	78 624 951	60 802 293

Comprising:

Specific impairments	48 293 643	33 231 459
Portfolio impairments	30 331 308	27 570 834
	78 624 951	60 802 293

12.6

Collateral

Cash cover	15 290 945	14 093 465
Mortgage bonds	935 716 037	932 012 190
Notarial general covering bonds	760 471 807	760 371 701
	1 711 478 789	1 706 477 356

13.

INSURANCE ASSETS

Reinsurance unearned premium reserve	1 350 740	1 300 868
Reinsurance receivables	1 090 930	1 933 428
Deferred acquisition cost	586 788	679 407
Insurance premium receivables	2 690 478	1 681 404
Suspended premium	(57 944)	(53 812)
Impairment provision	(848 162)	(689 408)
	4 812 830	4 851 887

13.1

Reinsurance unearned premium reserve

Unearned premiums at the beginning of the year	1 300 868	1 531 253
Written premiums	5 261 049	5 292 959
Premiums earned during the year	(5 211 177)	(5 523 344)
	1 350 740	1 300 868

13.2

Impairment on insurance assets

Opening balance	689 408	436 451
Charge for impairment on insurance receivables	158 754	252 957
Closing balance	848 162	689 408

14.

OTHER ASSETS

Land inventory	61 906 731	59 963 806
Prepayments and deposits	1 734 848	1 681 360
Other receivables	8 375 230	9 804 931
	72 016 809	71 450 097

15.

EQUITY INVESTMENTS

Opening balance	7 826 107	7 233 272
Investments in equities during the year	2 354 694	150 002
Investments disposed during the year	(1 694 908)	-
Fair value adjustments	2 201 647	442 833
	10 687 540	7 826 107

15.1

Investments in equities

Unlisted investments	6 010 058	6 272 914
Listed investments	4 677 482	1 553 193
	10 687 540	7 826 107

At cost	6 010 058	6 272 914
At fair value	4 677 482	1 553 193
	10 687 540	7 826 107

15.2

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	2 259 839	98.4	1 690 879	89.37
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	545 080	100
Redsphere (Private) Limited	520 250	100	-	-
	52 568 148		51 478 938	

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



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 2017				
Balances with banks and cash	-	-	89 606 676	89 606 676
Money market assets	-	-	47 953 444	47 953 444
Financial securities	-	-	897 728 855	897 728 855
Loans and advances to customers	-	-	941 408 103	941 408 103
Insurance assets	-	-	4 812 830	4 812 830
Equity investments	4 677 482	-	6 010 058	10 687 540
Other assets	-	-	8 375 229	8 375 229
Total	4 677 482	-	1 995 895195	2 000 572 677
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	-	1 901 314 087	1 902 867 280

17. PROPERTY AND EQUIPMENT

	Land US\$	Buildings improvements US\$	Leasehold improvements US\$	Motor and vehicles US\$	Computer equipment US\$	Work in progress US\$	Total US\$
31 December 2017							
Cost							
Opening balance	5 254 461	43 704 177	805 435	6 417 459	37 742 951	4 068 804	97 993 287
Additions	-	25 554	64 139	151 240	3 387 476	2 501 436	6 129 845
Revaluation loss	(4 000)	(514 823)	-	-	-	-	(518 823)
Write-offs	-	(1 171)	-	-	(32 862)	(142 705)	(176 738)
Disposals	-	-	-	(201 582)	(254 747)	-	(456 329)
Transfers to intangible assets	-	-	-	-	-	(713 376)	(713 376)
Transfers (PPE inter-categories)	-	116 814	-	89 350	1 696 610	(1 902 774)	-
Transfers to investment property	-	-	-	-	-	(54 106)	(54 106)
Closing balance	5 250 461	43 330 551	869 574	6 456 467	42 539 428	3 757 279	102 203 760
Accumulated depreciation and impairment							
Opening balance	-	-	428 746	3 805 247	21 539 256	-	25 773 249
Charge for the year	-	2 733 482	81 826	837 307	4 233 179	-	7 885 794
Disposals	-	-	-	(103 556)	(199 453)	-	(303 009)
Transfer on revaluation	-	(2 732 552)	-	-	-	-	(2 732 552)
Write-offs	-	(930)	-	-	(24 513)	-	(25 443)
Closing balance	-	-	510 572	4 538 998	25 548 469	-	30 598 039
Net book value	5 250 461	43 330 551	359 002	1 917 469	16 990 959	3 757 279	71 605 721
31 December 2016							
Cost							
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)
Write-offs	-	(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)
Write-offs	-	(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

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2017 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\$25 201 690 (December 2016: US\$25 827 521) 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 \$91 887 higher or lower than the reported position.

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

18. INVESTMENT PROPERTIES

	31 Dec 2017 US\$	31 Dec 2016 US\$
Opening balance	32 601 223	27 944 072
Additions	1 250 537	1 642 209
Transfer from property and equipment	54 106	3 770 211
Disposals	(1 850 000)	-
Transfer from other assets	-	260 000
Fair valuation gain/ (loss)	1 894 488	(1 015 269)
Closing balance	33 950 354	32 601 223

The carrying amount of the investment properties is the fair value of the properties 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 2017. 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 \$94 724 higher or lower than the reported position.

The rental income derived from investment properties amounted to US\$1 986 496 (Dec 2016: US\$1 152 430) and direct operating expenses amounted to US\$253 528 (Dec 2016: US\$113 583).

19. INTANGIBLE ASSETS

	31 Dec 2017 US\$	31 Dec 2016 US\$
Computer software		
At cost	7 134 304	6 503 710
Accumulated amortisation	(4 604 224)	(3 806 289)
	2 530 080	2 697 421
Movement in intangible assets:		
Opening balance	2 697 421	1 509 346
Additions	316 047	1 079 769
Write-offs	(14 078)	(38 675)
Transfer from property and equipment	713 376	1 124 088
Amortisation charge	(1 182 686)	(977 107)
Closing balance	2 530 080	2 697 421

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 2017 US\$	31 Dec 2016 US\$
Opening balance	12 566 810	17 171 546
Assessed loss	(3 035)	(74 124)
Impairments and provisions	4 128 662	(3 367 207)
Intangible assets	38 828	(26 995)
Property and equipment	(112 831)	24 740
Prepayments	421 799	560 823
Tax claimable impairments	2 571 015	854 229
Investment properties	(275 262)	56 551
Other	396 833	(2 632 753)
Closing balance	19 732 819	12 566 810

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 2017 US\$	31 Dec 2016 US\$
Opening balance	2 359 408	2 534 187
Intangible assets	(122)	-
Equity investments	10 110	3 831
Property and equipment	1 896	(17 645)
Investment properties	224 624	(63 156)
Other	-	(97 809)
Closing balance	2 595 916	2 359 408

21. DEPOSITS

Call deposits	18 095 584	11 303 411
Savings and other deposits	1 305 129 515	1 054 695 613
Money market deposits	456 206 655	606 173 907
Lines of credit	69 240 923	96 174 558
Accrued interest	5 004 996	8 807 264
	1 853 677 673	1 777 154 753

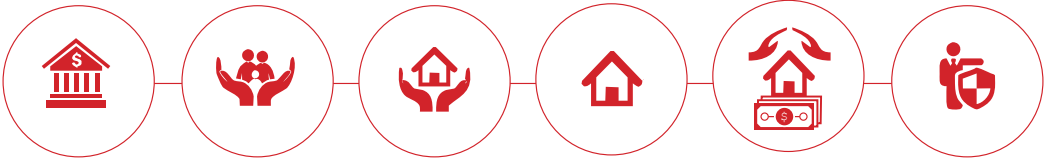
21.1 Deposits by type

Retail	218 418 499	155 145 969
Corporate	1 106 005 842	911 849 912
Money market	458 912 378	611 077 928
Lines of credit	70 340 954	99 080 944
	1 853 677 673	1 777 154 753

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 7.6% 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 2017 US\$	%	31 Dec 2016 US\$	%
Private	129 723 483	7	88 636 424	5
Agriculture	65 818 977	4	54 321 702	3
Mining	19 945 491	1	16 625 453	1
Manufacturing	164 937 936	9	125 340 664	7
Distribution	364 293 653	20	296 085 858	17
Construction	46 437 539	3	38 714 651	2
Transport	31 751 015	2	26 191 824	1
Communication	41 746 057	2	36 278 492	2
Services	687 266 989	37	582 644 267	33
Financial organisations	281 973 254	15	487 396 643	28
Financial and investments	19 783 279	1	24 918 775	1
	1 853 677 673	100	1 777 154 753	100



21.3	Maturity analysis	31 Dec 2017 US\$	31 Dec 2016 US\$
	Less than 1 month	1 457 852 540	451 608 712
	Between 1 and 3 months	207 618 305	342 776 681
	Between 3 and 6 months	104 566 539	222 852 073
	Between 6 months and 1 year	22 575 703	391 358 214
	Between 1 and 5 years	46 583 659	210 474 249
	More than 5 years	14 480 927	158 084 824
		1 853 677 673	1 777 154 753

Maturity analysis is based on the remaining period from 31 December 2017 to contractual maturity.

22.	INSURANCE LIABILITIES		
	Reinsurance payables (a)	747 363	763 507
	Gross outstanding claims (b)	1 211 259	2 359 305
	Gross unearned premium reserve (c)	3 142 147	3 035 840
	Deferred reinsurance acquisition revenue (d)	353 083	312 298
		5 453 852	6 470 950

22.1	Insurance contract provisions		
	(a) Reinsurance payables		
	Reinsurance payables at beginning of year	763 507	605 094
	Premiums ceded during the year	4 853 094	4 718 951
	Reinsurance paid	(4 869 238)	(4 560 538)
	Reinsurance payables at end of the year	747 363	763 507

	(b) Gross outstanding claims provision		
	Outstanding claims at the beginning of year	2 359 305	953 962
	Claims incurred	5 584 039	5 524 190
	Incurred but not reported claims provision (IBNR)	118 237	17 127
	Claims paid	(6 850 322)	(4 135 974)
	Outstanding claims at end of the year	1 211 259	2 359 305

	(c) Gross premium reserve		
	Unearned premiums at the beginning of year	3 035 840	3 079 891
	Written premiums	10 435 728	10 220 701
	Premiums earned during the year	(10 329 421)	(10 264 752)
	Unearned premiums at end of the year	3 142 147	3 035 840

(d) Deferred reinsurance acquisition revenue

	Unearned commissions US\$	Deferred acquisition US\$	Net US\$
December 2017			
Unearned at the beginning of year	312 298	368 242	(55 944)
Written premiums	1 199 669	1 248 974	(49 305)
Earned during the year	(1 158 884)	(1 208 255)	49 371
Unearned at end of year	353 083	408 961	(55 878)

	Unearned commissions US\$	Deferred acquisition US\$	Net US\$
December 2016			
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)

23.	OTHER LIABILITIES	31 Dec 2017 US\$	31 Dec 2016 US\$
	Revenue received in advance	2 574 104	827 799
	Sundry creditors	9 549 009	8 182 501
	Other	5 828 095	4 848 933
		17 951 208	13 859 233

24.	LIFE FUNDS			
		Unearned Premium Reserve US\$	Incurred But Not Reported US\$	Total US\$
24.1	Movement in Life Fund			
	31 December 2017			
	Opening balance	1 313 343	531 649	1 844 992
	Transfer to income	(374 268)	(4 796)	(379 064)
	Closing balance	939 075	526 853	1 465 928
	31 December 2016			
	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

24.2	Life funds liabilities as supported by the following net assets	31 Dec 2017 US\$	31 Dec 2016 US\$
	Money market assets	874 418	1 017 897
	Prescribed assets	153 541	77 095
	Investment property	397 383	750 000
	Listed equity investment	40 586	-
		1 465 928	1 844 992

25.	LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES		
		31 Dec 2017 US\$	31 Dec 2016 US\$
25.1	Life assurance investment contract liabilities movement		
	Opening balance	1 517 121	1 314 713
	Interest on GEP fund	76 067	84 427
	Fund Management expenses	(23 501)	(26 938)
	GEP Investment	906 391	701 399
	GEP Withdrawals	(669 146)	(556 480)
	Closing balance	1 806 932	1 517 121

25.2	Life assurance investment contract liabilities are supported by the following net assets		
	Money market assets	1 433 039	939 008
	Cash	249 203	276 303
	Listed equity investment	124 690	-
	Prescribed assets	-	301 810
		1 806 932	1 517 121

26.	CATEGORIES OF FINANCIAL LIABILITIES	31 Dec 2017 US\$	31 Dec 2016 US\$
	The Group's financial liabilities are carried at amortised cost.		

27.	EQUITY AND RESERVES		
		31 Dec 2017 US\$	31 Dec 2016 US\$
27.1	Share capital		
	Authorised		
	1 000 000 000 ordinary shares of US\$ 0.01each	10 000 000	10 000 000
	Issued and fully paid		
	Reconciliation of number of shares	Shares	Shares
	Opening balance	686 828 740	686 768 943
	Employee share options	50 755	59 797
	Closing balance	686 879 495	686 828 740

		31 Dec 2017 US\$	31 Dec 2016 US\$
	Opening balance	6 868 288	6 867 689
	Exercise of share options	507	599
	Closing balance	6 868 795	6 868 288

27.2	Share premium		
	Opening balance	40 008 086	40 001 416
	Exercise of Share option reserve	5 662	6 670
	Closing balance	40 013 748	40 008 086

27.3	Treasury shares		
	Opening balance	17 588 582	16 810 640
	Share buyback	-	777 942
	Closing balance	17 588 582	17 588 582

27.4	Revaluation reserve		
	Opening balance	27 089 982	26 625 959
	Net revaluation gain	1 837 542	464 023
	Closing balance	28 927 524	27 089 982

27.5	Employee share option reserve		
	Opening balance	1 101 026	1 032 565
	Share options to employees	34 023	68 461
	Closing balance	1 135 049	1 101 026

During the year 50 755 shares were exercised after vesting and US\$4 472 was realised from the exercise.

Shares under option
The Directors are empowered to grant share options to senior executives and staff of the company up to a maximum of 40 000 000 shares. The options are granted for a period of 10 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2017 were as follows:

	Subscription price	Number of Shares
Granted 1 June 2012	US\$0.0881	40 000 000

	31 Dec 2017 Shares	31 Dec 2016 Shares
	37 331 624	37 391 389
	(50 755)	(59 765)
	37 280 869	37 331 624

No share options were forfeited or expired during the year.

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

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

Valuation inputs:

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

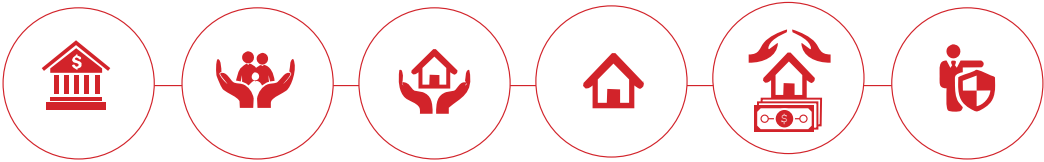
Expected volatility
Expected volatility is a measure of the amount by which the price is expected to fluctuate during a year, for example between grant date and the exercise date. Volatility was calculated using the geometric Brownian motion process on share prices.

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

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

27.6	Revenue reserve	31 Dec 2017 US\$	31 Dec 2016 US\$
	The revenue reserve comprises:		
	Holding company	12 977 082	14 400 232
	Subsidiary companies	241 881 187	215 095 907
	Effect of consolidation journals	(4 645 485)	(4 410 528)
		250 212 784	225 085 611

27.7	Non-controlling interests		
	Reconciliation of Non-controlling Interests:		
	Opening balance	542 907	468 104
	Total comprehensive income	56 027	95 641
	Rights issue	-	20 600
	Dividend paid	(19 442)	-
	Change in degree of ownership	(463 205)	(41 438)
	Closing balance	116 287	542 907



27.7.1 Change in degree of control in subsidiary (CBZ Insurance Private Limited)
On 31 March 2017, CBZ Holdings increased its shareholding in its subsidiary (CBZ Insurance (Pvt) Ltd) from 89.37% to 98.4%, through purchasing 9.03% of the Non Controlling Interest. The Net Assets of CBZ Insurance (Pvt) Ltd as at that date were US\$5.13 million.

CBZ Holdings equity share at 31 December 2016	89.37
Non Controlling Interest purchased on 31 March 2017	9.03
CBZ Holdings equity share at 31 December 2017	98.40

27.7.2 Impact on CBZ Holdings' share of CBZ Insurance net assets.

	31 Dec 2017 US\$	31 Dec 2016 US\$
Cash consideration paid	568 957	-
Carrying amount of additional	(463 205)	-
Gain recognised in equity	105 752	-

28. CAPITAL MANAGEMENT

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

29. CONTINGENCIES AND COMMITMENT

29.1 Compliance matter

CBZ Bank Limited is co-operating in ongoing investigations by the Office of Foreign Asset Contol (OFAC) regarding historical transactions involving a party that was subject to OFAC economic sanctions. Based on the facts currently known, it is not practicable at this time for CBZ Bank to determine the terms on which the ongoing investigations will be resolved, or the timing of such resolution, or for CBZ Bank to estimate reliably the amounts or range of possible amounts of any fines and /or penalties which could be significant.

29.2 Other

	31 Dec 2017 US\$	31 Dec 2016 US\$
Guarantees	8 428 749	20 681 653
Capital commitments		
Authorised and contracted for	2 126 942	1 232 940
Authorised but not yet contracted for	1 186 581	1 071 035
	3 313 523	2 303 975
The capital commitments will be funded from the Group's own resources.		

30. FUNDS UNDER MANAGEMENT

Pensions	219 889 897	134 132 033
Institutional and individual clients - equities	22 472 776	6 898 445
Institutional and individual clients - fixed income	7 353 045	6 076 753
Unit trust	787 479	539 652
	250 503 197	147 646 883

31. OPERATING SEGMENTS

The Group is comprised of the following operating units:

Banking Operations	Provides commercial banking and mortgage finance products through retail banking, corporate and merchant banking and investing portfolios through the treasury function.
Mortgage Finance	Provides mortgage financing to its clients for both finance and commecial purposes.
Asset Management	Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.
Insurance Operations	Provides short term insurance and long term insurance. The Group also provides Risk Advisory Services to its clients as part of its insurance operations function.
Property Investments	Property investment arm of the Group.
Other Operations	Other operations provided by the Group include microfinancing package by Redsphere Finances and the equity investment by the Holdings Company.

The table below shows the segment operational results for the year ended 31 December 2017:

31.1 Segment operational results

	Commercial banking US\$	Mortgage finance US\$	Asset management US\$	Insurance operations US\$	Property Investment US\$	Other operations US\$	Elimination of intersegment amounts US\$	Consolidated US\$
Income								
Total income for the year ended 31 Dec 2017	134 989 718	26 788 705	2 953 318	11 910 445	1 080 803	11 738 899	(14 428 043)	175 033 845
Total income for the year ended 31 Dec 2016	118 328 130	31 422 433	2 148 953	9 688 335	109 102	6 089 700	(8 801 458)	158 985 195
Net underwriting income for the year ended 31 Dec 2017	-	-	-	8 924 732	-	-	(848 446)	8 076 286
Net underwriting income for the year ended 31 Dec 2016	-	-	-	8 423 249	-	-	(117 494)	8 305 755
Depreciation and amortisation for the year ended 31 Dec 2017	7 205 257	1 331 029	48 653	378 143	3 140	45 115	57 143	9 068 480
Depreciation and amortisation for the year ended 31 Dec 2016	6 204 368	1 335 111	50 356	306 422	-	371 399	60 715	8 328 371
Charge for impairment for the year ended 31 Dec 2017	34 408 750	1 814 408	18 144	135 846	-	422 594	-	36 799 742
Charge for impairment for the year ended 31 Dec 2016	20 125 761	(50 004)	-	337 245	-	9 963	-	20 422 964
Results								
Profit before taxation for the year ended 31 Dec 2017	24 044 716	101 615	871 274	5 817 040	1 049 118	1 141 852	(5 908 480)	27 177 135
Profit before taxation for the year ended 31 Dec 2016	20 049 585	6 691 661	115 609	3 706 247	84 047	(2 262 000)	108 414	28 493 563
Cash flows								
Generated from operating activities for the year ended 31 Dec 2017	23 244 215	1 663 258	839 370	6 685 190	7 906	4 228 917	(10 252 046)	26 416 810
Generated from operating activities for the year ended 31 Dec 2016	39 723 282	(584 292)	(139 904)	2 469 619	77 344	1 587 814	137 363	43 271 226
Utilised in investing activities for the year ended 31 Dec 2017	(2 842 596)	(394 295)	(389 086)	(3 372 595)	(28 232)	(1 221 418)	1 089 207	(7 159 015)
Utilised in investing activities for the year ended 31 Dec 2016	(6 763 694)	(211 256)	-	(2 104 190)	-	(687 030)	545 080	(9 221 090)
Utilised in financing activities for the year ended 31 Dec 2017	(4 950 000)	-	-	(1 026 664)	-	(2 545 493)	5 388 264	(3 133 893)
Utilised in financing activities for the year ended 31 Dec 2016	-	-	-	565 680	-	(3 110 284)	(545 080)	(3 089 684)
Assets and liabilities								
Reportable segment liabilities for the year ended 31 Dec 2017	1 803 406 290	99 093 779	512 281	12 053 121	753 052	12 039 035	(44 887 994)	1 882 969 564
Reportable segment liabilities for the year ended 31 Dec 2016	1 745 961 924	100 799 450	393 056	11 947 270	672 942	9 861 791	(66 134 711)	1 803 501 722
Total segment assets for the year ended 31 Dec 2017	1 991 519 135	191 631 709	3 805 933	37 044 316	11 496 276	55 968 226	(98 810 426)	2 192 655 169
Total segment assets for the year ended 31 Dec 2016	1 912 591 402	192 446 244	3 068 816	32 315 405	10 446 655	54 650 841	(118 910 323)	2 086 609 040

32. RELATED PARTIES

The Group does not have an ultimate parent as it is owned by several shareholders none of which has a controlling interest. The Group has related party relationships with its Directors and key management employees, their companies and close family members. The Group carries out banking and investment related transactions with related parties, all of which were undertaken at arm's length and in compliance with the relevant Banking Regulations.

Loans and advances to related parties

	Gross limits US\$	Utilised limits US\$	Value of security US\$
31 December 2017			
Loans to directors companies	1 969 998	1 831 865	2 650 800
31 December 2016			
Loans to directors' companies	4 435 248	3 558 585	8 000 044

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 10% to 12% and a tenure ranging from 1 month to 3 years. The loans to directors and key management personnel are shown in note 12.3

Transactions with other related parties

	31 Dec 2017 US\$	31 Dec 2016 US\$
Interest income	584 145	602 495
Commission and fee income	3 591	322 885
	587 736	925 380

33. CLOSING EXCHANGE RATES

ZAR	12.3946	13.6273
GBP	0.7410	0.8145
EUR	0.8364	0.9496

34. RISK MANAGEMENT

34.1 Risk overview

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

34.2 Group risk management framework

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

The CBZ Group Enterprise Wide Governance and Compliance Unit 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.

Strategy and Innovation 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.

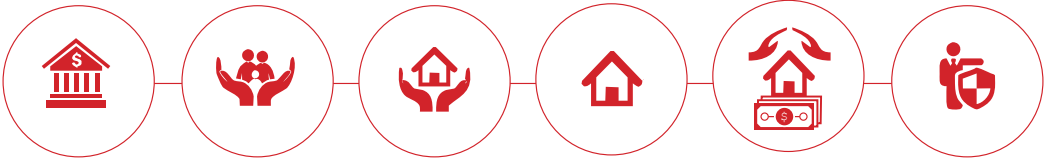
The Group uses an internal rating system based on internal estimates of probability of default over a one year horizon and customers are assessed against a range of both quantitative and qualitative factors.

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 2017 US\$	31 Dec 2016 US\$
Balances with banks	77 786 933	64 055 015
Money market assets	47 953 444	37 512 007
Financial securities	897 728 855	760 536 057
Loans and advances to customers	941 408 103	1 007 172 157
Other assets	10 110 078	11 486 291
Total	1 947 987 413	1 880 761 527
Capital commitments	3 313 523	2 303 975
Guarantees	8 428 749	20 681 653
	11 742 272	22 985 628

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\$77 786 933 (excluding notes and coins) as at 31 December 2017, 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 2017 US\$	31 Dec 2016 US\$
1 to 3 months	281 858 272	310 125 191
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		
3 to 6 months	44 519 264	20 190 340
6 to 12 months	67 628 930	50 432 086
Total	112 148 194	70 622 426

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

	31 Dec 2017 US\$	31 Dec 2017 US\$	31 Dec 2016 US\$	31 Dec 2016 US\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	182 562 405	13 472 535	191 112 349	18 777 485
Agriculture	248 017 847	42 993 531	250 771 986	63 166 397
Mining	10 641 051	1 300 846	9 764 786	1 911 212
Manufacturing	67 034 854	21 591 547	100 708 876	31 722 453
Distribution`	92 677 855	26 989 931	114 916 923	39 653 796
Construction	8 603 879	1 646 653	7 105 680	2 419 274
Transport	8 370 306	2 222 530	12 209 680	3 265 357
Communication	127 705	-	11 884	-
Services	162 740 665	6 752 346	153 633 755	9 920 594
Financial organisations	239 256 487	-	227 738 531	-
Total	1 020 033 054	116 969 919	1 067 974 450	170 836 568

	31 Dec 2017 US\$	31 Dec 2016 US\$
Collateral held		
Mortgage bonds	935 716 037	932 012 190
Cash cover	15 290 945	14 093 465
Other forms of security including Notarial General Covering Bonds (NGCBs) sessions, etc.	760 471 807	760 371 701
	1 711 478 789	1 706 477 356

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 2017 US\$	31 Dec 2016 US\$
Against doubtful* and loss* grades		
Property	25 790 036	24 200 242
Other	44 583 514	17 389 900
Against substandard* grade		
Property	23 710 876	6 603 775
Other	26 134 166	21 086 126
Against special mention* grade		
Property	205 328 361	209 438 485
Other	211 177 242	240 335 469
Against normal* grade		
Property	680 886 764	691 769 687
Other	493 867 830	495 653 672
	1 711 478 789	1 706 477 356

*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 grade US\$	Total US\$
DECEMBER 2017					
Advances					
Agriculture	48 927 078	161 320 484	21 790 650	15 979 635	248 017 847
Manufacturing	28 891 945	32 339 777	211 581	5 591 551	67 034 854
Commercial	108 635 475	23 489 301	9 627 423	20 988 466	162 740 665
Individuals and households	148 127 752	28 553 063	3 482 055	2 399 535	182 562 405
Mining	5 180 358	5 267 570	-	193 123	10 641 051
Distribution	49 913 531	21 304 609	9 407 555	12 052 160	92 677 855
Construction	255 463	6 350 789	-	1 997 627	8 603 879
Transport	5 805 277	2 282 019	-	283 010	8 370 306
Communication	127 705	-	-	-	127 705
Financial services	230 162 004	950 660	-	8 143 823	239 256 487
	626 026 588	281 858 272	44 519 264	67 628 930	1 020 033 054

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\$8 428 749

	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful 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.

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 2017

	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	89 606 676	-	-	-	-	-	89 606 676
Money market assets	12 049 193	5 636 122	167 255	27 967 507	-	-	45 820 077
Financial securities	-	26 649 412	5 678 424	38 007 224	232 726 096	596 801 066	899 862 222
Loans and advances to customers	361 829 276	91 130 232	33 840 187	51 701 203	84 468 977	318 438 228	941 408 103
Insurance assets	206 475	190 531	-	2 442 131	-	-	2 839 137
Financial guarantees	79 719	922 904	2 582 924	4 416 605	426 597	-	8 428 749
Current tax receivable	-	621 938	-	-	-	-	621 938
Other liquid assets	411 435	9 698 643	-	-	-	-	10 110 078
Total	464 182 774	134 849 782	42 268 790	124 534 670	317 621 670	915 239 294	1 998 696 980

Liabilities							
Deposits	1 457 852 540	207 618 305	104 566 539	22 575 703	46 583 659	14 480 927	1 853 677 673
Insurance liabilities	-	-	-	1 583 068	-	-	1 583 068
Other liabilities	1 768 969	14 239 980	-	378 688	1 541 604	21 967	17 951 208
Current tax payable	-	18 055	-	-	-	-	18 055
Life Fund	526 853	-	-	-	-	-	526 853
Investment contract liabilities	1 806 932	-	-	-	-	-	1 806 932
Financial guarantees	79 719	922 904	2 582 924	4 416 605	426 597	-	8 428 749
Capital commitments contracted for	-	-	-	3 313 523	-	-	3 313 523
Total	1 462 035 013	222 799 244	107 149 463	32 267 587	48 551 860	14 502 894	1 887 306 061

Liquidity gap	(997 852 239)	(87 949 462)	(64 880 673)	92 267 083	269 069 810	900 736 400	111 390 919
Cumulative liquidity gap	(997 852 239)	(1 085 801 701)	(1 150 682 374)	(1 058 415 291)	(789 345 481)	111 390 919	111 390 919

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

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 2017	43.42
At 31 December 2016	76.65
Average for the year	66.65
Maximum for the year	78.57
Minimum for the year	41.87

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 2017, 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\$5 275 358 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 2017	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	5 958 198	-	-	-	-	-	83 648 478	89 606 676
Money market assets	12 049 193	5 636 122	167 255	27 967 507	-	-	-	45 820 077
Financial securities	-	26 649 412	5 678 424	38 007 224	232 726 096	596 801 066	-	899 862 222
Loans and advances to customers	361 829 276	91 130 232	33 840 187	51 701 203	84 468 977	318 438 228	-	941 408 103
Insurance assets	-	-	-	-	-	-	4 812 830	4 812 830
Equity investments	-	-	-	-	-	-	10 687 540	10 687 540
Other assets	-	-	-	-	-	-	72 016 809	72 016 809
Current tax receivable	-	-	-	-	-	-	621 938	621 938
Intangible assets	-	-	-	-	-	-	2 530 080	2 530 080
Investment properties	-	-	-	-	-	-	33 950 354	33 950 354
Property and equipment	-	-	-	-	-	-	71 605 721	71 605 721
Deferred taxation	-	-	-	-	-	-	19 732 819	19 732 819
Total assets	379 836 667	123 415 766	39 685 866	117 675 934	317 195 073	915 239 294	299 606 569	2 192 655 169

Equity and liabilities								
Deposits	1 457 852 540	207 618 305	104 566 539	22 575 703	46 583 659	14 480 927	-	1 853 677 673
Insurance liabilities	-	-	-	-	-	-	5 453 852	5 453 852
Other liabilities	-	-	-	-	-	-	17 951 208	17 951 208
Current tax payable	-	-	-	-	-	-	18 055	18 055
Life fund	-	-	-	-	-	-	1 465 928	1 465 928
Life assurance investment contract liabilities	-	-	-	-	-	-	1 806 932	1 806 932
Deferred taxation	-	-	-	-	-	-	2 595 916	2 595 916
Equity	-	-	-	-	-	-	309 685 605	309 685 605
Total equity and liabilities	1 457 852 540	207 618 305	104 566 539	22 575 703	46 583 659	14 480 927	338 977 496	2 192 655 169

Interest rate repricing gap	(1 078 015 873)	(84 202 539)	(64 880 673)	95 100 231	270 611 414	900 758 367	(39 370 927)	-
Cumulative gap	(1 078 015 873)	(1 162 218 412)	(1 227 099 085)	(1 131 998 854)	(861 387 440)	39 370 927	-	-

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 investments	-	-	-	-	-	-	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	-	-

34.6 Exchange rate risk

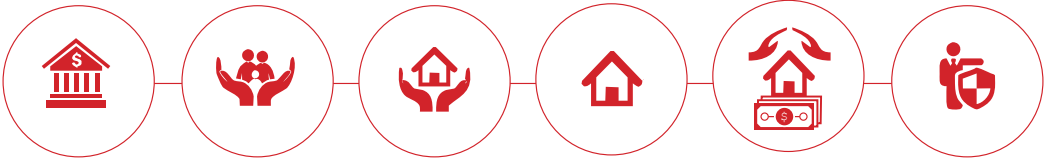
This risk arises from the changes in exchange rates and originates from mismatches between the values of assets and liabilities denominated in different currencies and can lead to losses if there is an adverse movement in exchange rate where open positions either spot or forward, are taken for both on 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 2017, 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\$77 950 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 2017 is as below:

Foreign currency position as at 31 December 2017

Position expressed in US\$					
	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	89 606 676	85 518 473	3 783 853	68 483	235 867
Money market assets	45 820 077	45 820 077	-	-	-
Financial securities	899 862 222	899 862 222	-	-	-
Loans and advances to customers	941 408 103	931 311 635	56 997	258 980	9 780 491
Insurance assets	4 812 830	4 812 830	-	-	-
Equity investments	10 687 540	10 543 639	-	-	143 901
Other assets	72 016 809	71 141 623	283 318	62 549	529 319
Current tax receivable	621 938	621 938	-	-	-
Intangible assets	2 530 080	2 530 080	-	-	-
Investment properties	33 950 354	33 950 354	-	-	-
Property and equipment	71 605 721	71 605 721	-	-	-
Deferred taxation	19 732 819	19 732 819	-	-	-
Total assets	2 192 655 169	2 177 451 411	4 124 168	390 012	10 689 578



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

Foreign currency position as at 31 December 2017

Underlying currency	ZAR	GBP	Other foreign currencies in US\$
Assets			
Cash and short term assets	46 899 345	50 860	235 867
Loans and advances to customers	706 454	192 337	9 780 491
Equity investments	-	-	143 901
Other assets	3 511 608	46 453	529 319
Total assets	51 117 407	289 650	10 689 578
Liabilities			
Deposits	35 843 656	108 067	9 972 568
Other liabilities	142 862	15 828	10 091
Total liabilities	35 986 518	123 895	9 982 659
Net position	15 130 889	165 755	706 919

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

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating	A	A	A	A+	A+	A+	A+	A	A	A	A+	A+

CBZ Life Private Limited

Rating agent	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating (Financial strength)	BBB+	BBB+	BBB+	-	-	-	-	-	-	-	-	-

CBZ Insurance Private Limited

Rating agent	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating(Claims paying ability)	BBB+	BBB	BBB	-	-	-	-	-	-	-	-	-

CBZ Asset Management Private Limited

Rating agent	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating (Manager quality)	A	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 (current)	2	1	3	2	2	2	2
CBZ Bank (previous)	1	1	2	1	1	2	2

Key

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

34.13.3 Risk Matrix Summary - Reserve Bank

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	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

34.13.4 Risk Matrix Summary - Internal Ratings

CBZ Asset Management Private 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 Private 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 Private 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

Key

Level of inherent risk

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

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

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

Adequacy of Risk Management Systems

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

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

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

Overall Composite Risk

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

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

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

Direction of Overall Composite Risk Rating

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

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

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



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 the 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 policies and financial objectives.

The Board now comprises 10 Directors being; an Independent Non-Executive Chairman, two Executive Directors and seven Non-Executive Directors.

Appointment of New Directors

During the course of the year the CBZ Holdings Limited Board recruited three new directors and welcomes Varaidzo Zifudzi, William Annandale and Noah Matimba to its Board of 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.

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. This has resulted in the retirement of a number of Board members due to tenure and moving away from the cross sitting model.

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 & Compliance Committee and Human Resources and Corporate Governance Committee(also sits as Nominations Committee).

The Committees meet quarterly in accordance with their terms of reference and members of the Executive Committee and management attend meetings of the various committees by invitation.

The Boards of Directors of the various units for the period ended 31 December 2017 were constituted as tabulated below:

CBZ Holdings Limited	CBZ Bank Limited	CBZ Asset Management	CBZ Life Limited	CBZ Insurance	CBZ Risk Advisory	CBZ Properties
Annandale, WJ****	Mugamu, E ***	Naik, B.S	Dawes, R	Nhamo, R ***	Pasi, R***	Tigere, I
N M Matimba****	Mabeza-Chimedza,R (Dr)***	Harris,I.H ***	Zizhou, F.B	Naik, S.B	Magorimbo, L	Makwiranzou, C
Mugamu, E****	Pasi.R	Moyo,M.T.V****	Masunda,V(Dr)	Matika, A.T.K****	Ndlovu, N	Sinyoro, M
Dawes, R***	Chirimuuta, F.B ***	Mhlanga,N. ****	Tshuma, H	Nyemudzo, N ***	Nyemudzo, N***	Nyemudzo, N***
Dernawi, F.M	Whata, P.S ***	Zirobwa, R***	Nyemudzo, N***	Chimutsa, C	Chimutsa, C	Chimutsa, C
Harris, I H***	Madzonga, P.S ***	Nyemudzo, N***	Chimutsa, C	Mureriwa, N*	Mureriwa, N*	Bvumburai,H
Mabeza-Chimedza, R (Dr)***	Bhulabhai, N***	Chimutsa, C	Mureriwa, N*	Zimunya, P**	Zimunya, P**	Zimunya, P**
Mutasa, T	Mapfumba, C.C ****	Smith, J.F*	Zimunya, P**	Mharadze, J (Ex officio)	Shumbamhini, J (Ex officio)	
Nhamo, R	Shangwa, E.T ****	Muzadzi, T*	Mutizwa, J (Ex officio)			
Nyamayi G T	Marufu,M.PA ****	Zimunya, P**				
Pasi, R***	Karombo, M.P****					
Taputaira, G	Shinya, D.K					
Zirobwa, R***	Nyemudzo,N***					
Zifudzi, V****	Chimutsa, C					
Nyemudzo, N***	Mudondo,M*)					
Chimutsa, C*	Zimunya, P**					
Zimunya, P*						

Key
* Executive Director
** Acting GCEO
*** Retired
**** New member

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2017)

	Audit & Finance	Risk Management & Compliance	HR & Corporate Governance	Special HR & Corporate Governance	Strategy & Innovation	Joint Audit & HR	Nominations	Special Main Board	Main Board
Meetings Held	4	4	4	3	3	3	1	3	4
Annandale, WJ****	1	**	**	**	**	**	**	-	1
N M Matimba****	**	**	2	3	**	**	1	1	2
Mugamu, E****	**	**	1	-	1	1	-	2	1
Dawes, R***	**	**	1	1	1	2	**	3	1
Dernawi, F.M	**	3	**	**	1	**	**	1	4
Harris, I H***	1	**	**	**	**	2	**	2	1
Mabeza-Chimedza, R (Dr)***	**	1	**	**	**	2	**	2	1
Mutasa, T	**	4	3	3	**	**	1	3	4
Nhamo, R	**	**	4	3	**	3	1	2	4
Nyamayi G T	4	2	**	**	**	3	**	2	3
Pasi, R***	**	**	**	1	1	**	**	1	1
Taputaira, G	2	1	**	**	3	**	**	3	4
Zifudzi, V****	**	1	1	**	**	**	1	-	1
Zimunya, P*	1	1	1	**	**	**	**	-	1
Zirobwa,R***	1	**	**	**	**	2	**	2	1
Nyemudzo, N***	3	3	3	1	3	3	**	1	3
C. Chimutsa*	4	4	**	**	3	1	**	2	4

KEY
* Executive Directors
** Not a Member
*** Retired
**** New member

CBZ BANK BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2017)

	AUDIT & FINANCE	ALCO & BUSINESS	CREDIT	SPECIAL CREDIT	LOANS REVIEW	MAIN BOARD	SPECIAL MAIN BOARD
Meetings held	4	4	4	1	4	4	2
E Mugamu***	**	1	**	**	1	1	-
R Mabeza-Chimedza (Dr)***		1	1	**	**	1	-
R Pasi	**	3	4	1	**	4	2
F B Chirimuuta****	**	3	3	1	**	2	1
P S Whata***	1	-	-	-	1	1	-
P S Madzonga****	3	**	**	**	3	2	1
N Bhulabhai***	2	2	**	**	-	3	1
C C Mapfumba****	**	**	**	**	1	1	1
E T Shangwa****	1	**	**	**	1	1	1
MPA Marufu****	1	1	**	**	**	1	1
MP Karombo****	**	1	1	-	**	1	-
D K Shinya	4	**	**	**	3	4	-
N Nyemudzo***	2	3	**	**	2	3	2
C Chimutsa	4	4	3	1	**	4	1
Zimunya, P *****	4	4	3	1	4	4	2
M Mudondo*	4	4	4	-	4	4	1

Key
* Executive Directors
** Not a committee member
*** Retired
**** New member
***** Acting GCEO

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to December 2017)

	AUDIT & COMPLIANCE	INVESTMENTS & RISK	MAIN BOARD
Meetings held	2	4	4
Naik, B.S	2	4	4
Harris,I.H ***	1	1	4
Moyo,M.T.V****	-	1	1
Mhlanga,N.****	-	1	1
Zimunya, P *****	-	1	1
Zirobwa, R***	**	**	1
Nyemudzo, N***	1	1	2
Chimutsa, C	2	4	4
Smith, J.F*	2	4	4
Muzadzi, T*	**	4	4

Key
* Executive Directors
** Not a Member
*** Retired
**** New member
***** Acting GCEO

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER (January to December 2017)

	INVESTMENTS & RISK	MAIN BOARD
Meetings Held	4	4
Dawes, R	**	4
Zizhou, F B	4	4
Masunda,V(Dr)	3	4
Tshuma, H	4	4
Nyemudzo, N***	**	2
Zimunya, P *****	1	1
Chimutsa, C	3	3
Mureriwa, N*	4	4

Key
* Executive Directors
** Not a Member
*** Retired
**** New member
***** Acting GCEO

CBZ PROPERTIES BOARD ATTENDANCE REGISTER (January to December 2017)

	MAIN BOARD
Meetings Held	2
Tigere,I	2
Makwiranzou,C	2
Sinyoro, M	2
Nyemudzo, N***	1
Zimunya, P *****	1
Chimutsa, C	2
Bvumburai,H	2

Key
* Executive Directors ** Not a Member *** Retired **** New member *****Acting GCEO

STATEMENT OF COMPLIANCE

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

By order of the Board

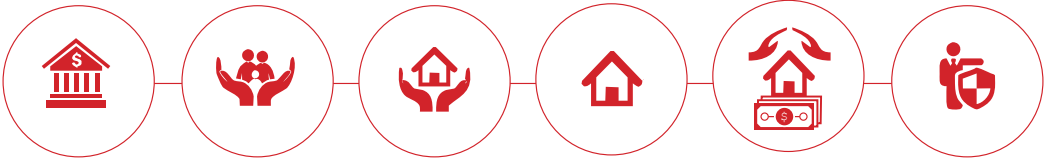

Rumbidzayi A. Jakanani
GROUP LEGAL CORPORATE SECRETARY

15 March 2018



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2017



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Notes	31 Dec 2017 US\$	31 Dec 2016 US\$
Interest income	2	138 328 457	163 403 895
Interest expense	2	(76 574 792)	(98 835 993)
Net interest income		61 753 665	64 567 902
Net non-interest income	3	73 236 053	53 760 228
Total income		134 989 718	118 328 130
Operating expenditure	4	(76 906 492)	(78 634 241)
Operating income		58 083 226	39 693 889
Charge for impairment on advances	11.4	(34 038 510)	(19 644 304)
Profit before taxation		24 044 716	20 049 585
Taxation	5	1 370 235	(1 368 500)
Profit for the year after taxation		25 414 951	18 681 085
Other comprehensive income			
Gains on property revaluations	22.2	1 371 602	196 672
Deferred tax relating to components of other comprehensive income	22.2	(353 188)	(50 643)
Other comprehensive income for the year net of tax		1 018 414	146 029
Total comprehensive income for the year		26 433 365	18 827 114
Profit attributable to:			
Equity holders of parent		25 414 951	18 681 085
Total comprehensive income attributed to:			
Equity holders of parent		26 433 365	18 827 114
Earnings per share (cents):			
Basic	6.4	4.97	3.65
Diluted	6.4	4.97	3.65

STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	31 Dec 2017 US\$	31 Dec 2016 US\$
Balances with banks and cash	8	86 762 756	71 311 137
Money market assets	9	30 762 625	20 980 988
Financial securities	10	897 728 855	760 536 057
Loans and advances to customers	11	808 559 730	873 999 508
Other assets	12	89 179 311	108 090 526
Equity investments	13	956 682	956 682
Property and equipment	15	49 749 580	51 394 822
Investment properties	16	6 077 000	7 397 000
Intangible assets	17	2 109 529	2 123 872
Deferred taxation	18	19 420 333	12 132 337
Current tax receivable		212 734	3 668 473
TOTAL ASSETS		1 991 519 135	1 912 591 402
LIABILITIES			
Deposits	19	1 791 380 900	1 735 423 213
Other liabilities	20	12 025 390	10 538 709
Total liabilities		1 803 406 290	1 745 961 922
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	12 397 399	11 378 985
Revenue reserve	22.3	153 875 555	133 410 604
Total equity and reserves		188 112 845	166 629 480
TOTAL LIABILITIES, EQUITY AND RESERVES		1 991 519 135	1 912 591 402

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Share capital US\$	Share premium US\$	Revaluation reserve US\$	Revenue reserve US\$	Total US\$
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
2017					
Opening balance	5 118 180	16 721 711	11 378 985	133 410 604	166 629 480
Total comprehensive income	-	-	1 018 414	25 414 951	26 433 365
Dividends	-	-	-	(4 950 000)	(4 950 000)
Closing balance	5 118 180	16 721 711	12 397 399	153 875 555	188 112 845

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24 044 716	20 049 585
Non-cash items:		
Depreciation	6 222 348	5 715 306
Amortisation of intangible assets	982 909	489 062
Write-offs of property and equipment	142 945	102 306
Impairments on land inventory	370 000	379 151
Fair value adjustment	(530 000)	576 491
Impairment on advances	34 038 510	19 644 304
Loss/(Profit) on sale of property and equipment	25 581	(40 824)
Loss on sale of investment property	350 000	-
Unrealised loss/(gain) on foreign currency positions	1 270 047	558 088
Operating cash flow before changes in operating assets and liabilities	66 917 056	47 473 469
Changes in operating assets and liabilities		
Deposits	54 687 640	82 268 915
Advances	(39 314 474)	(72 147 067)
Money market assets	(9 781 637)	(26 402 993)
Financial securities	(66 477 056)	17 488 992
Other assets	18 541 215	(4 177 101)
Other liabilities	1 486 681	(3 189 483)
	(40 857 631)	(6 158 737)
Corporate tax paid	(2 815 210)	(1 591 450)
Net cash inflow from operating activities	23 244 215	39 723 282
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment property	-	(103 030)
Net change in investments	-	-
Proceeds on disposal of investment property	1 500 000	-
Proceeds on disposal of property and equipment	176 706	106 439
Purchase of property and equipment	(4 264 112)	(5 776 932)
Purchase of intangible assets	(255 190)	(990 171)
Net cash outflow from investing activities	(2 842 596)	(6 763 694)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4 950 000)	-
NET INCREASE IN BALANCES WITH BANKS AND CASH	15 451 619	32 959 588
Balances with banks and cash at the beginning of the year	71 311 137	38 351 549
BALANCES WITH BANKS AND CASH AT THE END OF THE YEAR	86 762 756	71 311 137

NOTES TO THE FINANCIAL RESULTS

for the year ended 31 December 2017

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, lease financing and custodial services.

2. NET INTEREST INCOME

	31 Dec 2017 US\$	31 Dec 2016 US\$
Interest income		
Overdrafts	49 443 297	76 686 792
Loans	33 788 085	29 173 207
Home loans	455 148	3 150 481
Staff loans	3 084 465	3 106 803
Securities investments	48 639 996	46 618 912
Other investments	2 917 466	4 667 700
	138 328 457	163 403 895
Interest expense		
Call deposits	738 600	1 606 055
Savings deposits	32 632 359	37 313 731
Money market deposits	35 618 330	46 665 754
Other Offshore deposits	7 585 503	13 250 453
	76 574 792	98 835 993
Net interest income	61 753 665	64 567 902

3. NET NON-INTEREST INCOME

Fair value adjustment on investment property	530 000	(576 491)
Net income from foreign currency dealings	4 528 336	2 949 485
Unrealised (loss)/gains on foreign currency positions	(1 270 048)	(558 088)
Commission and fee income	63 636 367	47 033 957
(Loss)/Profit on sale of property and equipment	(25 581)	40 824
Loss on sale of investment property	(350 000)	-
Bad debts recovered	643 558	1 870 361
Property sales	4 655 852	2 414 850
Rental income	887 569	585 330
	73 236 053	53 760 228

4. OPERATING EXPENDITURE

Staff costs	37 335 250	40 602 295
Other administration expenses	31 615 455	31 073 607
Audit fees	237 585	272 514
Depreciation	6 222 348	5 715 306
Amortisation of intangible assets	982 909	489 062
Write-offs of property and equipment	142 945	102 306
Impairment of land inventory	370 000	379 151
	76 906 492	78 634 241

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\$3 980 664 (2016:US\$3 739 469).

Remuneration of directors / key management personnel

	31 Dec 2017 US\$	31 Dec 2016 US\$
Fees for services as directors	205 013	329 716
Pension for past and present directors	276 904	349 295
Salaries and other benefits	2 773 784	2 937 041
	3 255 701	3 616 052

Operating leases

The following is an analysis of expenses related to operating leases

Non cancellable leases are paid as follows:

Less than 1 year	1 500 701	1 583 561
Between 1 and 5 years	760 889	624 013
	2 261 590	2 207 574

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 2017, an amount of US\$2 361 110 (2016:US\$1 621 452) 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.

	31 Dec 2017 US\$	31 Dec 2016 US\$
Analysis of tax charge in respect of the profit for the year		
Current tax expense/(income)	6 270 949	(326 690)
Deferred tax (income)/expense	(7 641 184)	1 695 190
Tax (income)/expense	(1 370 235)	1 368 500
Tax rate reconciliation		
	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Non deductible expenses	24.34	18.84
Exempt income	(55.21)	(36.90)
Tax benefits	(0.58)	(0.86)
Effective rate	(5.70)	6.83

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:

	31 Dec 2017 US\$	31 Dec 2016 US\$
Earnings		
Basic earnings	25 414 951	18 681 085
Diluted earnings	25 414 951	18 681 085
Reconciliation of numerators used for calculating basic and diluted earnings per share:		
Basic earnings	25 414 951	18 681 085
Effect of potential dilutive transactions	-	-
Diluted earnings	25 414 951	18 681 085



	31 Dec 2017 Shares	31 Dec 2016 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 2017 US\$	31 Dec 2016 US\$
6.4	Annualised earnings per share (cents)		
	Basic	4.97	3.65
	Diluted	4.97	3.65

7.	DIVIDENDS		
	Dividend paid	4 950 000	-

8.	BALANCES WITH BANKS AND CASH		
	Cash	8 985 300	14 550 305
	Nostro accounts	3 990 623	11 584 761
	Balance with the Reserve Bank of Zimbabwe	73 782 873	45 172 653
	Interbank clearing accounts	3 960	3 418
		86 762 756	71 311 137

9.	MONEY MARKET ASSETS	
	AMA Bills	23 450 000
	Treasury placements	6 600 000
	Accrued interest	712 625
		30 762 625
	Maturity analysis	
	Between 0 and 3 months	6 604 250
	Between 3 and 6 months	-
	Between 6 and 12 months	24 158 375
		30 762 625

10.	FINANCIAL SECURITIES		
	Treasury bills	880 772 649	751 645 905
	Accrued interest	16 956 206	8 890 152
		897 728 855	760 536 057
	Maturity analysis		
	Between 0 and 3 months	26 649 412	46 657 787
	Between 3 and 6 months	5 678 424	1 510 156
	Between 6 and 12 months	38 007 224	26 341 510
	Between 1 and 5 years	230 592 729	156 643 663
	Above 5 years	596 801 066	529 382 941
		897 728 855	760 536 057

11.	ADVANCES		
	Overdrafts	458 584 322	501 345 223
	Loans	350 651 996	347 281 987
	Staff loans	47 755 317	50 952 052
	Mortgage advances	141 376	22 718 551
		857 133 011	922 297 813
	Interest accrued	23 616 040	7 332 700
	Total gross advances	880 749 051	929 630 513
	Provision for impairment	(72 189 321)	(55 631 005)
		808 559 730	873 999 508

11.1	Maturity analysis		
	Less than 1 month	366 070 817	421 281 442
	Between 1 and 3 months	93 137 768	44 532 158
	Between 3 and 6 months	35 699 409	15 046 669
	Between 6 months and 1 year	49 279 688	63 542 124
	Between 1 and 5 years	72 570 657	95 481 754
	More than 5 years	263 990 712	289 746 366
		880 749 051	929 630 513

Maturity analysis is based on the remaining period from 31 December 2017 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	8 165 185	8 210 332
	Advances made during the year	702 314	611 259
	Repayments during the year	(610 908)	(656 406)
	Closing balance	8 256 591	8 165 185

Loans to employees		
Included in advances are loans to employees:		
Opening balance	42 786 866	42 143 634
Advances made during the year	890 640	4 548 840
Repayments during the year	(4 178 783)	(3 905 608)
Closing balance	39 498 723	42 786 866

11.3	Non performing advances		
	Total advances on which interest is suspended	103 912 332	67 487 096

11.4	Provision for impairment of advances		
	Opening balance	55 631 005	69 301 308
	Charge for impairment	34 038 510	19 644 304
	Interest in suspense	11 118 699	(736 451)
	Amounts written off during the year	(28 598 893)	(32 578 155)
	Balance at end of the year	72 189 321	55 631 005

11.5	Comprising:		
	Specific impairments	45 281 365	31 440 136
	Portfolio impairments	26 907 956	24 190 869
		72 189 321	55 631 005

		31 Dec 2017 US\$	%	31 Dec 2016 US\$	%
11.6	Sectoral Analysis				
	Private	103 321 594	12	113 106 750	12
	Agriculture	230 566 770	26	233 956 469	25
	Mining	9 217 974	1	8 735 758	1
	Manufacturing	65 240 206	7	99 639 623	11
	Distribution	80 786 353	9	93 147 969	10
	Construction	6 658 002	1	5 742 777	1
	Transport	8 300 139	1	11 812 351	1
	Communication	127 477	0	11 884	0
	Services	134 074 449	15	130 772 055	14
	Financial organisations	242 456 087	28	232 704 877	25
		880 749 051	100	929 630 513	100

	Dec 2017 US\$	31 Dec 2016 US\$
12. OTHER ASSETS		
Intercompany balances	28 718 284	51 053 633
Land inventory	52 780 729	49 438 067
Prepayments	1 340 154	1 550 358
Receivables	6 340 144	6 048 468
	89 179 311	109 090 526

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 2017			
	Balances with banks and cash	-	86 762 756	86 762 756
	Money market assets	-	30 762 625	30 762 625
	Financial securities	-	897 728 855	897 728 855
	Loans and advances to customers	-	808 559 730	808 559 730
	Equity investments	956 682	-	956 682
	Other monetary assets	-	34 423 142	34 423 142
	Total	956 682	1 858 237 108	1 859 193 790

	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

15. PROPERTY AND EQUIPMENT

31 December 2017							
	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computers and equipment US\$	Work in progress US\$	Total US\$
COST							
Opening balance	3 770 000	27 029 500	602 917	5 193 433	29 374 617	4 065 882	70 036 349
Additions	-	24 178	4 947	77 660	3 063 513	1 093 814	4 264 112
Revaluation reserve	-	(361 821)	-	-	-	-	(361 821)
Impairments	-	(1 171)	-	-	-	-	(1 171)
Disposals	-	-	-	-	(215 645)	(159 469)	(375 114)
Write-offs	-	-	-	-	-	(142 705)	(142 705)
Transfers to non PPE assets	-	-	-	-	-	(713 376)	(713 376)
Transfers		116 814		89 350	1 696 610	(1 902 774)	-
Closing balance	3 770 000	26 807 500	607 864	5 360 443	33 919 095	2 241 372	72 706 274

ACCUMULATED DEPRECIATION						
Opening balance	-	-	347 495	3 068 721	15 225 311	- 18 641 527
Charge for the year	-	1 734 354	58 614	717 664	3 711 716	- 6 222 348
Disposals	-	-	-	-	(172 827)	- (172 827)
Revaluation	-	(1 733 423)	-	-	-	- (1 733 423)
Impairments	-	(931)	-	-	-	- (931)
Closing balance	-	-	406 109	3 786 385	18 764 200	- 22 956 694

Net book value	3 770 000	26 807 500	201 755	1 574 058	15 154 895	2 241 372	49 749 580
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31 December 2016							
	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computers and equipment US\$	Work in progress US\$	Total US\$
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
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Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2017 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The revaluation of land and buildings entailed the following:

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

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

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

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

Adjustments were made to the following aspects:

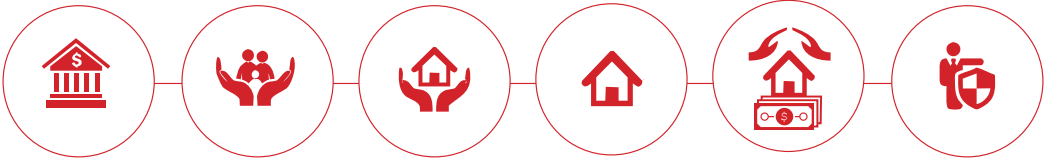
- Age of property - state of repair and maintenance
- Aesthetic quality - quality of fixtures and fittings
- Structural condition - location
- Accommodation offered - size of land



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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\$20 804 666 (December 2016: US\$21 607 873) 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 \$50 920 higher or lower and the statement of Financial Position would have been \$50 920 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 2017 US\$	31 Dec 2016 US\$
	Opening balance	7 397 000	7 605 000
	Fair value adjustment	530 000	(576 491)
	Transfer from property and equipment	-	265 461
	Additions	-	103 030
	Disposal	(1 850 000)	-
	Closing balance	6 077 000	7 397 000

Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2017 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 \$26 500 higher or lower and the Statement of Financial Position would have been \$26 500 higher or lower than the reported position.

The rental income derived from investments properties amounted to US\$208 740 with direct operating expenses amounting to US\$39 822 .
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 2017 US\$	31 Dec 2016 US\$
	At cost	5 417 069	4 448 503
	Accumulated amortisation and impairment	(3 307 540)	(2 324 631)
		2 109 529	2 123 872
	Movement in intangible asset		
	Opening balance	2 123 872	498 674
	Additions	255 190	990 171
	Transfers from property and equipment	713 376	1 124 089
	Amortisation charge	(982 909)	(489 062)
	Closing balance	2 109 529	2 123 872

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 2017 US\$	31 Dec 2016 US\$
	Deferred tax related to items charged or credited to statement of comprehensive income during the year is as follows:		
	Opening balance	12 132 337	13 878 170
	Impairment and provisions	4 263 766	(3 520 103)
	Intangible assets	37 819	(26 995)
	Prepayments	422 933	560 823
	Property and equipment	(110 265)	24 740
	Tax claimable impairments	2 571 015	854 229
	Investment properties	(274 035)	56 551
	Other	376 763	304 922
	Closing balance	19 420 333	12 132 337

19.	DEPOSITS		
	Call deposits	18 095 584	11 303 411
	Savings and other deposits	1 247 842 956	1 015 108 442
	Money market deposits	455 220 331	608 908 958
	Lines of credit	65 551 023	91 615 660
	Accrued interest	4 671 006	8 486 742
		1 791 380 900	1 735 423 213
	Deposits by type		
	Retail	190 258 096	137 957 505
	Corporate	1 076 861 253	889 432 866
	Money market	457 613 157	613 514 065
	Lines of credit	66 648 394	94 518 777
		1 791 380 900	1 735 423 213

Lines of credit relate to borrowings from a foreign bank or financial institution. These have an average tenure of 2.4 years with an average interest rate of 7.6 % and are secured by a variety of instruments which include liens over bank accounts, guarantees, treasury bills and sub borrower securities.

	31 Dec 2017 US\$	%	31 Dec 2016 US\$	%
Sectoral analysis				
Private	92 802 832	5	71 394 344	4
Agriculture	65 554 371	4	54 069 005	3
Mining	19 795 231	1	16 327 034	1
Manufacturing	162 736 388	9	120 444 415	7
Distribution	361 230 921	20	293 760 361	17
Construction	46 373 949	3	38 249 064	2
Transport	31 706 109	2	26 151 083	2
Communication	41 318 322	2	36 043 078	2
Services	654 986 678	37	555 971 737	32
Financial organisations	294 003 987	16	481 320 946	28
Investment organisations	20 872 112	1	41 692 146	2
	1 791 380 900	100	1 735 423 213	100
Maturity analysis				
Less than one month	1 400 476 166		411 906 957	
Between 1 and 3 months	209 895 433		348 956 643	
Between 3 and 6 months	104 566 539		222 702 072	
Between 6 months and 1 year	22 525 702		391 358 213	
Between 1 and 5 years	39 436 132		207 466 711	
More than 5 years	14 480 928		153 032 617	
	1 791 380 900		1 735 423 213	

Maturity analysis is based on the remaining period from 31 December 2017 to contractual maturity.

20.	OTHER LIABILITIES	31 Dec 2017 US\$	31 Dec 2016 US\$
	Revenue received in advance	1 923 814	813 551
	Sundry creditors	6 093 465	6 654 810
	Other suspense accounts	4 008 111	3 070 348
	Total other liabilities	12 025 390	10 538 709

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

22.2	Revaluation reserve	1 Dec 2017 US\$	31 Dec 2016 US\$
	Opening balance	11 378 985	11 232 956
	Revaluation adjustments made during the year	1 371 602	196 672
	Deferred tax	(353 188)	(50 643)
	Closing balance	12 397 399	11 378 985
22.3	Revenue reserve		
	Opening balance	133 410 604	114 729 519
	Profit for the year	25 414 951	18 681 085
	Dividend paid	(4 950 000)	-
	Closing balance	153 875 555	133 410 604

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 Risk 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:

Loans and advances to other related parties

31 December 2017	Gross limits US\$	Utilised limits US\$	Value of security US\$
Loans to entities related to directors	1 290 000	1 258 060	1 828 900
31 December 2016			
Loans to entities related to directors	2 343 484	1 657 783	5 190 750

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 2017 US\$	31 Dec 2016 US\$
(a) Transactions with other related parties:		
Interest income earned on loans	231 517	299 863
and advances to directors and other related parties	3 301	37 720
Commission and fee income	234 818	337 583
(b) Deposits from directors and key management personnel:		
Closing balance	38 864	134 212
Interest expense on deposits from directors and key management personnel	27	879
(c) Balances with group companies:		
Amounts due from group companies	32 743 108	53 396 795
Deposits held for group companies	17 116 883	16 773 253
(d) Transactions with group companies:		
Interest income on amounts due from group companies	3 228 278	4 704 548
Interest expense on amounts due to group companies	703 520	775 015
Non interest income from group companies	381 535	767 950
Costs charged by group companies	7 013 814	6 437 730

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 10% to 12% and a tenure ranging from 1 month to1 year 5 months. 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 2017 US\$	31 Dec 2016 US\$
Balances with banks	77 777 456	56 760 832
Money market assets	30 762 625	20 980 988
Financial securities	897 728 855	760 536 057
Loans and advances to customers	808 559 730	873 999 508
Other assets	34 423 142	56 626 867
Total	1 849 251 808	1 768 904 252
Guarantees	8 246 115	20 229 252
Capital commitments	1 206 141	1 095 804
	9 452 256	21 325 056

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\$77 777 456 (excluding notes and coins) as at 31 December 2017 (2016:US\$56 760 832), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank and foreign banks.

24.3.2 Aging analysis of past due but not impaired loans and advances (Special Mention Loans):

	31 Dec 2017 US\$	31 Dec 2016 US\$
1 to 3 months	255 967 326	280 046 650
Past due but not impaired loans relate to loans in the special mention category. (See definition on note number 34.3.1 of the CBZ Holdings Limited notes to the financial results)		
24.3.3 Aging analysis of Non Performing Loans:		
3 to 6 months	38 162 081	18 679 302
6 to 12 months	65 750 251	48 807 794
Total	103 912 332	67 487 096

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)



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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 2017 US\$	31 Dec 2017 US\$	31 Dec 2016 US\$	31 Dec 2016 US\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	103 321 594	9 241 672	113 106 750	13 577 930
Agriculture	230 566 770	42 993 530	233 956 469	63 166 397
Mining	9 217 974	1 300 845	8 735 758	1 911 212
Manufacturing	65 240 206	21 591 547	99 639 623	31 722 453
Distribution	80 786 353	26 989 930	93 147 969	39 653 796
Construction	6 658 002	1 646 652	5 742 777	2 419 274
Transport	8 300 139	2 222 530	11 812 351	3 265 357
Communication	127 477	-	11 884	-
Services	134 074 449	6 752 345	130 772 055	9 920 594
Financial organisations	242 456 087	-	232 704 877	-
Total	880 749 051	112 739 051	929 630 513	165 637 013

Collateral analysis	31 Dec 2017 US\$	31 Dec 2016 US\$
Cash cover	2 430 371	2 210 000
Mortgage bonds	768 010 000	763 993 500
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc.	760 471 798	760 371 701
	1 530 912 169	1 526 575 201

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 2017 US\$	31 Dec 2016 US\$
Against doubtful* and loss* grades		
Property	23 253 818	22 007 450
Other	44 583 514	17 389 900
Against substandard* grade		
Property	15 128 680	4 563 874
Other	26 134 165	21 086 126
Against special mention* grade		
Property	170 375 584	168 164 531
Other	211 177 242	240 335 469
Against normal* grade		
Property	559 251 911	569 257 645
Other	481 007 255	483 770 206
	1 530 912 169	1 526 575 201

*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 grade US\$	Total US\$
31 December 2017					
Loans and advances to customers					
Agriculture	45 462 108	150 781 062	18 583 816	15 739 784	230 566 770
Manufacturing	27 134 330	32 302 743	211 581	5 591 552	65 240 206
Commercial	87 070 129	17 134 638	9 146 647	20 723 035	134 074 449
Private	77 009 953	23 067 296	1 175 679	2 068 666	103 321 594
Mining	5 013 741	4 011 109	-	193 124	9 217 974
Distribution	39 951 667	20 514 369	9 044 358	11 275 959	80 786 353
Construction	3 272	4 923 431	-	1 731 299	6 658 002
Transport	5 735 110	2 282 019	-	283 010	8 300 139
Communication	127 477	-	-	-	127 477
Financial services	233 361 606	950 659	-	8 143 822	242 456 087
	520 869 393	255 967 326	38 162 081	65 750 251	880 749 051

	*Normal grade US\$	*Special mention grade US\$	*Sub- Standard grade US\$	*Doubtful 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\$8.2 million (December 2016: US\$20.2 million).

*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 2017							
Balances with banks and cash	86 762 756	-	-	-	-	-	86 762 756
Money market assets	3 000 250	3 604 000	-	24 158 375	-	-	30 762 625
Financial securities	-	26 649 412	5 678 424	38 007 224	230 592 729	596 801 066	897 728 855
Advances	336 066 352	85 503 866	32 773 360	45 240 550	66 622 509	242 353 093	808 559 730
Other assets	-	34 423 142	-	-	-	-	34 423 142
Financial guarantees	79 719	900 404	2 559 000	4 302 394	404 598	-	8 246 115
Current tax receivable	-	212 734	-	-	-	-	212 734
Total assets	425 909 077	151 293 558	41 010 784	111 708 543	297 619 836	839 154 159	1 866 695 957

Liabilities							
Deposits	1 400 476 166	209 895 433	104 566 540	22 525 703	39 436 133	14 480 925	1 791 380 900
Other liabilities	-	12 025 390	-	-	-	-	12 025 390
Financial guarantees	79 719	900 404	2 559 000	4 302 394	404 598	-	8 246 115
Capital commitments contracted for	-	-	-	1 206 141	-	-	1 206 141
Total liabilities	1 400 555 885	222 821 227	107 125 540	28 034 238	39 840 731	14 480 925	1 812 858 546

Liquidity gap	(974 646 808)	(71 527 669)	(66 114 756)	83 674 305	257 779 105	824 673 234	53 837 411
Cumulative liquidity gap	(974 646 808)	(1 046 174 477)	(1 112 289 233)	(1 028 614 928)	(770 835 823)	53 837 411	53 837 411

	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

The table above shows the 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 2017	43.42
At 31 December 2016	76.65
Average for the year	66.65
Maximum for the year	78.57
Minimum for the year	41.87

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

	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\$
31 DECEMBER 2017								
Assets								
Balances with banks and cash	3 990 623	-	-	-	-	-	82 772 133	86 762 756
Money market assets	3 000 250	3 604 000	-	24 158 375	-	-	-	30 762 625
Financial securities	-	26 649 412	5 678 424	38 007 224	230 592 729	596 801 066	-	897 728 855
Loans & advances to customers	336 066 352	85 503 866	32 773 360	45 240 550	66 622 509	242 353 093	-	808 559 730
Other assets	-	28 718 284	-	-	-	-	60 461 027	89 179 311
Equity investments	-	-	-	-	-	-	956 682	956 682
Investment property	-	-	-	-	-	-	6 077 000	6 077 000
Property and equipment	-	-	-	-	-	-	49 749 580	49 749 580
Intangible assets	-	-	-	-	-	-	2 109 529	2 109 529
Deferred tax	-	-	-	-	-	-	19 420 333	19 420 333
Current tax receivable	-	-	-	-	-	-	212 734	212 734
Total assets	343 057 225	144 475 562	38 451 784	107 406 149	297 215 238	839 154 159	221 759 018	1 991 519 135

Equity and liabilities								
Deposits	1 400 476 166	209 895 433	104 566 540	22 525 703	39 436 133	14 480 925	-	1 791 380 900
Other liabilities	-	-	-	-	-	-	12 025 390	12 025 390
Equity and reserves	-	-	-	-	-	-	188 112 845	188 112 845
Total liabilities, equity and reserves	1 400 476 166	209 895 433	104 566 540	22 525 703	39 436 133	14 480 925	200 138 235	1 991 519 135

Interest rate repricing gap	(1 057 418 941)	(65 419 871)	(66 114 756)	84 880 446	257 779 105	824 673 234	21 620 783	-
Cumulative gap	(1 057 418 941)	(1 122 838 812)	(1 188 953 568)	(1 104 073 122)	(846 294 017)	(21 620 783)	-	-

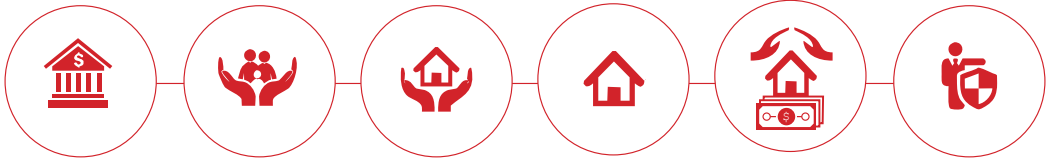
	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non interest bearing US\$	Total US\$
31 DECEMBER 2016								
Assets								
Balances with banks and cash	11 588 178	-	-	-	-	-	59 722 959	71 311 137
Money market assets	19 828 862	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	



Partners For Success

AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2017



24.6 Foreign exchange risk

At 31 December 2017, 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 2017 is as below:

FOREIGN CURRENCY POSITION

Foreign currency position as at 31 December 2017

Position expressed in US\$	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	86 762 756	82 728 120	3 734 689	68 362	231 585
Money market assets	30 762 625	30 762 625			
Financial securities	897 728 855	897 728 855			
Loans and advances to customers	808 559 730	798 464 937	55 693	258 977	9 780 123
Other assets	89 179 311	88 304 125	283 318	62 549	529 319
Equity investments	956 682	812 781			143 901
Investment properties	6 077 000	6 077 000			
Property and equipment	49 749 580	49 749 580			
Deferred taxation	19 420 333	19 420 333			
Intangible assets	2 109 529	2 109 529			
Current tax receivable	212 734	212 734			
Total assets	1 991 519 135	1 976 370 619	4 073 700	389 888	10 684 928
Equity and liabilities					
Deposits	1 791 380 900	1778 933 675	2 334 777	145 421	9 967 027
Other liabilities	12 025 390	11 982 571	11 415	21 313	10 091
Equity and reserves	188 112 845	188 112 845			
Total equity and liabilities	1 991 519 135	1 979 029 091	2 346 192	166 734	9 977 118

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 2017

Underlying currency	ZAR	GBP	Other foreign currencies in US\$
Assets			
Balances with banks and cash	46 289 976	50 770	231 585
Loans and advances to customers	690 293	192 334	9 780 123
Other assets	3 511 608	46 453	529 319
Equity investments	-	-	143 901
Total assets	50 491 877	289 557	10 684 928
Liabilities			
Deposits	28 938 631	107 999	9 967 027
Other liabilities	141 486	15 829	10 091
Total liabilities	29 080 117	123 828	9 977 118
Net position	21 411 760	165 729	707 810

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

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 strategies 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's 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 arises from the market's perception of the manner in which the Bank packages and delivers its products and services as well as how staff and management conduct themselves. It also relates to the Bank's general business ethics. This can result in loss of earnings or adverse impact on market capitalisation 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;
- 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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	2	1	3	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 versus 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.

Risk weighted assets

Total qualifying capital

Tier 1

Share capital
Share premium
Revenue reserves
Exposures to insiders
Deferred tax asset
Total core capital
Less transfer to Tier 3

Tier 2

Revaluation reserve
General provisions
Deferred tax asset

Tier 3

Capital allocated for market risk
Capital allocated to operations risk

Capital adequacy

-Tier 1
-Tier 2
-Tier 3

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. CONTINGENCIES AND COMMITMENT

26.1 Compliance matter

CBZ Bank Limited is co-operating in ongoing investigations by the Office of Foreign Asset Control (OFAC) regarding historical transactions involving a party that was subject to OFAC economic sanctions. Based on the facts currently known, it is not practicable at this time for CBZ Bank to determine the terms on which the ongoing investigations will be resolved, or the timing of such resolution, or for CBZ Bank to estimate reliably the amounts or range of possible amounts of any fines and /or penalties which could be significant.

27. 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.

28. 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.



Partners For Success

AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2017



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Notes	31 Dec 2017 US\$	31 Dec 2016 US\$
Gross written premium		10 094 396	9 556 878
Reinsurance premium		(477 265)	(694 169)
Net written premium		9 617 131	8 862 709
Unearned premium movement	12.1	374 268	979 190
Net earned premium		9 991 399	9 841 899
Net commission	2	(1 044 445)	(1 248 342)
Net claims	3	(3 272 623)	(3 218 199)
Technical profit		5 674 331	5 375 358
Operating expenditure	4	(3 428 145)	(3 545 824)
Charge for impairment		75 704	(75 704)
Underwriting profit		2 321 890	1 753 830
Other income	5	1 390 978	859 690
Profit before taxation		3 712 868	2 613 520
Taxation	6	(8 711)	(11 448)
Profit for the year		3 704 157	2 602 072
Other comprehensive income		-	-
Total comprehensive income		3 704 157	2 602 072

STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	31 Dec 2017 US\$	31 Dec 2016 US\$
ASSETS			
Current assets			
Cash and cash equivalents	7	3 772 617	2 091 351
Money market assets	8	11 180 856	14 364 915
Financial securities		1 785 703	-
Equity investments		897 799	-
Insurance contract assets	9	613 801	383 517
Other receivables		315 533	68 895
Current tax receivables		9 779	8 518
		18 576 088	16 917 196
Non-current assets			
Intangible assets	10	384 705	557 565
Property and equipment	11	847 251	251 231
Investment properties		3 389 889	1 594 000
		4 621 845	2 402 796
TOTAL ASSETS		23 197 933	19 319 992
EQUITY AND LIABILITIES			
Liabilities			
Life fund	12	1 465 928	1 844 992
investment contract liabilities	13	1 806 934	1 517 121
Other payables	14	2 210 493	1 103 782
		5 483 355	4 465 895
Equity			
Share capital	15	2	2
Share premium		1 388 012	1 388 012
Revenue reserves		16 326 564	13 466 083
		17 714 578	14 854 097
TOTAL EQUITY AND LIABILITIES		23 197 933	19 319 992

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

		Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
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
2017					
Opening balance	2	1 388 012		13 466 083	14 854 097
Total comprehensive income	-	-		3 704 157	3 704 157
Dividend paid	-	-		(843 676)	(843 676)
Closing balance	2	1 388 012		16 326 564	17 714 578

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3 712 868	2 613 520
Non cash items:		
Depreciation	85 555	96 883
Amortisation	168 852	140 389
Unearned premium movement	(374 268)	(979 190)
Impairment of property and equipment	20 887	-
Claims incurred but not reported	(4 796)	(536 506)
unearned commission on reinsurance premium movement	125 786	166 767
Fair value adjustment on investment properties	(553 659)	(94 000)
Fair value adjustment on financial instruments	(78 810)	-
Impairment on insurance assets	(75 704)	75 704
Operating profit before changes in operating assets and liabilities	3 026 711	1 483 567
Changes in operating assets and liabilities		
Other receivables	(246 638)	(52 535)
Insurance contract assets	(280 366)	496 125
Other payables	1 106 711	793 486
Money market assets	3 184 059	(54 298)
Financial securities	(1 785 703)	-
Life assurance investment contract liabilities	289 813	202 408
	2 267 876	1 385 186
Corporate tax paid	(9 972)	(13 877)
Net cash inflow from operating activities	5 284 615	2 854 876
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investment	(818 989)	-
Purchase of property and equipment	(688 384)	(60 288)
Purchase of intangible assets	(10 070)	(87 703)
Purchase of investment properties	(1 242 230)	(1 500 000)
Net cash outflow from investing activities	(2 759 673)	(1 647 991)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(843 676)	-
Net cash outflow from financing activities	(843 676)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1 681 266	1 206 885
Cash and cash equivalents at the beginning of the year	2 091 351	884 466
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3 772 617	2 091 351

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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
Other income
Fair value adjustment on investment properties
Fair value adjustment on equities

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
Write-offs
Closing balance

Amortisation

Opening balance
Charge for the year
Closing balance

Carrying amount at end of the year

11. PROPERTY AND EQUIPMENT

Cost

Opening balance
Additions
Write-offs
Closing balance

Accumulated depreciation

Opening balance
Charge for the year
Write-offs
Closing balance
Net Book Value

12. LIFE FUND

Movement in Life fund
Opening balance 1 January 2016
Transfer from income
Closing balance at 31 Dec 2016
Transfer to income
Closing balance at 31 Dec 2017

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

Money market assets
Prescribed assets
investment property
Listed equity investments

13. INVESTMENT CONTRACT LIABILITIES

13.1 Investment contract movement

Opening balance
Interest on investment fund
Fund management fees
Investments from clients
Withdrawals by clients
Closing balance

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

Money market assets
Prescribed assets
Cash and cash equivalents
Listed equity investments

14. OTHER PAYABLES

Inter-company
Sundry payables
Prepaid premium debtors

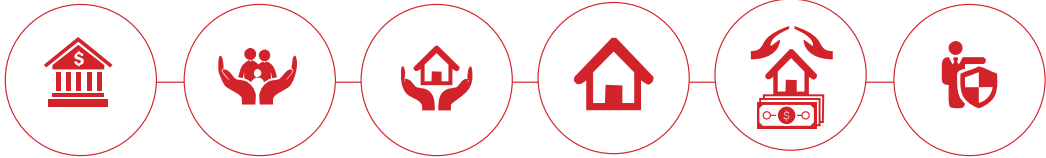
15. SHARE CAPITAL

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

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



Partners For Success



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
Gross written premium	10 435 729	10 220 701
Reinsurance	(4 853 094)	(4 718 950)
Net written premium	5 582 635	5 501 751
Unearned premium	12 876	(17 362)
Net earned premium	5 595 511	5 484 389
Net commission	(49 372)	(21 663)
Net claims	(2 295 737)	(2 414 834)
Technical result	3 250 402	3 047 892
Operating expenditure	(1 903 564)	(2 022 310)
Impairment loss	(234 457)	(177 253)
Underwriting profit	1 112 381	848 329
Other income	1 422 678	400 500
Profit before taxation	2 535 059	1 248 829
Taxation	(155 307)	(333 888)
Profit for the year after taxation	2 379 752	914 941
Other comprehensive income		
Total comprehensive income for the year	2 379 752	914 941
Basic earnings per share (cents)	152.32	58.56
Diluted earnings per share (cents)	152.32	58.56

STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
ASSETS		
Cash and cash equivalents	1 004 022	454 217
Money market assets	4 749 315	6 420 908
Other assets	283 549	30 245
Tax receivable	359 620	-
Insurance receivables	1 676 585	1 263 328
Insurance contract assets:		
Reinsurance receivables	430 764	220 551
Reinsurance outstanding claims	334 782	1 387 495
Deferred acquisition costs	408 961	368 242
Reinsurance unearned premium reserve	1 347 936	1 228 754
Financial assets at fair value through profit or loss	1 351 846	388 636
Investment properties	135 000	145 000
Property and equipment	868 892	197 235
Deferred tax asset	265 169	403 710
TOTAL ASSETS	13 216 441	12 508 321
EQUITY AND LIABILITIES		
LIABILITIES		
Other payables	457 215	735 344
Current tax payable	-	193 419
Insurance contract liabilities:		
Reinsurance payables	747 363	763 507
Gross outstanding claims	835 705	2 101 988
Incurred but not yet reported claims	375 554	257 317
Unearned commission reserve	353 084	312 297
Gross unearned premium reserve	3 142 147	3 035 840
Total liabilities	5 911 068	7 399 712
EQUITY		
Share capital	78 116	78 116
Share premium	1 479 091	1 479 091
Retained earnings	5 748 166	3 551 402
Total equity	7 305 373	5 108 609
TOTAL EQUITY AND LIABILITIES	13 216 441	12 508 321

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
2016				
Opening balance	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
Closing balance	78 116	1 479 091	3 551 402	5 108 609
2017				
Opening balance	78 116	1 479 091	3 551 402	5 108 609
Rights issue	-	-	-	-
Dividends paid	-	-	(182 988)	(182 988)
Total comprehensive income	-	-	2 379 752	2 379 752
Closing balance	78 116	1 479 091	5 748 166	7 305 373

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2 535 059	1 248 829
Non cash items:		
Depreciation	53 837	55 343
Amortisation	16 900	-
Derecognition of property and equipment	-	9 940
Derecognition of intangible assets	(38 675)	38 675
Impairment of other assets	(6 660)	35 674
Fair value adjustment-investment property	10 000	-
Fair value adjustment-listed investments	(1 153 210)	(59 777)
Unearned premium reserve movement	(12 876)	17 362
Deferred commission movement	67	(42 474)
Incurred but not yet reported claims provision	118 237	17 127
Profit on disposal of property and equipment	136	(150)
Impairment loss	234 457	177 253
Cash flow before changes in operating assets and liabilities	1 757 272	1 497 802
Changes in operating assets and liabilities		
Decrease in inventory	2 000	780
Increase in receivables	(15 180)	(636 214)
Decrease in money market assets	1 671 593	(2 359 695)
Decrease in payables	(1 563 465)	1 742 116
	1 852 220	244 789
Tax paid	(569 805)	(534 559)
Cash utilised in operating activities	1 282 415	(289 770)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(728 992)	(63 816)
Proceeds on disposal of property and equipment	3 361	150
Purchase of intangible assets	(16 900)	-
Purchase of investments	190 000	(150 002)
Net cash utilised in investing activities	(552 531)	(213 668)
CASHFLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(180 079)	-
Rights issue	-	20 600
Net cash proceeds generated from financing activities	(180 079)	20 600
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	549 805	(482 838)
Cash and cash equivalents at the beginning of the year	454 217	937 055
Balances with banks and cash at end of the year	1 004 022	454 217

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
Revenue	2 923 649	2 141 074
Operating expenditure	(2 056 298)	(2 003 169)
Profit before taxation	867 351	137 905
Taxation	(253 382)	(49 176)
Profit for the year after taxation	613 969	88 729
Other comprehensive income	-	-
Total comprehensive income	613 969	88 729

STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
ASSETS		
Balances with banks and cash	505 988	54 829
Money market assets	1 704 679	1 925 158
Loans and advances	-	12 907
Equity investments	252 299	14
Other assets	919 786	742 627
Intangible assets	7 704	15 037
Investment property	90 000	93 000
Property and equipment	202 630	150 959
Current taxation	-	8 657
Deferred taxation	40 084	20 495
TOTAL ASSETS	3 723 170	3 023 683
LIABILITIES		
Current taxation	18 055	-
Other liabilities	62 451	83 156
Provisions	382 703	294 535
TOTAL LIABILITIES	463 209	377 691
EQUITY		
Share capital	63 005	63 005
Share premium	1 924 944	1 924 944
Revenue reserves	1 272 012	658 043
TOTAL EQUITY	3 259 961	2 645 992
TOTAL LIABILITIES AND EQUITY	3 723 170	3 023 683

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
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
2017				
Opening balance	63 005	1 924 944	658 043	2 645 992
Total comprehensive income	-	-	613 969	613 969
Closing balance	63 005	1 924 944	1 272 012	3 259 961

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	31 Dec 2017 US\$	31 Dec 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	867 351	137 905
Non cash items:		
Fair value adjustment	44 366	11 995
Depreciation and amortisation	48 653	50 356
Loss on sale of property and equipment	902	-
Impairment of assets	19 686	-
Operating cash inflow before changes in operating assets and liabilities	980 958	200 256
Changes in operating assets and liabilities		
Money market assets	220 479	(158 009)
Equity investments	(293 651)	-
Advances	12 907	-
Other assets	(195 303)	(83 853)
Other liabilities	(20 705)	(11 504)
Provisions	88 168	(10 897)
	(188 105)	(264 263)
Corporate tax paid	(246 259)	(75 897)
Net cash (outflow)/inflow from operating activities	546 594	(139 904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	704	-
Purchase of property and equipment	(94 298)	-
Purchase of intangible assets	(1 841)	-
Net cash outflow from investing activities	(95 435)	-
NET INCREASE/(DECREASE) IN BALANCES WITH BANKS AND CASH	451 159	(139 904)
Balances with banks and cash at the beginning of the year	54 829	194 733
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	505 988	54 829



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