Annual Report

What You Need To Succeed.

Since 1951

ZB FINANCIAL HOLDINGS

Corporate Information

ZB FINANCIAL HOLDINGS LIMITED

Registered Office
10th Floor ZB House
46 Speke Avenue
P O Box 3198
Harare
Telephone: +263 -4- 751168/75
Facsimile: +263 -4- 251029
E-mail: zb@zb.co.zw
Web address: www.zb.co.zw

Company Registration Number
1278/89

Date of Incorporation
29 May 1989

Group Company Secretary
C. T Kathemba

Auditors
KPMG
Mutual Gardens
100 The Chase (West)
Emerald Hill
P O Box 6
Harare
Tel: +263 -4- 303700, 302600
Fax: +263 -4- 303699
E-mail: marketing@kpmg.co.zw
Website: www.kpmg.com

Board of Directors
P B Nyajeka (Chairman), R Mutandagayi (Group Chief Executive), F Kapanje (Group Finance Director), E Hamandishe, Dr C U Hokonya, T Mafunda, T P B Mpofu, E Munemo, T I Chirisa.

Contents

VISION, MISSION AND VALUES

OUR VISION

Passionate focus on wealth creation for you.

OUR MISSION

To Create Unparalleled Value

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty-fifth Annual General Meeting of the shareholders of ZB Financial Holdings Limited will be held in the Board Room, Ninth Floor, ZB House, 46 Speke Avenue, Harare on Friday, 27 June 2014, commencing at 1030 hours to transact the following business:

ORDINARY BUSINESS

1. Financial Statements and Statutory Reports

To receive, consider, and adopt if appropriate, the financial statements, and the reports of the directors and auditors for the year ended 31 December 2013.

2. Directorate

(i) In terms of Article 68 of the Company's Articles of Association, Mr Eria Hamandishe retires by rotation, and being eligible, offers himself for re-election at the meeting.
(ii) Dr Christopher Urombo Hokonya resigned from the Board on 6 May 2014. .
(iii) Ms Tendai Iris Chirisa was appointed to the Board after the last Annual General Meeting and being eligible, offers herself for election at the meeting.

3. Remuneration of Directors

To approve the remuneration of Directors for the past financial year.

4. External Auditors

4.1 To approve the remuneration to KPMG Chartered Accountants (Zimbabwe) for the past financial year's audit in terms of Article 112 of the Articles of Association of the Company.

4.2 To re-appoint KPMG Chartered Accountants (Zimbabwe) as the Company's auditors for the ensuing year.

5. Any Other Business

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

In terms of the Companies Act (Chapter 24:03), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote and speak in his stead.

The proxy form must be delivered at the registered office of the Company not less than 48 hours before the meeting is scheduled to commence.

A proxy need not be a member of the Company.

By order of the Board

C T Kathemba
Group Secretary

3 June 2014

10th Floor, ZB House
46 Speke Avenue
HARARE

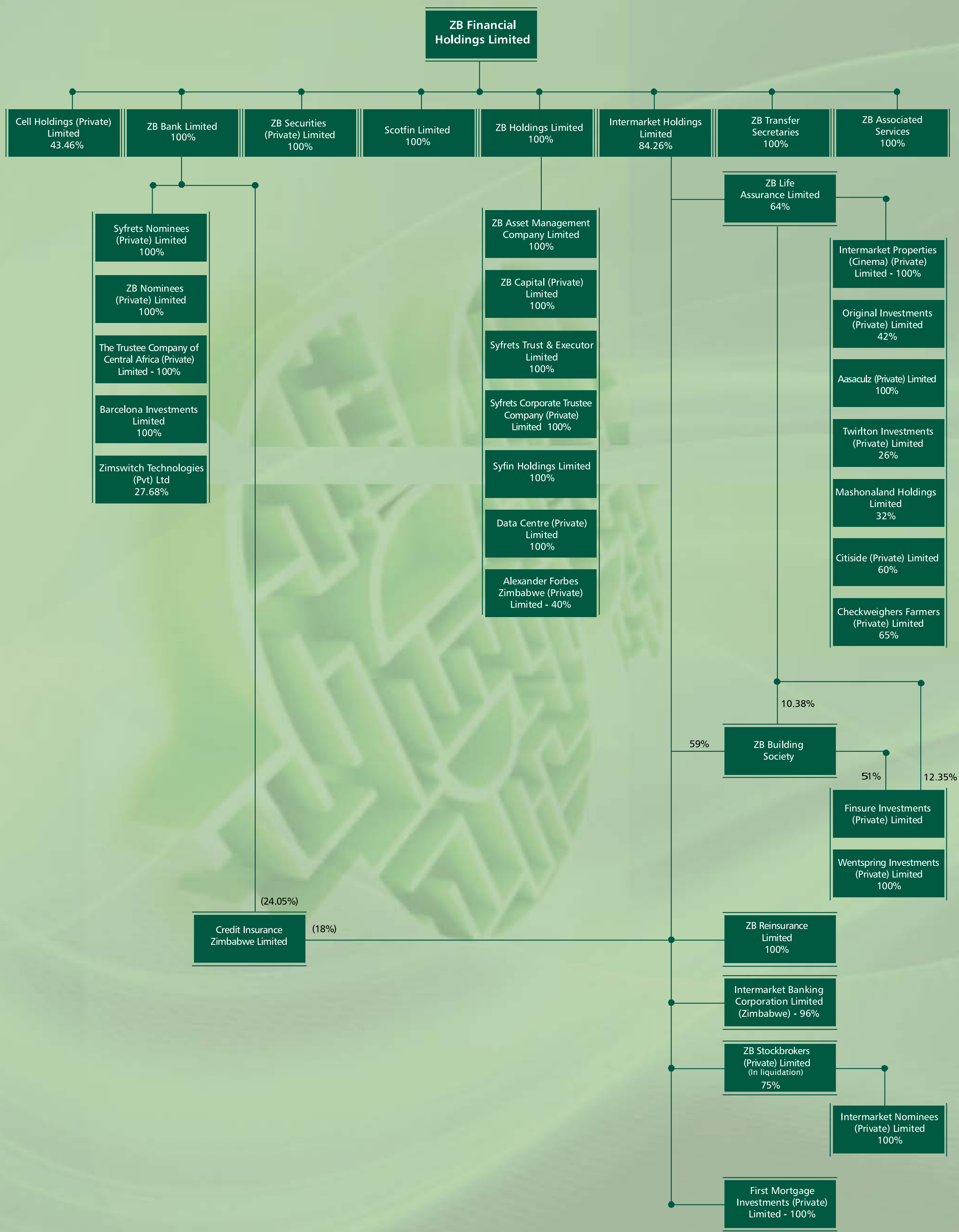
SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDERS as at 31 December 2013				
Shares held	Number	% Spread	Shares Held	% Holding
1-500	233	15.83	49 450	0.03
501-1000	475	32.27	274 214	0.16
1001-10000	371	25.20	1 537 307	0.88
10001-20000	229	15.56	3 229 035	1.84
20001-50000	92	6.25	2 435 784	1.39
50001-100000	15	1.02	1 037 885	0.59
100001-500000	35	2.38	7 211 461	4.12
500001-1000000	12	0.82	8 508 847	4.86
1000001-10000000	7	0.48	27 275 988	15.57
10000001-1000000000	3	0.20	123 630 671	70.57
Totals	1 472	100.00	175 190 642	100.00

ANALYSIS BY CATEGORY				
Shareholders	Number	% Spread	Shares Held	% Holding
Individuals	1 226	83.29	8 845 725	5.05
Companies	125	8.49	74 968 676	42.79
Fcda resident and new non resident	9	0.61	14 112	0.01
Pension funds	26	1.77	69 609 106	39.73
Nominee company	35	2.38	3 355 390	1.92
Non resident transferable	25	1.70	444 476	0.25
Investment, trust and property companies	18	1.22	7 604 687	4.34
Insurance companies	8	0.54	10 348 470	5.91
Totals	1 472	100.00	175 190 642	100.00

TOP 10 SHAREHOLDERS			
Holder No	Holder Name	Shares Held	% Holding
2 222	National Social Security Authority	66 196 080	37.79
6 178	Government of Zimbabwe	41 177 201	23.50
949 635	ZB Financial Holdings Limited	16 257 390	9.28
312 543	Old Mutual Life Assurance Company Zimbabwe Limited	9 524 678	5.44
670 139	Mashonaland Holdings Limited	5 281 975	3.01
6438	Finhold Group Staff Trust	5 273 438	3.01
555 208	Guramatunhu Family Trust	2 187 546	1.25
629 368	Ministry of Finance	2 009 157	1.15
618 428	Baobab Reinsurance (Private) Limited	1 893 798	1.08
924 273	ZB Financial Holdings Pension Fund	1 105 396	0.63
	Total holding for top 10 shareholders	150 906 659	86.14
	Remaining holding	24 283 983	13.86
	Total issued shares	175 190 642	100.00

GROUP CORPORATE STRUCTURE



COMPANY AND PRODUCT PROFILE

ZB Financial Holdings Limited (ZBFH) was incorporated in May 1989, as the holding company for a group of companies which had been providing commercial banking, merchant banking and other financial services since 1967.

ZB Bank Limited

ZB Bank is the flagship operation of ZBFH. Banking operations commenced in 1951 when the Netherlands Bank of South Africa opened a branch in the then Salisbury, now Harare. These operations which were sold to the Netherlands Bank of Rhodesia in August of 1967 maintained a steady growth through acquistions and expansion of existing operations. The Company changed its name to Rhodesia Banking Corporation Limited in 1972 and then Rhobank in 1979. After the acquisition of a majority shareholding in the Company by the Government of Zimbabwe in 1981 the Company changed its name to Zimbabwe Banking Corporation Limited. The Bank became a subsidiary of Zimbabwe Financial Holdings Limited (FINHOLD) in 1992 following a restructuring of operations in which non banking operations were removed from the Bank. The Bank was renamed ZB Bank Limited in 2006 following the adoption of a monolithic brand by the Group. The Bank provides retail banking and corporate banking services.

Products and Services

Consumer Banking

- Savings accounts
- Current accounts
- Call banking
- Bancassurance
- Personal loans

Micro-banking

- Micro business loans
- Savings accounts
- Advisory

Electronic banking

- Internet banking
- E-wallet
- Automated teller machines (ATMs)
- Point of Sale (POS) machines

Credit Services

- Agricultural financing
- Loans
- Overdrafts
- Advisory services
- Corporate savings accounts
- Corporate current accounts
- Asset finance
- Premium finance

Treasury and Investments

- Fixed deposits
- Treasury bills
- Bankers acceptances
- Savings deposit account
- Foreign currency accounts
- Foreign lines of credit
- Structured facilities
- Investments advisory services
- Project finance

International Banking

- Correspondent banking
- Commodity finance
- Import and export finance
- Exchange control and advisory services
- Clean documentary collections
- Documentary letters of credit

ZB Building Society

ZB Building Society was incorporated in Rhodesia (Zimbabwe) as Founders Building Society and received its trading licence in 1961. The Society changed its name to Intermarket Building Society and later to ZB Building Society, following the acquisition of a majority shareholding in Intermarket Holdings Limited (IHL) by ZBFH.

The main business of the Society is mobilization of deposits from which it makes advances to the public and corporate bodies on the security of mortgages over immovable property, and loans to public and corporate bodies on the security of their deposits with the Society.

COMPANY AND PRODUCT PROFILE

ZB Building Society (continued)

Products and Services

Savings products

- Premium banking
- Cash connect plus
- Cash link accounts
- Senior citizens
- Student accounts
- Cash connect
- Club account corporate accounts
- Savings accounts
- FX target accounts
- Funeral cover

Investments Products

- Negotiable certificates of deposit
- Savings certificate of deposit
- Treasury bills
- Paid up permanent shares

Mortgage Products

- Flexi mortgages plan
- Flexi corporate plan
- Individual mortgage plan
- Corporate mortgage plan
- Flexi mortgage account

ZB Asset Management Company Limited

ZB Asset Management Company Limited is a wholly owned subsidiary of ZBFH. The Company which was registered as an Asset Manager in May 2004, manages funds on the basis of specific mandates from clients.

Products and Services

Unit Trusts

Unit Trusts raise capital from a large number of investors and invest the funds under the management of professional investment managers.

General Equity Fund

The Fund's objective is to generate returns in excess of the Zimbabwe Stock Exchange (ZSE) share indices over the medium to long term, whilst observing an acceptable risk profile. The funds portfolio includes a diverse selection of high quality companies quoted on the ZSE and money market assets that reduce the overall risk.

Specialist Equity Fund

This Fund's objective is to generate high returns, in excess of the ZSE Share Indices over the short to medium term. The funds portfolio comprises stocks that inter allia trade at a discount to net asset value and have potential for growth. Companies that have prospects for strong profit growth are also considered.

Endowment Funds

An Endowment Fund is a product developed for projects where there is a timing difference between the receipt and disbursement of associated cash flows. Through this product, clients benefit from income earned during the tenure of the project and also from the certainty that future disbursements will be met. Funds of this nature tend to be liquid and risk averse.

Money Market Managed Funds

Under this product, the Company makes wholesale money market investments on behalf of clients, who benefit from this product as funds from various investors obtain competitive rates on the money market. Investments made here have a low risk profile as they are secured.

Balanced Portfolios

This product is designed for pension funds, other institutional investors and high net worth individuals. The portfolios maintained by the company, for each client, comprise a tailor made mix of equity and money market investments.

In line with most clients' requirements, such portfolios are designed to outperform inflation, the industrial index or any other benchmarks.

COMPANY AND PRODUCT PROFILE

ZB Capital (Private) Limited

ZB Capital (Private) Limited specialises in venture capital finance, corporate finance, and advisory services.

The Corporate Finance & Advisory Services unit provides transaction evaluation, financing and deal management advice to private and public companies. The unit offers a considerable range of corporate finance services namely:

- Floatations and public offerings;
- Acquisitions and disposals;
- Takeovers and mergers;
- Capital raisings (both local and International);
- Research, business proposal construction;
- Privatisation/ commercialisation advice;
- Rights offer and placements;
- Joint ventures;
- Management buy-outs;
- Valuations and appraisals;
- Private and public partnerships; and
- Project finance and management

ZB Life Assurance Limited

ZB Life Assurance Limited, then known as Southampton Insurance Company Limited, commenced operations in 1964 as a subsidiary of The African Life Assurance Society. After several reorganisations the Company became wholly owned by Southern Life Association of South Africa in 1985. In line with the local majority shareholding requirement of the Insurance Act, Southern Life reduced its stake in the Company to 49% in 1994. On 1 May 1998 Southern Life remaining stake was sold to Intermarket Holdings Limited ("IHL") who became the major shareholder in the Company with a shareholding of 57%. In April 2002, the Company changed its name to Intermarket Life Assurance Limited.

After the acquisition of a majority shareholding in IHL by ZBFH, Intermarket Life Assurance Limited changed its name to ZB Life Assurance Limited on 1 July 2007.

ZB Life Assurance Limited (ZB Life) specializes in mobilizing financial resources and managing the process of wealth creation and protection through life assurance solutions.

ZB Life has two major product lines namely the Individual Life Business and the Employee Benefit Business, which comprises the Defined Benefits and the Defined Contribution scheme.

Individual Life Products

- Whole life policies
- Unit linked endowment policies
- Unit linked retirement annuity policies
- Variable immediate annuities
- With profits immediate annuities
- Term assurances
- Capital disability benefits

Employee Benefits Products

ZB Life provides a unique offering in retirement benefits, through designing and managing:

- Employer sponsored occupational pension arrangements covering defined benefit and defined contribution plans as well as hybrids of the two.
- Group insured benefits schemes from group life assurance, group mortgage protection, group credit life assurance solutions right through to group funeral assurance plans.

Consultancy Services

ZB Life Assurance also offers solutions to a whole range of challenges relating to the provision of employee benefits. These include benefits design together with the impact of legislative, demographic as well as economic changes and other relevant social trends on the provision of employee benefits.

Consultancy service areas include

- Administration or secretarial
- Actuarial
- Insured risk benefits underwriting
- Investment

ZB Reinsurance Limited

ZB Reinsurance Limited (ZBRe) is the re-insurance arm of ZBFH, offering a diverse range of re-insurance services.

Established as Intermarket Reinsurance Limited in a joint venture between Hollandia Reinsurance of South Africa and Intermarket Holdings Limited in 1997; the company was renamed ZB Reinsurance subsequent to the acquisition of a majority shareholding in IHL by ZB Financial Holdings Group in 2006.

COMPANY AND PRODUCT PROFILE

ZB Reinsurance Limited (continued)

ZBRe provides facultative and treaty reinsurance solutions and financial security to local and regional insurance companies, reinsurers, medical aid societies and special type clients/consortiums. It offers risk management solutions and technical reinsurance training to its clients.

ZBRe has, over the years, cultivated lasting partnerships with renowned insurance and reinsurance companies both regionally and internationally with the view to ultimately entrenching a regional presence.

Products

ZB Reinsurance is active in the provision of both treaty and facultative business for the following classes:

- Fire
  This covers fire and allied perils, including business interruption insurance cover.
- Engineering
  Includes machinery breakdown, contractors all risks, electronic equipment, plant all risks, erection all risks as well as loss of profits.
- Motor
  This Includes a comprehensive cover and Third Party Insurance cover for personal and commercial lines.
- Marine
  This covers marine risks, both the hull and cargo including liabilities.
- Miscellaneous accident
- Fidelity guarantee
- Bonds and Guarantees
  Glass, money and casualty business, including liabilities and personal accident.

ZB Securities (Private) Limited

ZB Securities (Private) Limited is a wholly owned subsidiary of ZBFH which came into being on the 1st of April 2008 and commenced trading a month later. The entity was created mainly for the purpose of trading in securities listed on the Zimbabwe Stock Exchange.

Products

- Trading listed stocks on the Zimbabwe Stock Exchange on behalf of investors
- Trading in non-listed stocks on behalf of investors
- Portfolio Management and Portfolio Valuations
- Investment advice and analysis
- Sponsoring broker-ships and advisory services with regards to listings, bonus issues, rights issues, mergers and acquisitions, restructurings, including advice on compliance with Zimbabwe Stock Exchange Listing requirements
- Portfolio switches, structured transactions, foreign trading in equities, etc

ZB Transfer Secretaries (Private) Limited

ZB Transfer Secretaries (Private) Limited is a wholly owned subsidiary of ZBFH incorporated on 31 December 2010 and provides services listed below:

- Scrip management
- Transfer secretarial services and custodial services

ZB Associated Services (Private) Limited

This entity provides a wide range of security services to Group and non - Group customers. The entity was incorporated on 17 December 2009 and is 100% owned by ZBFH. Its services includes:

- Cash in transit (CIT) services
- Guard services
- Investigations
- Security advisory services

Associate Companies

Cell Holdings (Private) Limited

ZBFH controls a stake of 43.46% in Cell Holdings (Private) Limited, having become an equity partner in the business in 2007. Cell Holdings (Private) Limited is a provider of short term insurance products specialising in the rent- a-cell concept.

Cell Holdings (Private) Limited is also the technical partner to ZB Bank for the Bancassurance products offered to customers through the bank's branch network.

Products

- Cell captive (Rent-a-Cell)
- Enterprise wide risk management
- Bancassurance
- Conventional short term insurance products

COMPANY AND PRODUCT PROFILE

Credit Insurance Zimbabwe Limited ("Credsure Insuarance")

Credsure Insurance is a short term insurance company that specialises in credit insurance, bonds and guarantees, while offering other general insurance products.
ZBFH controls 42.1% of Credsure indirectly via ZB Bank Limited and ZB Reinsurance Company.

Products

- Credit, bonds, guarantees
- General insurance

Alexander Forbes Zimbabwe (Private) Limited

ZBFH acquired a 40% stake in the then Willis Corroon in 1970, the firm later changed its name to Alexander Forbes Zimbabwe Limited.

Alexander Forbes offers risk management and advisory services for a wide range of short term insurance and life assurance products.

Products

- Fire and allied perils
- Office contents
- Loss of profits
- Accounts receivable

Alexander Forbes Zimbabwe (Private) Limited (continued)

Products (continued)

- Burglary
- Money
- All risks
- Goods in transit
- Assets all risks
- Fidelity guarantee
- Computer or electronic equipment insurance
- Public liability
- Personal accident
- Employers' residual liability
- Motor
- Motor contingent liability
- Motor traders
- Machinery
- Machinery loss of profits
- Plant all risks
- Contractors all risks
- Directors' and officers' liability
- Comprehensive riot cover
- Farming and livestock
- Group life pension schemes
- Individual life, annuities and pensions
- Export/domestic credit

CORPORATE GOVERNANCE REPORT

ZB Financial Holdings Limited (ZBFH) is listed on the Zimbabwe Stock Exchange (ZSE) and upholds the principles of the code of corporate practices and conduct contained in the third report of the King Commission (King III Report on Corporate Governance) as well as the Continued Listing Requirements of the ZSE. The Group complies with all relevant statutory and regulatory requirements and the provisions of its Memorandum and Articles of Association at all times.

THE BOARD OF DIRECTORS

The Composition of the Board

The Board of Directors comprised two executive directors and seven non-executive directors. The Board Chairman is a non-executive director.

The Group's operations are controlled by the Group Executive Committee, the Group Chief Executive, the Managing Directors of subsidiary companies and the respective company executive directors, who are accountable through regular reports, to the Board.

The Group appoints non-executive directors on the basis of their different skills and expertise which enable them to bring independent competent judgement on issues affecting the Group from time to time.

Article 68 of the company's articles of association requires one third of the company's directors to retire by rotation annually. Retiring directors are eligible to stand at regular intervals not exceeding three years.

Mr Elisha Nyikadzino Mushayakarara, the previous Group Chief Executive, retired from the Board and Group on 31 May 2013. He was replaced by Mr Ronald Mutandagayi as both Group Chief Executive and Managing Director with effect from 1 June 2013.

Ms T I Chirisa, an IT consultant, was appointed to the Board as an independent non-executive director with effect from 16 December 2013.

The Board's Roles and Responsibilities

The Board Charter regulates the Board's role and responsibilities. The Charter includes the following as part of Board's broad mandate:

a) setting the strategic direction of ZBFH and monitoring the implementation of that strategy by ZBFH's management:

b) oversight of the Group, including its control and accountability systems;

c) appointing and removing the Group Chief Executive;

d) board and Executive Management development and succession planning;

e) monitoring compliance with all relevant legal, tax and regulatory obligations;

f) reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;

CORPORATE GOVERNANCE REPORT

Induction and Evaluation of Directors

New directors are informed of their fiduciary duties and responsibilities to the Company by executive management. Directors are informed of any new relevant legislation and changing commercial risks that affect the company.

Directors are entitled to seek independent professional advice at the company's expense about the affairs of the company and where necessary, for the furtherance of their duties. All directors have access to the company secretary who is responsible to the board for ensuring company compliance with procedures and applicable statutes and regulations.

The Board conducts annual assessments to evaluate the effectiveness of its procedures and effectiveness of each member. The company secretary is responsible to the board as a whole and to directors individually, for ensuring compliance with procedures and applicable statutes and regulations.

Board Committees

The Board's focus is on superintending over Group issues and formulating strategy for the Group as a whole. In order to assist it in carrying out its mandate, the Board has the following Committees:

i) The Board Audit Committee
ii) The Finance and Strategy Committee
iii) The Group Marketing Committee
iv) The Nominations Committee
v) The IT Committee
vi) The Human Resources and Remuneration Committee
vii) The Board Risk and Management Committee

The Board Audit Committee

The Committee comprises three non- executive directors.
Its terms of reference include:

- To review the quality of financial information, interim and financial statements, and other public and regulatory reporting of the Group;
- To review the annual report and accounts of the Group, to ensure they present a balanced and understandable assessment of the position, performance and prospects of the Group;
- To review the external auditor(s) proposed audit certificate;
- To review the results of work performed by the internal audit function in relation to financial reporting, corporate governance, internal control, and any significant investigations and management responses;
- To review the co-ordination between the internal audit function and the external auditors and deal with any issues of material or significant concern.

The Finance and Strategy Committee

The Committee comprises three non-executive directors and two executive directors.
Its terms of reference include:

- To consider and review on an on-going basis the Group's capital structure and funding.
- To review on an on-going basis the Group's capital management planning.
- To approve the strategy and objectives of the Group.
- To monitor on a regular basis the performance of all business units of the Group against the agreed strategy and set objectives.
- To monitor the state of the relationship between the Group and its various stakeholders.

The Group Marketing Committee

The Committee comprises two non-executive directors and one executive director.

Its terms of reference include:

- To give a policy direction, guidance and counsel on ZBFH Group's overall marketing strategy with an emphasis on brand visibility and reputation, innovation and new product development, product profitability and pricing, as well as channel management initiatives.
- To review and approve submissions from management on the annual strategic marketing plan objectives, marketing strategies and the marketing budget.

The Nominations Committee

The Committee comprises two non-executive directors and one executive director

Its terms of reference include:

- To lead the process of identifying, assessing, and recommending to the Board, candidates for appointment as directors of the Company.
- To review on a regular basis, and to make recommendations to the Board, any changes on the membership of Board committees.
- To review at least once a year, the structure, the size, and the composition, of the Board and the skills available to the Board, and to make recommendations on any changes, or additions to the Board, which in the Committee's view may be necessary to enhance the Board's effectiveness.

The IT Committee

The Committee comprises three non-executive directors and two executive directors.

Its terms of reference include:

- To review and approve Group IT policies with the ultimate objective of achieving an efficient use of IT resources available within the Group.
- To endeavour to develop ideas on a regular basis to achieve cost reduction on the use of IT products and processes while also ensuring compliance with safe and reliable standards.

The Human Resources and Remuneration Committee

The Committee comprises two non-executive directors and one executive director.
Its terms of reference include:

- To review and determine on a regular basis remuneration policies and conditions of service for employees of the Group.
- To monitor adherence to approved HR policies of the Group.
- To determine the remuneration levels and conditions of service of all employees falling under the executive grade of the Group.
- To receive for consideration and approval if deemed appropriate, proposals of reviews of salaries and conditions of services for employees of the Group.
- To receive information from management on a regular basis on the prevailing salaries and conditions of service of employees in the Banking industry generally, for purposes of comparison with the Bank's own salaries and conditions of service.

The Board Risk Management Committee

The Committee comprises two non-executive directors and one executive director.
Its terms of reference include:

- To review the adequacy and overall effectiveness of the business units risk management function and its performance, and reports on internal control and any recommendations.
- To review the adequacy of insurance coverage for Group assets.
- To review risk identification and measurement methodologies.
- reviewing the effectiveness of ZBFH's implementation of its risk management system and internal control framework;

CORPORATE GOVERNANCE REPORT

BOARD ATTENDANCES DURING THE YEAR

ZB Financial Holdings Limited (ZBFH) Board	
Total meetings	7
Name	Meetings attended
B P Nyajeka (Chairman)	7
R Mutandagayi (Group Chief Executive)*	3
E Hamandishe	5
DR C U Hokonya	7
F Kapanje (Group Finance Director)	6
T Mafunda	7
T P B Mpofu	6
E Munemo	7
E N Mushayakarara **	3
I Chirisa***	1

** Appointed to the board on 1 June 2013*
*** Resigned from the board with effect from 31 May 2013*
**** Appointed to the board on 16 December 2013*

ZB Bank Board	
Total meetings	5
Name	Meetings attended
Z R Churu (Chairman)	5
S K Chiganze (Acting Managing Director)*	2
G Chikomo (Finance Director)	4
DR C U Hokonya	5
G N Mahlangu	4
C Mandizvidza	5
P M Matupire	5
R Mutandagayi	2
C Nyachowe	5
S A Sibanda	5
V B Sibanda	4

** Appointed in acting capacity from 1 June 2013 to 31 December 2013.*

ZB Life Assurance Board	
Total meetings	4
Name	Meetings attended
C Mandizvidza (Chairman)	4
A G Chinembiri (Managing Director)	4
R Mutandagayi	4
E T Z Chidzonga	3
M Gumbo	3
C Makoni	4
K P Matsikidze	4
L Mawire (Finance Director)	4
M Mkushi	4
E N Mushayakarara*	2

** Resigned from the board with effect from 31 May 2013*

ZB Building Society Board	
Total meetings	5
Name	Meetings attended
T P B Mpofu (Chairman)	5
E Mungoni (Acting Managing Director)	4
S K Chiganze	4
S Mahlangu	2
C Makoni	5
E Munemo	5
E N Mushayakarara*	2
R Mutandagayi	4
M T Sachak	4
C Sandura	4
S A Sibanda	5

** Resigned from the board with effect from 31 May 2013*

CORPORATE GOVERNANCE REPORT

BOARD ATTENDANCES DURING THE YEAR

Intermarket Banking Corporation Limited Board	
Total meetings	4
Name	Meetings attended
P M Matupire (Chairman)	4
K Bangure (Managing Director)	3
D T Machingaidze	4
M Mkushi	4
R Mutandagayi	4

ZB Reinsurance Company Board	
Total meetings	4
Name	Meetings attended
R Mutandagayi (Chairman)	3
B Shumba (Managing Director)	4
F B Chirimuuta	4
D T Machingaidze	4
C J Murandu***	2
E N Mushayakarara**	2
C Nyachowe	4
P Murambinda*	1

* Appointed to the board on 13 November 2013
** Resigned from the board with effect from 31 May 2013
*** Resigned from the board with effect from 1 May 2013

ZB Asset Management Company Limited	
Total meetings	4
Name	Meetings attended
Z R Churu (Chairman)	4
S Mutamuko (Managing Director)	4
S K Chiganze	4
C T Masvosva	1
C J Murandu*	3
R Mutandagayi	4
S Nhongo	4
P M Nyamadzawoh	4

* Resigned from the board with effect from 1 May 2013

DIRECTORATE

Bothwell P Nyajeka
(Non-Executive Chairman)

Masters in Business Leadership (University of South Africa); Chartered Accountant (Zimbabwe); Bachelor of Accountancy (Honours) Degree (University of Zimbabwe)

Ron Mutandagayi
(Group Chief Executive Officer)

Masters in Business Leadership (University of South Africa); Chartered Accountant (Zimbabwe); Bachelor of Accountancy (Honours) Degree (University of Zimbabwe)

Fanuel Kapanje
(Group Finance Director)

Chartered Accountant (Zimbabwe); B.Compt (University of South Africa); Bachelor of Accountancy (Honours) (University of Zimbabwe)

Eria Hamandishe
(Non-Executive Director)

Master of Science in Economics Degree (Moscow State University, Russia)

Elliot Munemo
(Non-Executive Director)

Post Graduate Diploma Business Leadership (University of Pretoria South Africa); Applied Psychology - Institute of Personnel Management Diploma; Bachelor of Education (Honours) Degree (University of Ibadan, Nigeria)

Iris T Chirisa
(Non-Executive Director)

Bachelor of Science (Honours) Computer Science (University of Westminster)

Dr Christopher U Hokonya
(Non-Executive Director)

Doctorate in Applied Economics (Seoul National University of South Korea); Masters in Business Adminstration - Banking and Finance (University of Wales, Bangor); Masters of Economics (Dankook University, Seoul); Bachelor of Economics (Dankook University Seoul); Bachelor of Science, Physics (University of Manchester, UK)

Tendai Mafunda
(Non-Executive Director)

Masters in Business Adminstration - Banking and Finance (National University of Science and Technology); Associate - Chartered Institute of Management Accountants; Associate - Institute Chartered Secretaries and Adminstrators Bachelor of Business Studies (University of Zimbabwe)

Thamsanqa P B Mpofu
(Non-Executive Director)

Master of Science Degree in Management (University of Manchester UK); Bachelor of Arts Honours Degree (Public Administration) (University of Teeside UK)

CORPORATE SOCIAL INVESTMENT INITIATIVES 2013

ZB Financial Holdings (the Group) recognizes that its success is intricately linked to the level of social progress in the environments in which it operates. The group has in place a Corporate Social Investment (CSI) programme that commits a portion of its annual earnings towards enhancing the quality of life for the society.

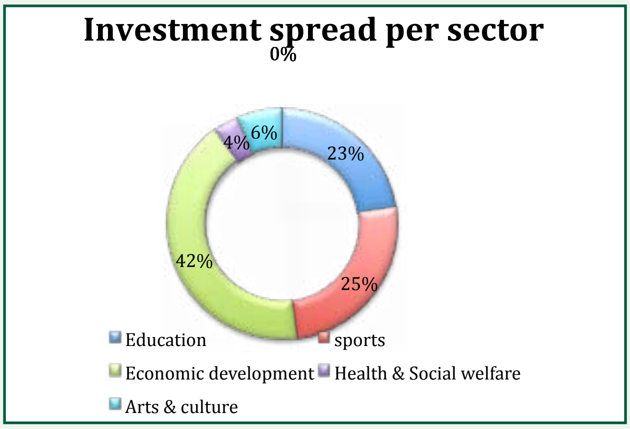
The primary objectives of the Group's CSI programme are:

a) To establish and maintain good relations with the communities in which it operates,
b) To foster goodwill and to improve the lives of the people within those communities,
c) To promote activities that bring economic, social and environmental benefits to the population and the community.

Areas of focus during 2013 included:-

- Education
- Sports
- Health and Social welfare
- Arts and Culture
- Economic Development

Investment spread per sector

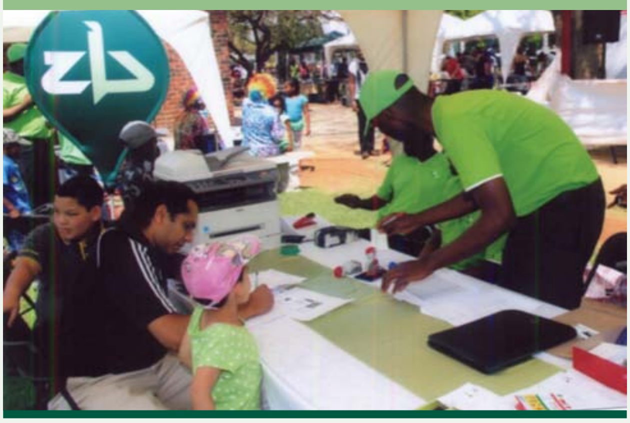


The following were some of the initiatives that were undertaken during the period under review:

1.0 Donation towards Education and Sports

ZBFH seeks to improve education from Grade Zero through to high school as well as career and vocational training to help in creating opportunities for people especially from underprivileged backgrounds. In this regard donations were made towards a plethora of initiatives that include District education Awards, Betta School Awards, Graduation prizes as well as university building projects, notably Great Zimbabwe, Catholic University and Women's University in Africa. The Group also sponsored two final year students, one at Gwebi College and the other one at Chibhero College both of which are major agricultural colleges in the country.

Chiremba School Fun day



A ZB Customer and his family at Gateway Primary School fun day.

CORPORATE SOCIAL INVESTMENT INITIATIVES 2013

Student wins prize for Junior Stash saving account promotion

St Peters Kubatana Secondary School Jubilee Celebrations

1.1 Success Academy Zimbabwe

In response to an invitation to support needy students, the group donated 110 school uniforms and a soccer kit to Success Academy Zimbabwe which is based in Hatcliff. This is a school that has a sizeable number of under-privileged students who struggle with their school fees and other basic school requirements.

Success Zimbabwe Soccer team in their new uniforms

2.0 Donation towards Health and Welfare

Adverse public health issues affect the level of economic productivity and the general well-being of communities. With this in mind, the Group continued to support projects run under the auspices of the Mayors Christmas Cheer Funds, Rotary, Lions well as church initiated projects such as the drilling and maintenance of boreholes in order to improve general hygiene. Support of different kinds was also given to selected senior citizens in order to improve their living conditions.

CORPORATE SOCIAL INVESTMENT INITIATIVES 2013

2.1 Mayors' Christmas Cheer Funds

The Mayors' Christmas Cheer Funds are some of the country's recognizable charity initiatives. Each year the Group supports Cheer Funds across the country with donations. The Group's support in 2013 covered all the major towns and cities were cash donations were made for onward transmission to selected charities. The charitable organizations included children's' homes, homes for the elderly and the disabled.

Donation to Entembeni Old People's home

2.2 Make A Difference Day - ZB Donation to Vimbainesu Children's Home

In 2013 the Group launched an initiative dubbed "Make A Difference Day" (MADD) that seeks to involve all stakeholders including ZB Staff in assisting the needy. It had been discovered through different interactions with welfare organizations that most children and old people's homes were struggling to provide food, clothing, shoes and blankets to those they were looking after. An overwhelming response to this initiative by the Staff in the Group was recorded with many donations in kind being mobilized.

ZB Bank's Murombedzi Branch donated clothing, blankets and food to an orphanage, Vimbainesu children's during the "Make A Difference Day". Additionally the home benefited from brand new bunk beds and grocery items financed by the Group, critical needs identified by the ZB staff members during MADD.

Mr. Emen Sibanda, Head Consumer Banking presenting a donation of beds to the Matron of Vimbainesu children's home

ZB staff, children & staff from Vimbainesu children's home in Murombedzi

Mushawevana Children's Home Marondera

Making a Difference in the community is not always a costly exercise, but is largely a product of geniune love and the ability to share it with everyone. This came to the fore when personnel from the Group visited Mushawevana Children's Home in Marondera. The home is situated in one of the high density suburbs. It is made up of four home units each with an original capacity to carry 7 Children and a house mother, each of these units now houses more than 18 children. The children share the small single beds that they have. Grocery items and clothing presented to the home by the Group had so much profound impact on the children who felt loved and had every reason to smile.

CORPORATE SOCIAL INVESTMENT INITIATIVES 2013

The children and their matron after the donation by ZB Bank

Shungu Dzevana Children's Home

Shungu Dzevana is a children's home that is based in Hatfield, Harare. It is run by a Roman Catholic nun, Sister Mercy Mutyambizi and a board of trustees. The home takes care of abandoned children who are brought by the Department of Social Welfare whilst some other babies are dumped at their gate. The children vary in age groups from being newly born to 18 years of age. The home runs its own fund raising projects for their food requirements such as piggery, poultry and market gardening. That notwithstanding, the home still requires some other basic commodities that include cleaning materials, bathing and washing soaps as well as medicine. ZB donated grocery items, clothing and library books

3.0 Donation towards Arts and Culture

ZBFH sponsored the Harare International Festival of the Arts (HIFA) for the third year running, retaining the accreditation as venue sponsors for Reps Theatre.

Additionally, the Group once again provided shuttle bus services between the ZB Reps Theater and the other performance centers. ZBFH realizes and appreciates the value of creating an active network of arts organizations and as such it has committed to supporting HIFA to achieve these goals. Liaison with other organizations within the arts sector allows HIFA to identify common objectives, create long term linkages and give a coherent and sustained level of support to local artistes. The Group is committed to the development of artistic talent and will continue to be associated with such initiatives as HIFA.

Donations at Shungu Dzevana children's home

ZB Bus shuttle at HIFA

CORPORATE SOCIAL INVESTMENT INITIATIVES 2013

4.0 Economic Development

ZBFH partners with government, quasi- government, private institutions and community organizations to create an environment for job creation and business investment. In this regard the Group is a corporate member of Confederation of Zimbabwean Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Zimbabwe Association of Pension Funds (ZAPF), Zimbabwe Institute of Management (ZIM), Institute of Personnel Management of Zimbabwe (IPMZ) and the Chamber of Mines. In 2013 the Group supported various developmental conferences and projects aimed at stimulating economic dialogue and activity.

The Group also takes particular interest in programs that support self-sufficiency and in that regard is also a member of the SMEs Association of Zimbabwe (SMEAZ) and Empretec.

Events Sponsored in 2013

- Chamber of Mines Annual General Meeting (AGM)
- Zimbabwe institute of Management Gala Dinner
- ZAPF AGM
- Institute of Chartered Accountants of Zimbabwe Congress
- ACCA Conference
- Law Society of Zimbabwe Seminar
- Mine Entra
- Zimbabwe Medical Association Conference
- Zimbabwe Mining Indaba
- Zimbabwe Anesthetists Association AGM
- CZI Congress
- Rural District Councils Conference
- ZIMTA Conference
- United Nations World Tourism Organisation (UNWTO) Conference

Clients at Mining Indaba ZB Bank Stand

Group CEO Ronald Mutandagayi addressing Delegates at 2013 Mining Indaba

Innovation Expert Charles Maisel Taking conduction Innovation Workshop hosted by ZB Financial Holdings

Delegates at the Beitbridge Town Council Business Forum Sponsored by ZB Bank

UNWTO Conference

The Ministry of Tourism in Zimbabwe hosted the UNWTO conference in Victoria Falls in August 2013. This was the second time this global event was hosted in Africa. The conference attracted over 1000 delegates. The Group, through ZB Bank, sponsored uniforms for the secretariat, protocol officers and ushers.

This was a great platform for the Group to support Zimbabwe in creating a favorable international image. It was also an opportunity for the Group to support its customers who were involved in the conference.

"In the outlook period, full implementation of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) is expected to provide some growth impetus to the economy, particularly in agriculture, mining and quarrying, Information and Communication Technology (ICT), construction, SMEs and real estate sectors."

Bothwell Patrick Nyajeka
(Non-Executive Chairman)

CHAIRMAN'S STATEMENT
For the year ended 31 December 2013

Environment

Macroeconomic conditions remained difficult in 2013, owing to the slowdown in economic activity, with the under-performance of the real sectors being reflected in the rising number of company closures and job losses. While in quantitative terms, Gross Domestic Product (GDP) increased at a decreasing pace in 2013, registering an estimated real growth of 3.4%,(2012: 10.6%), this did not translate into a noticeable upturn in economic activity and an improvement in liquidity in the economy.

On the back of the depreciating value of the Rand relative to the United States Dollar and diminishing aggregate demand, as a result of acute domestic liquidity shortages, inflation remained generally low in 2013, averaging 1.64% year-on-year.

The economy also endured a slowdown in the annual growth of money supply, from 21.09% in January 2013 to 3.29% in December 2013, reflecting the absence of fiscal space and meaningful capital inflows by way of export earnings, credit lines and foreign direct investment.

Outlook

In the outlook period, full implementation of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) is expected to provide some growth impetus to the economy, particularly in agriculture, mining and quarrying, Information and Communication Technology (ICT), construction, SMEs and real estate sectors.

However, this should be premised on the availability of funding mechanisms, which should help to improve the liquidity conditions in the economy. The full assumption of the role of lender of last resort by the Reserve Bank of Zimbabwe will also assist in stabilizing and strengthening the financial sector.

The Group's Performance

The Group posted a disappointing profit for the year of $0.9 million (2012:$10.9 million).

This was due to a reduction in income which was not met by a commensurate decrease in costs. The decline in income was partly due to management's deliberate decision not to increase the lending book. This was done to curb the increase in the loans to deposit ratio which was restricted to 61%.

The Memorandum of Understanding concluded between the Reserve Bank of Zimbabwe (RBZ) and the Bankers Association of Zimbabwe had a significant impact on the Group's revenues derived from banking commissions and charges.

The Group has embarked on a group wide cost cutting exercise, benefits of which will be more visible in the future.

The performance is discussed in more detail by the Group Chief Executive Officer in his report.

Future Prospects

The Group welcomes measures taken by the RBZ to defer the requirement for a capital level of US$100 million for commercial banks to the year 2020. Consequently, the Group has strategically slowed down the search for new equity partners in order to avoid the possibility of a dilutive transaction at unfavorable prices. It is also hoped that the approach will give ample opportunity for the Group to engage with parties that will deliver strategic value to the business.

The merger of the Group's banking operations stalled on account of technical issues and the need to expose the relative valuations to detailed scrutiny. The transaction is now expected to be concluded before the end of the first half of 2014.

CHAIRMAN'S STATEMENT
For the year ended 31 December 2013

Material issues

The Company and its subsidiaries continue to be listed as Specially Designated Nationals (SDNs) by the Office of Foreign Assets Control (OFAC) of the United States of America's Treasury Department.

The legal matter in which Transnational Holdings Limited has been challenging the acquisition of Intermarket Holdings Limited by ZB Financial Holdings has remained pending.

Acknowledgement

The Board and I would like to thank Mr. Elisha Mushayakarara, our longstanding Group Chief Executive, who retired from the Group on 31 May, 2013. Mr. Mushayakarara served the Group with distinction. We wish him well in his retirement and success in his new endeavours.

Mr. Ronald Mutandagayi, the former Managing Director of ZB Bank was appointed Group Chief Executive on 1 June, 2013. The Board welcomes Mr. Mutandagayi to his new position and acknowledges his efforts in the seven months he has been in office. The Board wishes him a long and successful career with the Group.

Sadly, during the year the Group lost its Executive Head of Human Resources and Training, Mrs Pumla Simela Ncube, who passed on in October, 2013. The Board and all at ZBFH remember Mrs Simela Ncube with much fondness and recognise her contributions to the Group.

Ms Iris Chirisa, an IT Consultant, was appointed to the Board in December 2013. The Board welcomes Ms Chirisa to the Group.

On behalf of the Board, I would like to thank management and staff for remaining steadfast in a tough economic environment.

I also wish to thank all our business stakeholders and authorities for their continued support.

Finally, I would like to thank all the directors in the Group for their commitment and wise counsel during the year.

B P Nyajeka
Chairman

24 March, 2014

GROUP CHIEF EXECUTIVE'S REPORT

For the year ended 31 December 2013

"Despite a 1% reduction in operating expenses the net profit for the year reduced by 93% from US$11.4 million in 2012 to US$0.9 million in 2013. This is on the back of a marked reduction in total net revenue which reduced from US$69.0 million to US$63.2 million. A 19% reduction in commissions and fees and a 55% reduction in fair value credits are the major contributors to the negative outturn."

R Mutandagayi
(Group Chief Executive officer)

GROUP CHIEF EXECUTIVE'S REPORT
For the year ended 31 December 2013

Liquidity remained generally elusive throughout the year with no viable credit expansion initiatives in sight. Consequently, the misalignment of term structures between funders and borrowers continued to put a strain on the financial intermediation processes with the result that credit risk continued to increase as operating fundamentals for companies deteriorated.

Interest margins remained very tight whilst growth in income earning assets was constrained. On the other hand, the Zimbabwe Stock Exchange posted mixed performances throughout 2013, resulting in marked volatility in the Group's earnings.

On the back of a 1% increase in total deposits from US$216.7 million in 2012 to US$218.6 million in 2013, the Group could only afford an increase of 1% in its total assets which closed the year at US$332.0 million.

The advances book receded by 2% from US$136.2 million to US$133.8 million as the Group focused more on recovery efforts whilst growth was deliberately restricted with greater emphasis being placed on high quality assets with credible security.

As in the prior year, the Group continued to keep a significant portion of its assets in non-interest earning classes in order to provide liquidity cover. The liquidity ratios were maintained at above 35% for all regulated entities throughout the year whilst cash alone, at US$69.2 million, constituted 21% of the total assets for the Group at the close of the year.

Despite a 1% reduction in operating expenses the net profit for the year reduced by 93% from US$11.4 million in 2012 to US$0.9 million in 2013. This is on the back of a marked reduction in total net revenue which reduced from US$69.0 million to US$63.2 million. A 19% reduction in commissions and fees and a 55% reduction in fair value credits are the major contributors to the negative outturn.

Additionally, a transfer of US$4.1 million was made to the life fund in 2013 compared to a transfer from the fund of US$1.7 million in 2012, thus a 341% negative outturn on the shareholder's pool of funds over the two years. These movements are largely influenced by the performance of the assets underpinning the life fund.

Out of the US$0.9 million Group profit, only US$0.3 million is attributable to the owners of the holding company.

Operations Review:

Banking

In addition to the general slowdown in business, banking operations in the Group were adversely affected by the restriction on amounts chargeable as banking fees and interest on lending products in terms of the Memorandum of Understanding concluded between banks and the RBZ in February 2013.

Additionally, a cautious approach to asset creation was adopted during the year with emphasis on safety ahead of profits.

In spite of the above challenges, both ZB Bank and ZB Building Society were able to post modest results for the year.

GROUP CHIEF EXECUTIVE'S REPORT
For the year ended 31 December 2013

ZB Bank Limited ('the Bank'):
ZB Bank posted a profit of US$0.8 million in 2013, dropping from US$5.6 million in 2012.

Net interest income and commissions reduced by 4% and 10% respectively, constrained by limited portfolio growth and restricted rates and fees.

Deposits dropped by 2% to close at US$199.3 million, thus restricting overall growth in total assets to only 1%.

Non-performing loans at US$28.9 million constituted 17.3% of the aggregate loan book with a total of 37% of the non performing book having been set aside as specific provisions and interest reserves. The balance is adequately covered by the security at hand.

The Bank opened 3 new branches throughout the year and also expanded its point of sale network by installing 10 new ATM machines and numerous new POS machines.

Integration of payment systems has been completed for a number of customers, particularly utility suppliers and academic institutions, yielding substantial improvement in customer experience.

A weekend loan facility was launched during the year to cater for the informal sector whilst a holiday facility, "Stay Now, Pay Later" was introduced in partnership with a leading hospitality group.

ZB Building Society ('the Society'):
The Society posted a profit of US$2.0 million in 2013, a reduction of 10% from the US$2.2 million posted in 2012.

Total income reduced from US$8.2 million to US$7.3 million.

The Society experienced a reduction in deposits of 11% whilst loans and advances increased by 25% on the back of investment supported mortgage facilities.

The selling of stands at Springvale project in Ruwa continued during the year, with 100 stands having been reserved for the development of super structures.

Insurance

ZB Life Assurance
Gross premium income increased by 9% to close at US$7.4 million in 2013.The underwriting surplus closed at 29% with claims and benefits having decreased by the same magnitude of 29% to US$2.9 million.

A fair value credit of US$3.8 million contributed 39% to the net revenue posted by the Life Assurance Company.

The company posted a profit of US$0.4 million against a loss of US$0.4 million in 2012 after a transfer to the life fund amounting to US$4.1 million (2012 – transfer from the life fund of US$1.7 million)

As a consequence of the positive performance of the underlying assets, the life fund increased from US$20.4 million in 2012 to US$24.5 million in 2013.

A new product, the Unit Linked Endowment Plan, was launched in the last quarter of 2014 whilst selling of the Morecover Funeral Plans was escalated. The agency force was increased in order to stimulate market penetration.

ZB Reinsurance

Gross premium increased by 28% from US$16.1 million in 2012 to close at US$20.6 million in 2013. The retention ratio of 72% was a reduction from 83% achieved in 2012.

A loss ratio of 48% was achieved. This represents an improvement from the 54% posted in 2012. The combined ratio was maintained at 96% with a 47% solvency ratio being achieved, well above the regulatory threshold of 25%.

The company posted a profit of US$1.2 million up from US$0.8 million in 2012.

Fund Management and Stock-broking Operations

The low volumes of trade on the Zimbabwe Stock Exchange and the general lack of liquidity on the market continued to affect the performance of the asset management and the stock-broking companies.

ZB Asset Management Company closed the year with funds under management of US$56.2 million, a 17% increase from the prior year. The company posted a loss of US$0.03 million, representing an improved outturn of 110% from the prior year.

On the other hand, ZB Securities posted a loss of $0.3 million, worsening from a loss of $0.2 million in 2012.

Operations Outlook

Given the amplified challenges in growing operating assets and revenues, cost containment will receive even greater attention during 2014.

Measures will also be taken to stimulate revenue growth in order to preserve and grow value in the enterprise.

Additionally, a review of the investment portfolio will be conducted in order to engender operational efficiencies.

Group Human Resources

The Group staff complement as at 31 December 2013 stood at 1 628, comprising of 1 005 permanent employees and 623 contract staff, inclusive of 171 agents for the Life Assurance business.

A cordial industrial relations atmosphere prevailed throughout the year.

A total of 980 attendances were recorded at 53 training courses as the Group continues to improve its skills.

Appreciation

I would like to express gratitude to our valued customers for their continued support.

I also thank the Board Chairman and all Directors in the Group for the wise counsel they rendered since my assumption of the position of Group Chief Executive on 1 June, 2013.

Finally, I wish to acknowledge and commend our management and staff for their unwavering commitment to duty.

R Mutandagayi
Group Chief Executive Officer

24 March, 2014

ECONOMIC OVERVIEW
For the year ended 31 December 2013

WORLD ECONOMY

Despite improved global financial conditions and reduced short-term risks, the world economy continued to expand at a subdued pace in 2013. According to the International Monetary Fund (IMF), global output growth remained in low gear, averaging only 2.9% in 2013. In a departure from the observed trend occasioned by the global financial crisis, in 2013, growth in advanced economies gained speed at a comparatively faster pace than realised in emerging market economies. Nonetheless, the emerging market economies continued to account for the bulk of global growth.

Growth in output in Sub-Saharan Africa, at 5%, remained robust in 2013 and is expected to accelerate to 6% in 2014, reflecting strong domestic demand in most parts of the region. However, the growth impetus to be elicited from a weak external demand, reversal of capital flows and partially volatile commodity prices is very likely to result in a somewhat weaker economic outlook for the region.

Global activity is expected to improve further in 2014 and 2015 largely on account of substantial recovery in the advanced economies, that are experiencing considerable upward demand for goods and services, resulting in improved business activity. Short-term interest rates remain at historically low and pro-growth levels in many high-income countries. At around 3.7%, growth in global output is projected to be considerably higher in 2014 compared to 2013, and is expected to rise further by 3.9% in 2015.

DOMESTIC ECONOMY

1.1 Economic Growth

Domestic macro-economic conditions remained difficult in 2013, owing to the slowdown in economic activity, with the under-performance of the real sectors being reflected in the rising number of company closures and job losses. In quantitative terms, Gross Domestic Product increased at a decreasing pace in 2013, registering an estimated real growth of 3.4%, down from a robust real growth of 10.6% realised in 2012. The relatively poor performance of all the real sectors of the economy, particularly agriculture and manufacturing, fell far short of realising any noticeable upturn of economic activity and improvement in liquidity in the economy. Consequently, funding for both the private and public sectors remained scarce and costly, with the situation worsened by the fact that the period under review was marked by a number of socio-political events, which required huge funding against limited budgetary resources. Hence, prominently prevalent in 2013, was the perennial cocktail of macro-economic and infrastructural challenges, which militated against sustainable growth.

Nonetheless, on the back of anticipated “strong growth” in the sectors of agriculture, mining and quarrying, construction and the real estate, the Government is optimistic of the country’s growth prospects in 2014, and expects the economy to achieve a real growth rate of about 6.1%, premised on the full implementation of the Zimbabwe Agenda for Socio-Economic Transformation. (ZIMASSET).

1.2 REAL SECTORS

1.2.1. Agriculture Sector

In 2013, output in the agriculture sector is estimated to have declined by 1.3%, against an initial growth projection of 6.4%. The downward revision was necessitated by negative performance in the sub-sectors of tobacco, maize, groundnuts and cotton.

Maize output is estimated to have decreased to about 798,500 tonnes in 2013, from 968,041 tonnes in 2012. This was on account of a reduction in the area planted from 1,689,786 hectares in the 2011/12 season, to about 1,442,845 hectares in the 2012/13 agriculture season.

Tobacco output increased by 15% from the 2012 production level of 144,500 tonnes, to about 166,600 tonnes in 2013, on account of an increase in the planted area of 88,623 hectares, which, nonetheless resulted in a constant yield of 1.88 tonnes per hectare, in both 2012 and 2013.

Wheat production is estimated to have declined to about 24,700 tonnes in 2013 from 33,700 tonnes in 2012, owing to a considerable reduction in the area planted, i.e. from 11,600 hectares in 2012, to around 8,500 hectares in 2013.

Cotton output is estimated to have declined to about 140,000 tonnes in 2013 from 350,000 tonnes in 2012, largely due to the decline in hectarage which fell from 450,000 hectares in the 2011/12 season, to 241,849 hectares in the 2012/13 season. The decline was attributed to fewer farmers growing the crop due to unviable prices that had been offered by local merchants during the previous marketing season.

In 2014, agriculture is projected to grow by 9%, mainly driven by growth in maize (62.8%), cotton (27.8%), soya beans (26.7%), and groundnuts (56.8%), among other crops. About 1.65 million hectares are expected to be put under maize during the 2013/14 season, with a projected output of 1.3 million tonnes, with tobacco production projected at 170,000 tonnes.

1.2.2. Manufacturing Sector

Activity in the manufacturing sector remained, by and large, subdued, with average capacity utilisation estimated at around 39.6% in 2013, down from 44.9% in 2012. Although, overall manufacturing capacity utilisation declined in 2013, the bakery sub-sector's capacity utilisation increased to 82.5% in 2013 from 40% in 2012, while pharmaceuticals were the hardest hit with capacity utilisation falling to 29% in 2013 from 58% in 2012. Obsolete machinery, power outages, high input costs, limited availability and high cost of finance, stiff competition in the domestic and export markets and overall business uncertainty were the major contributory factors to the fall in capacity utilisation in 2013.

The sector is estimated to have registered a moderate growth rate of 1.5% in 2013 and is expected to grow by 3.2% in 2014, driven by the foodstuffs, tobacco, drinks and beverages sub-sectors.

1.2.3. Mining Sector

The mining sector registered a moderately strong growth of 6.5% in 2013 from 8% in 2012, mainly on account of low exploration, lack of capital and weakening commodity prices on the international markets. According to the Chamber of Mines, gold output amounted to 14,065.23 kilograms in 2013, compared to 14,742.99 kilograms produced in 2012, representing a 4.6% decline. The under-performance was attributed to escalating operational costs, unreliable power supply and falling international gold prices, which fell to a low price of US$1,198 per ounce in June 2013. However, gold production is projected to increase to 15,000 kilograms in 2014, on the back of anticipated foreign investment in the sub-sector.

Platinum production increased to 13,065.64 kilograms in 2013, from 10,524.24 kilograms in 2012, translating to an increase of 24.1%. The increase in production is attributed to the commissioning of a concentrator at Ngezi by Zimplats under its phase-two expansion programme in April 2013, which boosted the firm's production capacity by 48%. Platinum production is set to grow by 7.6% from 13,065.64 kilograms in 2013, to 14,000 kilograms in 2014, on the back of planned investment in expansion programmes.

In 2014, the mining sector is projected to grow by 11.4%, on the back of planned investments and largely driven by strong performance in gold, diamonds, nickel and coal. However, concern over the strengthening of the US Dollar, may result in a softening of international commodity prices, particularly gold and platinum, thereby reducing the total value of the minerals.

1.2.4. Information, Communication and Technology Sector

ICT remains one of the fastest growing sectors in the country, anchored by rapid technological developments and competition. In 2013, the sector grew by 3.7%, underpinned by massive investments in networks, grid expansion and upgrading of hardware and software. The country's total broadband subscriptions climbed 6.45 percentage points, going up from 33.4% in December 2012 to an estimated 39.8% by December 2013. The number of internet subscriptions rose from an estimated 4.4 million in December 2012 to 5.2 million as at end of December 2013. The mobile penetration rate went past the 100% mark to 103.5% as at 31 December 2013. However, subscribers for fixed line telephones declined by about 2.4%. The total number of mobile subscribers in 2013 was 13,518,887 and the total number of fixed line subscribers stood at 307,202 in December 2013 down from 314,622 in March 2013.

In 2014, the sector is expected to register a positive growth of 4.0%, anchored by product development and innovation. Data and internet service are anticipated to be the major revenue drivers in the sector going forward, with voice becoming complementary.

1.2.5. Tourism Sector

Tourism's contribution to the economy is estimated at about 10% and the sector is estimated to have grown by 3.4% in 2013. Average hotel room and bed occupancy levels, which averaged around 59% and 41%, respectively in 2013, are expected to improve to 61% and 42% in 2014. At least 2.1 million tourists are estimated to have visited Zimbabwe in 2013; a 17% increase over the 1.8 million recorded in 2012, boosted by the country's co-hosting the 20th United Nations World Tourism Organization General Assembly, with Zambia, in August 2013.

The 2013 tourist arrivals translated to $851 million in revenue, up from the $750 million generated in 2012. In 2014, the sector is expected to grow by about 5.1%, mainly supported by the hotels and restaurants sub-sectors.

1.2.6. Energy Sector

In 2013, power generation improved slightly compared to 2012. This was attributed to rehabilitation works at Hwange and at the small thermal power stations. Generation capacity averaged 1,073 MW, which was above the 1,012 MW delivered in 2012. As a result, the electricity sector is expected to have grown by 4.2% in 2013. In 2014, electricity generation is projected to grow further by 4.5%, spurred on by the rehabilitation project at Hwange and at the small power stations. This will also be supported by improved revenue collection from the on-going programme of installation of prepaid meters

1.3 MONETARY AND FISCAL DEVELOPMENTS

1.3.1. Money Supply Growth

According to the Reserve Bank of Zimbabwe (RBZ), the annual growth rate of broad money slowed down to 1.17% in December 2013 compared to 25.40% in December 2012. Broad money (M3) increased slightly by 1.17% from US$3.88 billion in December 2012 to US$3.93 billion in December 2013. Annual growth in broad money supply trended solidly downward in 2013 and expectations are that in 2014 the sluggish growth is expected to continue until the revival of the productive sectors of the economy commences in earnest. The economy continues to incur leakages (outflows) in money supply due to the high import bill, exacerbated by the absence of balance of payments support. The failure to attract foreign direct investment and credit lines from donors and financiers has also contributed to the decline in the growth of money supply, with the attendant growth in Non-Performing Loans restricting further credit creation and money supply growth. External country relations will also play a major role in terms of attracting significant capital inflows into the country.

1.3.2. Inflation

Adverse inflationary pressures have remained subdued on the back of tight liquidity conditions, depressed aggregate demand, low disposable incomes and stable international oil and world food prices. In fact, the year on year inflation rate sustained a downward trend from 2.5% recorded in January 2013 to 0.33% in December 2013. During the period under review, year-on-year inflation averaged 1.64% and monthly average inflation stood at 0.07%. Given that monthly inflation has been oscillating around zero percent, occasioned also by the depreciation of the Rand against the US dollar, the chances of some periods of deflation in 2014 seem high.

In 2014, inflation dynamics will remain largely a function of exogenous factors as well as endogenous movements in wages, regulated prices, including water, power, tele-communications and rentals. Average annual inflation is projected at around 1.5% in 2014.

1.3.3. Exchange Rates

Owing to the abolishment of the use of the Zimbabwean dollar in December 2008, the Central Bank's critical role in exchange rate management has been largely absent. However, against this background, the US Dollar had a mixed performance versus the G10 currencies in 2013. The Euro (EUR), Swiss Franc (CHF) and Great Britain Pound (GBP) were the stand out performers, although the gains were not stellar. The EUR gained by 4.2% in 2013, while GBP was actually up only 1.95%, though it made a stunning come-back after dipping to 1.48% in July 2013. The common trend was that the G10 currencies that performed well in 2013 did so on the back expansionary monetary policies, although the European Central Bank and Bank of England did not embark on any expansionary monetary policy in 2013.

Overall, central bank policies played an influential role on the relative values of currencies in 2013, and it is expected that they will be key to performance in 2014. If the Federal Reserve Bank, under new Governor, Janet Yellen, fails to stick to its plan to end Round 3 of the Quantitative Easing programme sometime in 2014, then the dollar could continue to lose value relative to the EUR, the CHF and the GBP.

1.3.4. Money Market and Interest Rates

Activity on the money market remained relatively subdued in 2013, owing to the lack of tradable financial instruments, the absence of an inter-bank market and lender of last resort. Effective, 1 December 2013, the Memorandum of Understanding (MoU) that took effect in February 2013 was set aside, thereby allowing banks to charge market rates.

Commercial banks' weighted average lending rates to individual borrowers decreased by 1.45 percentage points from 15.58% in January 2013 to 14.13% in December 2013, while on corporate bodies the rate declined from 10.81% to 9.35%, during the same period. Nominal lending rates for commercial banks, ranged from 6% to 35% during the period under review.

On the international market, the benchmark London Inter-Bank Offered Rate (LIBOR); 1 year LIBOR interest rate fell by 0.2360 percentage points from 0.8155 % in January 2013 to 0.5795% in December 2013, while the 90 day interest rate also fell by 0.0586 percentage points from 0.3028% to 0.2442% during the same period. The decline in the LIBOR was as a result of the accommodative monetary policies in the advanced economies.

1.3.5. Equities Market

The returns on the capital market generally remained below expectation as the Zimbabwe Stock Exchange (ZSE) continued to under-perform. The market was bullish in July 2013, the period before the general elections were held, with the market capitalisation closing slightly above US$6 billion. However the gains were reversed after the elections as the economy lacked policy direction with market capitalisation declining to US$5.2 billion.

The mainstream index (industrial index) was unstable and rose by 12.7% from 179.34 in January 2013 to 202.12 in December 2013, while the mining index lost a significant 45.5% from 84.07 to 45.79, during the same period. Most of the significant trades on the market in 2013 were confined to foreigners, with local investors playing a subdued role. Market capitalisation rose from US$3.7 billion in January 2013 to US$5.2 billion in December 2013. Generally, the stock market is an indicator of the performance of the economy; and the poor performance after the general elections was a clear sign that the economy faced a lot of challenges.

Going forward in 2014, performance of the ZSE is likely to continue to be spurred by foreign investors. However, improvements in local liquidity levels, disposable incomes, FDI inflows, and sound policy formulation and implementation by the Government, among other things, remain key to the sustainability of the bourse's good performance.

1.3.6. Financial Sector

As at 31 December 2013, there were 21 operating banking institutions, 150 Microfinance Institutions under the supervision of the RBZ and 15 licensed Asset Management Companies under the supervision of the Securities and Exchange Commission of Zimbabwe (SECZ). During the period under review, banking sector vulnerabilities persisted, despite measures that were taken by the RBZ to further strengthen prudential requirements and address systemic liquidity challenges. Deposit growth slowed down, registering an annual growth of 1.17% in December 2013, in sync with the overall under-performance of the economy. In fact, deposits in the banking sector increased slightly by 1.17% from US$ 3.88 billion in December 2012 to US$3.93 billion in December 2013.The finance and insurance sector is estimated to have grown by 2.6% in 2013 and is projected to grow further by 6.3% in 2014.

The level of Non-Performing Loans (NPLs) has trended solidly upward, i.e. from 1.8% as at December 2009 to an estimated average of 16% as at 31 December 2013. The NPLs were relatively high in 2013 and unevenly distributed across banks. The deterioration in the quality of assets is largely attributable to poor loan origination and underwriting standards, siphoning of banks' resources through non-performing insider and related party loans and poor risk management systems, over and above the under-performance of the economy.

In the short to medium term, Bank deposits are expected to remain short-term, thus transitory in nature, partially reflecting low income levels, the inclination towards a cash economy and generally low liquidity levels. Furthermore, the level of NPLs is expected to remain well above the stipulated 5%, according to Basel II. Meanwhile, significant and sustained recovery of the sector is premised on recovery of the country's real sectors and the resumption of the lender of last resort function by the Reserve Bank of Zimbabwe.

1.3.7. Public Finance

The Zimbabwe Revenue Authority missed its revenue target for 2013 by 6% due to a shrinking national tax base, caused by a slowdown in economic activity. Total collections came in at US$3.43 billion against a target of US$3.64 billion. The bulk of the tax revenue collections this year were realised from pay-as-you-earn (22%), value added tax on local sales (16%), excise duty (15%) and corporate tax (12%). Value Added Tax in general contributed 14%.

ECONOMIC OVERVIEW

For the year ended 31 December 2013

PAYE collections totalled US$740.3 million against a target of US$685 million, reflecting an 8% positive variance, helped by bonuses and performance awards, salary increments, better tax compliance and lay-offs. Company tax revenue totalled US$401.1 million, against a target of US$457.4 million resulting in a negative variance of 12% with the poor performance of the tax head attributed to low industrial capacity utilisation and retarded economic activity.

In the outlook, based on the projected nominal GDP of US$14.1 billion, the 2014 Budget will be anchored on revenues of about US$4.1 billion (29.3% of GDP). Tax revenues are anticipated to constitute US$3.8 billion, with the balance of US$296 million being non-tax revenue.

The perennial challenge wherein recurrent expenditure chews up the bulk of Government revenue, thereby adversely impacting on the growth of the economy, was evident in 2013. Therefore, in order to substantially enhance the productive capacity of the economy, there is need for serious political will to realign total expenditure progressively more in favour of capital expenditure.

1.4 EXTERNAL SECTOR

Trade Account

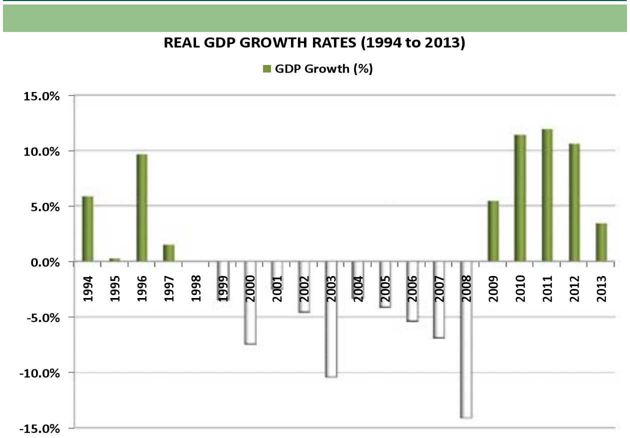
According to figures released by the Zimbabwe National Statistics Agency, Zimbabwe's trade deficit widened by 16% in 2013, in comparison with 2012. The trade deficit stood at US$4.2 billion in 2013, compared to US$3.6 billion in 2012. Total imports for 2013 stood at US$7.7 billion, a 4% rise from the 2012 figure of US$7.4 billion. The rise was mainly on account of relatively higher fuel imports. Total imports are expected to grow by a further 8% to US$8.321 billion, in 2014. Total exports declined by 9% from US$3.8 billion realised in 2012 to US$3.5 billion in 2013. The decline was mainly as a result of the decline in mineral export earnings, owing to the serious fall in the prices of international commodities, especially nickel.

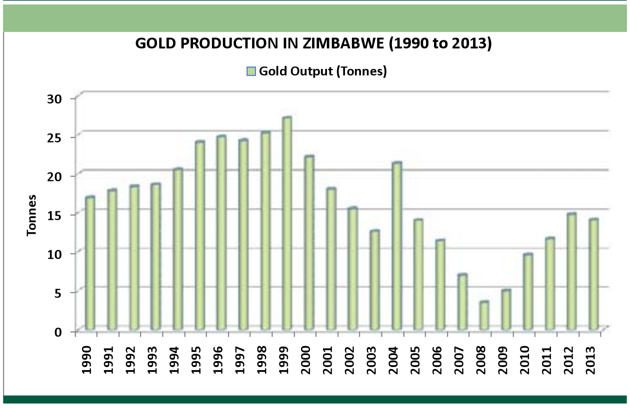
In 2014 exports are expected to reach US$5.024 billion, resulting in a reduced projected trade deficit of US$3.297 billion or a decline of 21% in the trade deficit in comparison with 2013. The overall strength of the recovery will depend on the growth performance in the key export markets and foreign investment partner, particularly from the US, the European Union and China.

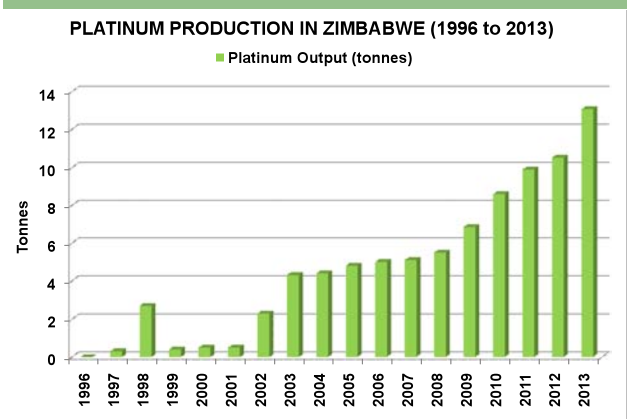
1.5 ECONOMIC OUTLOOK

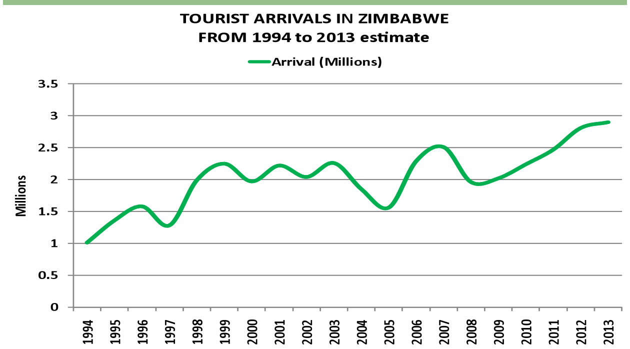
The performance of the domestic economy is premised on the full implementation and funding of the Zimbabwe Agenda for Socio-Economic Transformation medium term economic plan. Government's projected economic growth of 6.1% appears overly optimistic given that the 2014 National Budget provides no clear sound policies aimed to comprehensively address the cocktail of challenges bedevilling the economy.

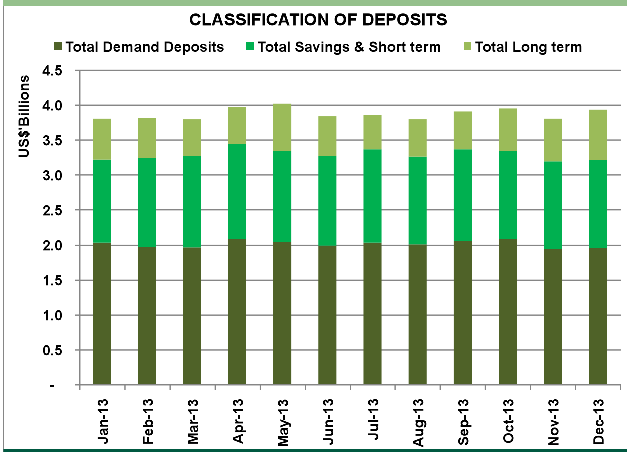
GRAPHS:

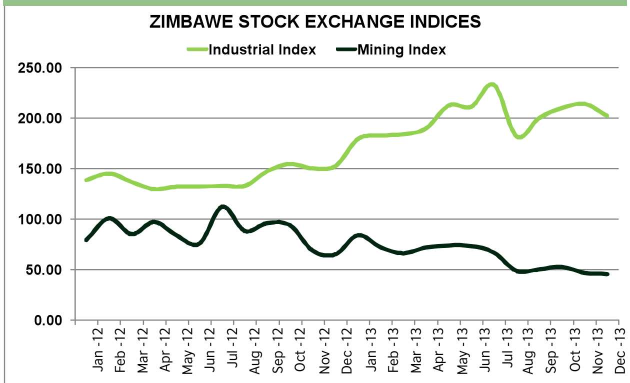


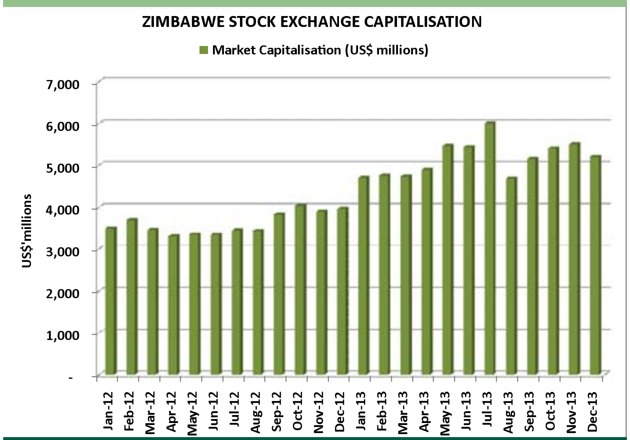


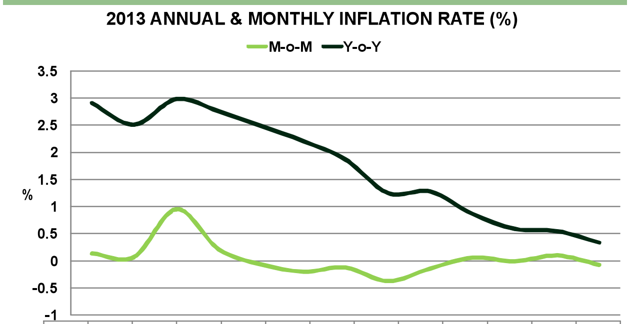




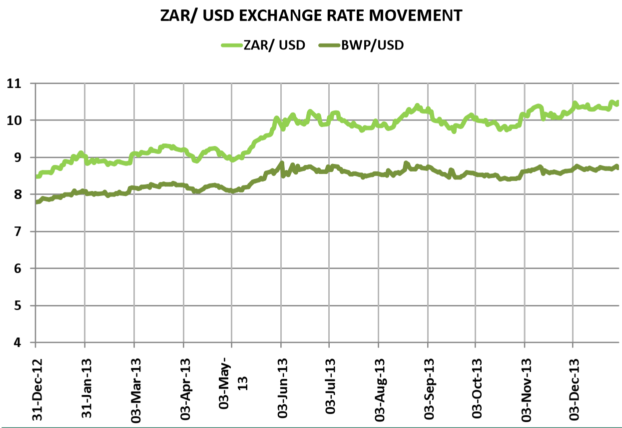


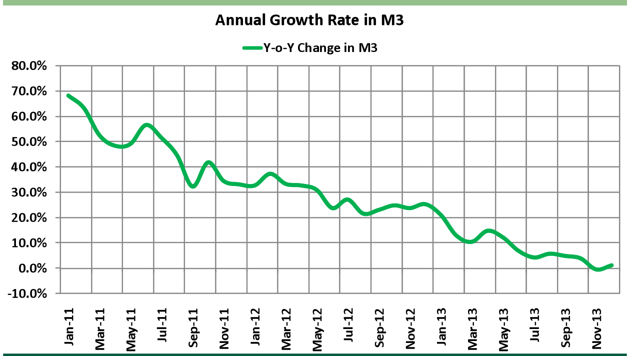






	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
M-o-M	0.131	0.0650	0.9508	0.2078	-0.072	-0.205	-0.131	-0.381	-0.147	0.0532	-0.013	0.0926	-0.080
Y-o-Y	2.91	2.5104	2.9815	2.7551	2.4858	2.2047	1.8654	1.2466	1.2760	0.8622	0.5852	0.5437	0.3314





FIVE YEAR FINANCIAL REVIEW

For the year ended 31 December 2013

in US$	2013	Restated 2012	2011	2010	2009
Income Statement					
Total income	63 218 536	68 962 093	62 942 188	39 831 532	26 411 099
Specific and portfolio risk provision	1 734 701	1 750 174	3 115 231	1 045 681	226 217
Net income after tax	868 105	10 859 001	7 029 667	(2 602 080)	(1 246 340)
Attributable income	320 863	8 988 464	5 800 788	(1 055 669)	(2 462 428)
Balance Sheet					
Issued share capital	1 751 906	1 751 906	1 751 906	1 751 883	160 000
Shareholders' funds	56 954 780	56 976 564	45 810 739	36 995 420	37 479 321
Total equity	67 291 750	66 897 409	52 741 284	46 017 046	48 224 227
Deposits and other accounts	218 615 988	216 727 944	169 179 024	115 572 635	52 237 609
Cash and cash equivalents	69 160 246	69 726 565	51 954 400	41 475 536	26 165 703
Advances and other accounts	133 805 128	136 195 690	117 857 764	77 058 151	23 524 552
Risk provisions	4 128 278	6 100 941	4 350 193	1 235 536	226 217
Total assets	332 030 902	328 101 221	270 864 449	198 558 221	125 049 759
Statistics					
Number of shares at year end (net of treasury shares)	158 345 488	158 956 499	160 132 437	165 487 316	175 188 342
Weighted average number of shares	158 345 488	158 956 499	162 809 877	170 337 829	175 188 342
Earnings per share (dollars)	0.20	5.65	3.56	(0.61)	(1.41)
Net book asset value per share (cents)	42.50	42.09	32.39	27.02	27.53
Share price at year end (cents)	11.10	8.00	20.00	14.00	3.00
Number of employees at year end	1 005	1 617	1 419	1 315	1 248
Ratios (%)					
Return on average shareholders' funds	1.29%	17.49%	14.01%	-2.79%	-13.14%
Return on average assets	0.10%	3.00%	2.47%	-0.64%	-3.94%
Interest income to total income	66%	69%	68%	71%	88%
Operating expenses to total income	91%	87%	81%	85%	88%

REPORT OF THE DIRECTORS
For the year ended 31 December 2013

The directors have pleasure in presenting their report to shareholders for the year ended 31 December 2013.

Share capital

The authorised and issued share capital of the Company remained unchanged at 1 000 000 000 shares and 175 190 642 shares, respectively, at a nominal value of US$0.01 each.

As reported in the previous year, 15 601 006 shares allotted to former Intermarket Holdings Limited (IHL) minority shareholders in settlement of the acquisition of a stake in that company in 2007 remain unlisted at the Zimbabwe Stock Exchange pending the finalisation of the litigation in which some former non-controlling shareholders at IHL are challenging the acquisition by ZB Financial Holdings Limited (ZBFH) of the controlling shareholding in that company. The matter is currently before the Supreme Court of Zimbabwe.

Financial results

The Group posted a profit for the year amounting to US$868 105 (2012: restated profit of US$10 859 001), with a profit of US$320 863 (2012:restated profit of US$8 988 464) being attributable to the equity holders of the parent company.

The net increase in equity arising from other comprehensive income amounted to US$167 344 (2012: restated US$4 010 517).

Total assets as at 31 December 2013 amounted to US$332 030 902 (31 December 2012:restated US$328 101 221)

Dividends

The Board of directors has not recommended a dividend for the year ended 31 December 2013.

Going concern

The directors have reviewed the operational and capital budgets as well as cash flows to the year ending 31 December 2014. On the basis of the review, and other business sustainability assessments, the directors have no reason to believe that the Group will not be a going concern for the foreseeable future.The going concern basis has, therefore, been adopted for the preparation of these financial statements.

Directorate

Ms Tendai Iris Chirisa was appointed to the Board of the Company after the last Annual General meeting. In terms of Article 61 of the Company's Articles of Association, she retires at the forthcoming members' meeting, and being eligible, offers herself for election.

In terms of Article 68 of the Company's Articles of Association, Dr C U Hokonya and Mr E Hamandishe retire by rotation, and being eligible, offer themselves for re-election.

None of the directors held any shares, directly or indirectly, in the company as at 31 December 2013.

REPORT OF THE DIRECTORS
For the year ended 31 December 2013

Auditors

Shareholders will be requested to re-appoint Messrs KPMG Chartered Accountants (Zimbabwe) as the Group's auditor in 2014 and approve their remuneration for the year ended 31 December 2013.

By order of the Board

B. P. Nyajeka
(Chairman)

R. Mutandagayi
(Group Chief Executive)

C. T. Kathemba
(Group Secretary)

HARARE
24 March 2014

BOARD OF DIRECTORS

B. P. Nyajeka (Chairman)
R Mutandagayi (Group Chief Executive)
F. Kapanje (Group Finance Director)
E. Hamandishe
T. P. B. Mpofu
E. Munemo
Dr. C. U. Hokonya
T. Mafunda
T. I. Chirisa

DIRECTORS' STATEMENT OF RESPONSIBILITY

For the year ended 31 December 2013

The directors of the Group take full responsibility for the preparation and the integrity of the consolidated and separate annual financial statements and financial information included in this report. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Building Society Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and the relevant regulations made thereunder as well as standard practices within the Zimbabwean financial sector.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In designing and implementing the systems of internal control the directors aim to provide reasonable but not absolute assurance as to the reliability of the financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate the occurrence of any material breakdown in the functioning of these controls, procedures and systems during the year under review.

All members of the Group Board Audit Committee are non-executive directors. The committee meets regularly with the Group's internal and external auditors and executive management to review accounting, auditing, internal control and financial reporting matters.

The internal and external auditors have unrestricted access to the Audit Committee. The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

The consolidated and separate annual financial statements of ZB Financial Holdings Limited, which appear on pages 43 to 143, were approved by the Board on 24 March 2014.

The Group's independent external auditor, KPMG Chartered Accountants (Zimbabwe), has audited the financial statements and its report is attached to these financial statements.

....	....
B. P. Nyajeka	R. Mutandagayi
(Chairman)	(Group Chief Executive)

HARARE
24 March 2014

EXTRACT FROM THE REPORT OF THE ACTUARY
For the year ended 31 December 2013

iAC | INDEPENDENT ACTUARIES & CONSULTANTS

INSURANCE ACT 1987 [Sections 24 and 30]

INSURANCE REGULATIONS, 1989 [Sections 3 and 8]

CERTIFICATE AS TO SOLVENCY OF AN INSURER,

WHO CARRIED ON LIFE ASSURANCE BUSINESS ONLY

I hereby certify that, to the best of my knowledge and belief, the value of the assets, including shareholders' funds, in respect of all classes of life assurance business carried on by

ZB LIFE ASSURANCE LIMITED

AT 31 DECEMBER 2013

exceeds the amount of the liabilities in respect of those classes of insurance business by US$ 6 060 169.

LE van As FASSA, FIA
Consulting Actuary
Independent Actuaries & Consultants (Pty) Ltd

21 March 2014

www.iac.co.za

Head Office| 6th Floor, Wale Str Chambers, 38 Wale Str, Cape Town
Gauteng Office| Bridle Close, Woodmead Office Park, Woodmead
TEL | +27 21 422 4373 | +27 11 656 4170
FAX | +27 21 422 4378 | +27 11 656 4171

EXTRACT FROM THE REPORT OF THE ACTUARY
For the year ended 31 December 2013

INDEPENDENT ACTUARIES & CONSULTANTS

CERTIFICATE OF THE CONSULTING ACTUARY

To the Directors,

ZB LIFE ASSURANCE LIMITED

Actuarial liabilities at 31 December 2013

I certify that the actuarial liabilities of ZB Life Assurance Limited at 31 December 2013 were as follows:

Type of business	**US$**
Life Assurance Business	6 245 222
Retirement annuity Pensions; Group Pensions; Immediate and Deferred Annuities	18 22 299
Total	24 467 521

LE van As FASSA, FIA
Consulting Actuary
Independent Actuaries & Consultances (Pty) Ltd

21 March 2014

www.iac.co.za

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FAX | +27 21 422 4378 | +27 11 656 4171

Independent Actuaries & Consultants (Pty) Ltd | Keymix Investments Group Company
Authorised Financial Services Provider | REG No. 2002/000342/07 | FSP No. 6832
Directors: A. Gani (Managing Director)
Prof C.J.B Greeff | V. Faria| K. Sukdev | K.S Lewis

REPORT OF THE INDEPENDENT AUDITOR

To the members of ZB Financial Holdings Limited

We have audited the consolidated and separate financial statements of ZB Financial Holdings Limited, which comprise the statements of financial position as at 31 December 2013, the statements of profit or loss and other comprehensive income statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes as set out on pages 43 to 143.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by provisions of the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Building Society Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and other relevant regulations made thereunder; and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present a true and fair view of the financial positions of the Group and Company as at 31 December 2013, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Asset Management Act (Chapter 24:26), the Building Society Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and relevant regulations made thereunder.

KPMG

KPMG Chartered Accountants (Zimbabwe)
Harare

24 March 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	31 Dec 2013 US$	Restated* 31 Dec 2012 US$	Restated* 31 Dec 2011 US$
ASSETS				
Cash and cash equivalents	5	69 160 246	69 726 565	51 954 400
Money market investments	6	15 605 190	13 192 365	6 613 975
Mortgages and other advances	7	133 805 128	136 195 690	117 857 764
Investment securities	8	23 963 517	20 509 581	20 069 238
Investments in associates	9.1	14 171 551	12 945 367	11 350 068
Inventories, trade and other receivables	10	3 663 858	5 058 447	4 934 830
Investment properties	11	16 633 934	16 780 703	9 412 049
Property and equipment	12	44 378 989	43 044 354	39 706 525
Intangible assets	13	8 734 237	9 718 994	8 303 614
Deferred tax asset	18.1	1 914 252	929 155	661 986
Total assets		332 030 902	328 101 221	270 864 449
LIABILITIES				
Deposits and other accounts	14	218 615 988	216 727 944	169 179 024
Amounts due to other banks		168 059	109 353	62 524
Short term borrowings	15	3 750 000	6 716 657	5 203 433
Trade and other payables	16	13 262 913	12 485 768	16 762 794
Current tax liabilities	17	470 646	757 460	1 566 803
Life assurance funds	19	24 467 521	20 406 654	22 107 616
Deferred tax liabilities	18.2	4 004 025	3 999 976	3 240 971
Total liabilities		264 739 152	261 203 812	218 123 165
EQUITY				
Share capital	20.2	1 751 906	1 751 906	1 751 906
Share premium	20.2	27 081 696	27 204 178	27 337 466
Other components of equity	20.3	16 306 395	16 567 880	12 660 903
Retained income	20.4	11 814 783	11 272 600	4 060 464
Attributable to equity holders of parent		56 954 780	56 796 564	45 810 739
Non-controlling interests	20.5	10 336 970	10 100 845	6 930 545
Total equity		67 291 750	66 897 409	52 741 284
Total equity and liabilities		332 030 902	328 101 221	270 864 449

For and on behalf of the Board

B. P. Nyajeka
(Chairman)
24 March 2014

R. Mutandagayi
(Group Chief Executive)

C.T. Kathemba
(Group Secretary)

* see note 2.1.1

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	31 Dec 2013 US$	31 Dec 2012 US$
ASSETS			
Investment securities	8	2 812 681	6 114 424
Investments in associates	9.1	1 363 486	1 363 486
Investments in subsidiaries	9.2	54 561 308	55 160 937
Inventories, trade and other receivables	10.2	6 156 974	2 813 878
Property and equipment	12	467 133	659 920
Intangible assets	13	8 080	10 609
Deferred tax asset	18.1	582 233	-
Total assets		65 951 895	66 123 254
LIABILITIES			
Trade and other payables	16	11 965 423	8 253 972
Short term borrowings	15	3 314 513	6 699 216
Deferred tax liabilities	18.2	-	49 364
Total liabilities		15 279 936	15 002 552
EQUITY			
Share capital	20.2	1 751 906	1 751 906
Share premium	20.2	27 081 696	27 204 178
Retained income	20.4	21 838 357	22 164 618
Total equity and reserves		50 671 959	51 120 702
Total equity and liabilities		65 951 895	66 123 254

For and on behalf of the Board

B. P. Nyajeka
(Chairman)

R Mutandagayi
(Group Chief Executive)

C. T. Kathemba
(Group Secretary)

24 March 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Notes	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP Restated 31 Dec 2012 US$
Interest income	22.1	-	38 889	36 042 073	34 985 757
Interest expense	22.2	-	(458 523)	(14 411 034)	(13 741 149)
Net interest income		-	(419 634)	21 631 039	21 244 608
Allowance for loan impairments	7.5	-	-	(1 734 701)	(1 750 174)
Net income from lending activities		-	(419 634)	19 896 338	19 494 434
Gross insurance premium income	23.1	-	-	27 909 541	22 837 204
Insurance expenses	23.2	-	-	(19 878 573)	(17 445 115)
Net insurance premium income		-	-	8 030 968	5 392 089
Other operating income	24	8 341 329	9 830 516	32 719 859	38 332 984
Fair value adjustments	25	(283 138)	7 790 121	2 571 371	5 742 986
Total income		8 058 191	17 201 003	63 218 536	68 962 493
Operating expenses	26	(8 761 767)	(7 938 117)	(59 235 737)	(59 931 478)
Operating income before risk provisions and taxation		(703 576)	9 262 886	3 982 799	9 031 015
Transfer (to) / from life assurance funds	19	-	-	(4 060 867)	1 700 962
Share of associate companies' profit, net of tax	9.1	-	-	1 148 051	1 594 364
(Loss)/profit before taxation		(703 576)	9 262 886	1 069 983	12 326 341
Income tax expense	27	631 597	(153 982)	(201 878)	(1 467 340)
(Loss)/profit for the year		(71 979)	9 108 904	868 105	10 859 001
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Gains on property revaluation	20.3.2	-	-	93 901	4 933 933
Share of associate companies' revaluation reserve, net of tax	20.3.2	-	-	78 138	936
Income tax relating to components of other comprehensive income	20.6	-	-	(4 695)	(924 352)
Other comprehensive income for the year net of tax		-	-	167 344	4 010 517
Total comprehensive income for the year		(71 979)	9 108 904	1 035 449	14 869 518
(Loss)/profit attributable to:					
Owners of parent		(71 979)	9 108 904	320 863	8 988 464
Non-controlling interest		-	-	547 242	1 870 537
(Loss)/profit for the year		(71 979)	9 108 904	868 105	10 859 001

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

		COMPANY			GROUP
					Restated
		31 Dec	31 Dec	31 Dec	31 Dec
		2013	2012	2013	2012
	Notes	US$	US$	US$	US$
Total comprehensive income attributable to:					
Owners of the parent		(71 979)	9 108 904	509 867	11 668 664
Non-controlling interests		-	-	525 582	3 200 854
Total comprehensive income for the year		(71 979)	9 108 904	1 035 449	14 869 518
Earnings per share					
Basic and fully diluted earnings per share (dollars)	28	-	-	0.002	0.051

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Ordinary shares US$	Share premium US$	General reserve US$	Properties revaluation reserve US$	Retained income US$	Attributable to equity holders of parent US$	Non-controlling interests US$	Total US$
Restated balance at 1 January 2012	1 751 906	27 337 466	1 664 867	10 996 036	4 060 464	45 810 739	6 930 545	52 741 284
Changes in equity for 2012:								
Profit or loss								
Profit for the year	-	-	-	-	8 988 464	8 988 464	1 870 537	10 859 001
Other comprehensive income, net of tax								
Revaluation of property	-	-	-	2 680 200	-	2 680 200	1 330 317	4 010 517
Transactions with owners of the parent:								
Distributions								
Treasury shares acquired	-	(133 288)	-	-	-	(133 288)	-	(133 288)
Dividends paid	-	-	-	-	(580 105)	(580 105)	-	(580 105)
Other movements								
Regulatory reserve in respect of doubtful debts	-	-	1 159 923	-	(1 129 369)	30 554	(30 554)	-
Transfer from retained income	-	-	-	66 854	(66 854)	-	-	-
Restated Balance at 31 December 2012	1 751 906	27 204 178	2 824 790	13 743 090	11 272 600	56 796 564	10 100 845	66 897 409
Changes in equity for 2013:								
Profit or loss								
Profit for the year	-	-	-	-	320 863	320 863	547 242	868 105
Other comprehensive income, net of tax								
Revaluation of property	-	-	-	189 004	-	189 004	(21 660)	167 344
Transactions with owners of the parent:								
Distributions								
Treasury shares acquired	-	(122 482)	-	-	-	(122 482)	-	(122 482)
Dividends paid					(461 439)	(461 439)	(57 187)	(518 626)
Other movements								
Regulatory reserve in respect of doubtful debts	-	-	(132 739)	-	182 759	50 020	(50 020)	-
Transfer from retained income	-	-	(317 750)	-	500 000	182 250	(182 250)	-
Balance at 31 December 2013	1 751 906	27 081 696	2 374 301	13 932 094	11 814 783	56 954 780	10 336 970	67 291 750

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Ordinary shares US$	Share premium US$	Retained income US$	Total US$
Balance at 1 January 2012	1 751 906	27 660 869	14 909 849	44 322 624
Changes in equity for 2012:				
Profit or loss				
Profit for the year	-	-	9 108 904	9 108 904
Transactions with owners of the parent:				
Distributions				
Treasury shares acquired	-	(456 691)	(1 566 627)	(2 023 318)
Dividend paid	-	-	(287 508)	(287 508)
Balance at 31 December 2012	1 751 906	27 204 178	22 164 618	51 120 702
Changes in equity for 2013:				
Profit or loss				
Loss for the year	-	-	(71 979)	(71 979)
Transactions with owners of the parent:				
Distributions				
Treasury shares acquired	-	(122 482)	-	(122 482)
Dividend paid	-	-	(254 282)	(254 282)
Balance at 31 December 2013	1 751 906	27 081 696	21 838 357	50 671 959

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	31 Dec 2013 US$	GROUP Restated 31 Dec 2012 US$
Cash flows from operating activities	29	183 938	3 564 989	(14 060 347)	6 135 686
Interest received		-	38 889	36 042 073	34 985 757
Dividends received		-	-	255 960	526 088
Interest paid		-	(458 523)	(14 411 034)	(13 741 149)
Income taxes paid		-	(85 934)	(1 474 435)	(2 709 199)
Net cash generated from operating activities		183 938	3 059 421	6 352 217	25 197 183
Cash flows used in investing activities					
Purchase of investment properties		-	-	-	(143 934)
Proceeds on disposal of investment property		-	-	94 985	-
Purchase of intangible assets		172	(10 609)	(1 164 816)	(3 035 445)
Purchase of property and equipment		(40 877)	(659 920)	(4 180 173)	(2 786 480)
Proceeds on disposal of property and equipment		-	-	137 672	122 205
Purchase of investment securities		(1 348 423)	(1 965 366)	(1 927 510)	(2 808 498)
Proceeds on disposal of investment securities		4 966 657	-	963 782	3 009 191
Net cash used in investing activities		3 577 529	(2 635 895)	(6 076 060)	(5 642 961)
Cash flows used in financing activities					
Purchase of treasury shares		(122 482)	(2 023 318)	(122 482)	(133 288)
Dividends paid		(254 282)	(287 508)	(518 626)	(580 105)
Net cash used in financing activities		(376 764)	(2 310 826)	(641 108)	(713 393)
Net increase in cash and cash equivalents		3 384 703	(1 887 300)	(364 951)	18 840 829
Cash and cash equivalents at beginning of year		(6 699 216)	(4 811 916)	69 726 565	51 954 400
Effects of exchange rates fluctuating on cash and cash equivalents		-	-	(201 368)	(1 068 664)
Cash and cash equivalents at end of year		(3 314 513)	(6 699 216)	69 160 246	69 726 565
Cash and cash equivalents comprise:					
Cash		-	-	43 262 442	41 295 499
Local bank accounts		-	-	17 555 385	21 235 916
Foreign bank accounts		-	-	8 342 419	7 195 150
Short term borrowings		(3 314 513)	(6 699 216)	-	-
		(3 314 513)	(6 699 216)	69 160 246	69 726 565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. NATURE OF BUSINESS

ZB Financial Holdings Limited, "the Company", which is incorporated and domiciled in Zimbabwe, and is listed on the Zimbabwe Stock Exchange, acts as a holding company for a group of companies whose business is the provision of commercial banking, merchant banking, insurance and other financial services (together, "the Group"). The address of its registered office and principal place of business is ZB House, Corner Speke Avenue and First Street, Harare, Zimbabwe.

The Company is registered under registration number 1278/89.

2. CHANGES IN ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

2.1 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1.1 New and revised IFRS affecting amounts reported in the current year (and/or prior years)

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material effect on the financial statements are set out in section 2.1.2.

New and revised IFRSs affecting the reported financial performance and/or financial position

New standard	Effective date	Major requirements
IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*	1 Jan 2013	IAS 28 (as revised in 2011) Investments in Associates and joint Ventures became effective from 1 January 2013 and superseded IAS 28 (as revised in 2008). Paragraph 28.18 of IAS 28 (as revised in 2011) provides election to measure investment-linked insurance funds, at fair value through profit or loss in accordance with IFRS 9. The Group holds a significant interest in Mashonaland Holdings Limited (Mash), a Zimbabwe Stock Exchange listed company, through a joint investment in the company by the life fund and proprietary funds. Hitherto, the whole investment has been accounted for as a trade investment 'at fair value through profit or loss' on the basis that it was an investment by an "investment linked fund". The investment linked insurance fund 'exemption as contemplated by IAS 28 (as revised in 2008), or alternatively election to account at fair value through profit or loss' in terms of IAS28.19 (IAS 28 - as revised in 2011) is restricted only to the qualifying investment, that is to say, does not extend to the proprietary portion of the investment. In the case of the investment in Mash the Group owned a total of 32% with an effective 11% being due to the equity holders of the parent company, as of 31 December 2013.

New standard	Effective date	Major requirements
		Application of the standard in relation to the Mash investment has resulted in a retrospective change of the accounting basis from "fair value through profit or loss" to equity accounting as an associate for the portion owned by the shareholders of the Group. The effect of this change on prior year numbers is indicated below:-

	31-Dec-12		31-Dec-11	
	As previously stated	Restated	As previously stated	Restated
	US$	US$	US$	US$
Trade investments	29 003 851	20 106 623	30 828 317	22 164 079
Total assets	326 729 967	328 101 221	272 579 415	270 864 449
Total liabilities	261 203 812	261 203 812	218 123 165	218 123 165
Total equity attributed to shareholders of parent company	52 097 021	59 796 564	43 500 927	45 810 739
Non-controlling interest	13 429 134	10 100 845	10 955 318	6 930 545
Reported income before taxation	9 148 672	12 326 341	8 968 877	8 968 877
Reported profit after taxation	7 772 786	10 859 001	7 029 667	7 029 667
Reported profit attributed to shareholders of parent company	6 598 735	8 988 464	5 800 787	5 800 787
Reported profit attributed to non-controlling interest	1 174 053	1 870 537	1 228 879	1 228 879
Reported other comprehensive income	4 010 517	4 010 517	1 992 758	1 992 758
Reported other comprehensive income attributed to shareholders' of parent company	9 278 933	11 668 664	7 589 609	7 589 609
Reported other comprehensive income attributed to non-controlling interests	2 504 370	3 200 854	1 432 816	1 432 816
Earnings per share (cents)	4.00	5.03	3.56	3.56

New standard	Effective date	Major requirements
IFRS 12 *Disclosure of Interests in Other Entities*	1 Jan 2013	IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. More extensive disclosure as required by the standard is incorporated under note 9.

New standard	Effective date	Major requirements
IFRS 13 *Fair Value Measurement*	1 Jan 2013	IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The disclosure requirements in IFRS 13 are generally more extensive and, to the extent necessary, have been incorporated in these financial statements without the need to change the reported numbers in the prior year accounts.
Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012	The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: • items that will not be reclassified subsequently to profit or loss; and • items that will be reclassified subsequently to profit or loss when specific conditions are met. • income tax on items of other comprehensive income is required to be allocated on the same basis. The presentation of items of other comprehensive income has been modified accordingly in these financial statements.
IFRS 10 *Consolidated Financial Statements*	1 Jan 2013	IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-12 *Consolidation* – Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: • power over an investee, • exposure, or rights, to variable returns from its involvement with the investee, and • the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. The directors have re-evaluated all investments held by the Group and reaffirmed that the conditions required for consolidation are met in all circumstances where consolidation has been applied.

New standard	Effective date	Major requirements
IAS 19 (as revised in 2011) *Employee Benefits*	1 Jan 2013	The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The adoption of this standard has not had an impact on the Group's financial results as currently all pensions schemes are defined contributions plans.
IAS 27 (as revised in 2011)*Separate Financial Statements*	1 Jan 2013	IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate statements, with some minor clarifications. The adoption of IAS 27 (2011) has not had any significant impact on the Company's separate financial statements.
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment entities	1 Jan 2014	The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional.

2.1.3 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New standard	Effective date	Major requirements
IFRS 9 *Financial Instruments*	To be decided	IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. On 19 November 2013, the IASB issued a new general hedge accounting standard, part of IFRS 9 Financial Instruments (2013). The new standard removed the 1 January 2015 effective date of IFRS 9. A new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalised. The Group will assess the impact once the standard has been finalised and the effective date is known.

New standard	Effective date	Major requirements
Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014	The amendments to IAS 32 clarify the existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify certain aspects, focused on four main areas, namely: • The meaning of 'currently has a legally enforceable right of set-off', • The application of simultaneous realisation and settlement, • The offsetting of collateral amounts, and • The unit of account for applying the offsetting requirements. The adoption of amendments will not have asignificant impact on the Group's financial statements.
Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*	1 Jan 2014	The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted. The Group will adopt the amendments for the year ending 31 December 2014.
IFRIC 21 *Levies*	1 Jan 2014	Levies have become more common in recent years, with governments in a number of jurisdictions introducing levies to raise additional income. Current practice on how to account for these levies is mixed. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. The interpretation is effective for annual periods commencing on or after 1 January 2014 with retrospective application.

2. CHANGES IN ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

2.2 Critical accounting judgements and key sources of estimation uncertainty

2.2.1 Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with under note 2.2.2 below).

- That the Group will continue operating as a going-concern into the future, being able to generate or access resources to meet both regulatory and operational capital requirements.

- The directors have assessed the Group's total asset holdings relative to its cash-flow requirements and the practicality of trading in those assets and have confirmed the Group's constructive intention and ability to extract value from the assets on a "best use" basis on all non-monetary assets and a "best case" basis in the case of monetary assets. The total portfolio of non-monetary assets amounted to US$75 128 844 whilst non-cash monetary assets amounted to US$187 869 880.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

2.2.2.1 Fair value for unquoted investments

Subject to contractual provisions, the fair value of unquoted investments is established with reference to the net assets value and the earnings capacity of the business. Valuation on the earnings basis is calculated as the sustainable earnings for the entity multiplied by discounted Price Earnings Ratio of a quoted company with similar operations in a similar environment.

Market distortions affect the measurement of the net asset values and the projection of the future earnings capacity of the businesses. In all material instances, the valuation basis has been consistently applied over the last two years.

The valuation of investments in subsidiary companies in the statement of financial position of the holding company has been carried based on the net asset values of the investee companies in the commpany's separate financial statements.

2.2.2.2 Valuation of property and equipment and investment properties

In the current year properties were revalued at 31 December 2013 on the basis of a valuation done by Knight Frank Zimbabwe (2012 – Knight Frank Zimbabwe) who are independent valuers not related to the Group. Knight Frank Zimbabwe is a member of the Royal Institute of Chartered Surveyors (RICS) and possesses appropriate qualifications and recent experience in the valuation of similar assets. The valuation, which conforms to RICS Appraisal and Manual was arrived at by reference to market evidence of transactions for similar assets at the time of valuation after application of the following broad methodology.

- The Investment Method was applied on all income producing properties. Market capitalization rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market.

- The Direct Comparison Method was applied on all residential properties, including marine equipment. Knight Frank Zimbabwe identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total MSE of comparable areas was then used to determine the value per square meter of MSE.

- Rental and investment yield assumptions where as follows:

	Average rentals per square meter	Average investment yield
Office	US$5 – US$15	8% - 13%
Retail	US$15 – US$30	7% - 13%
Industrial	US$1.5 – US$5	11% - 15%

- The Residual Value Method was used for the Group's investment in a large undeveloped freehold property. Residual Value is determined from deducting imputed project costs and an allowance for a developer's profit from the Gross Realization Value of the presumed alternative best use of the property.

In the case of the Group's 60% share in a substantial peri-urban property measuring 598 hectares, it was assumed that the best alternative use for the land is development for residential settlement on a mixed use basis.

Other general assumptions made were as follows:-

Land selling price per square meter after development	US$20.00	to	US$35.00
Cost of servicing land per square meter	US$10.00	to	US$12.00
Imputed finance cost during development term			12%
Imputed developers profit			20%

The property market has generally been unstable and characterized by low volumes of recorded transactions thus affecting the development of valuation assumptions.

The financial effect of the revaluation exercise is indicated below:

	31 Dec 2013 US$	Restated 31 Dec 2012 US$
Fair value adjustment on investment properties	53 987	5 724 720
Surplus on revaluation of property and equipment	93 901	18 266
Total uplift in property values	147 888	5 742 986

2.2.2.3 Useful lives and residual values of property and equipment

As indicated in note 3.8, depreciation is provided on qualifying property and equipment over the useful life of the asset in order to progressively write the asset down to its residual value. The useful lives of the assets are reviewed on an annual basis. In the current year, a review of the useful lives was carried out and the directors are of the view that for all asset categories, there were no material developments during the year and up to the reporting date, requiring the shortening or extension of the previously assessed useful lives.

The residual values were assessed through comparison of prices of new and aged assets on a sample basis for each asset category to give an indicative recovery rate. A nil residual value has been ascribed to assets known to have limited resell potential, such as custom-specific partitioning, carpeting, software and certain components of hardware.

The maximum useful lives were determined as follows:

Freehold properties	33 years
Leasehold improvements	15 years
Motor vehicles and mobile agencies	4 years
Equipment, furniture and fittings	10 years
Computer equipment	3 years

The financial effect of the aforementioned estimates on assets is expressed in note 12 as the charge for depreciation in the current year.

2.2.2.4 Estimation of incurred but not reported (IBNR) insurance claims

In terms of accounting policy 3.19.1, the Group makes full provision for the estimated cost of all claims incurred at the reporting date. A liability reserve amount is set aside for potential claims incurred by the reporting date but not yet reported. The determination of the level of the liability reserve is based on the claims payment profile established over past periods. The estimated balance of the IBNR liability reserve at the date of the statement of financial position amounted to US$2 163 962 (2012: US$1 923 587).

2.2.2.5 Valuation of the life fund

Actuarial liabilities in respect of life assurance policies are subject to annual assessment by an independent actuary. The liabilities are assessed using a Gross Premium Valuation (GPV) method which takes full account of all the future expected cash flows. At each statement of financial position date, tests are performed to ensure the adequacy of the insurance contract liabilities net of the related intangible present value of acquired in-force business assets.

Calculation of the liability requires a number of demographic and financial assumptions to be made. Whilst in the short-term financial parameters may exhibit a high level of volatility, valuations have been based on long-term estimates adjusted for a degree of prudence. The key assumptions used are as follows:

	Factor	
Key assumption area	31 Dec 2013	31 Dec 2012
Valuation discount rates (taxed)	8%	8%
Valuation discount rates (untaxed)	8%	8%
Expense inflation rate	4.5%	4.5%
Expected real yield rate	3.5%	3.5%

Actuarial liabilities are shown in the Group's statement of financial position as "life assurance funds" and the balance as at 31 December 2013 is made up as follows:

	31 Dec 2013 US$	Restated 31 Dec 2012 US$
Value of total liability	18 222 299	14 637 954
Distribution of surplus in the fund	6 245 222	5 768 700
	24 467 521	20 406 654

Movements in the life fund are recognised in profit or loss.

A total of US$5 119 900 (2012 – US$4 494 400) is included in the life fund as an Expense Overrun Reserve (EOR).This caters for the fact that current levels of policy related expenses exceed the related premiums from those policies. Estimation of the EOR assumed a three year period of continued expense under-recovery before a break-even level is achieved. An improved business outlook and general expense stabilization will result in a reduction of the reserve.

2.2.2.5 Portfolio loan loss provision

The portfolio loan loss provision relates to the inherent risk of losses, which although not separately identified, are known to be present in any loan portfolio. In terms of accounting policy 3.4.1.7, objective evidence of impairment for a portfolio of receivables includes the Group's prior loss experience, an increase in the number of delayed payments in the portfolio past the average credit period, the size and diversity of the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The portfolio loan loss provision at the date of the statement of financial position amounted to US$505 229 (2012: US$355 159).

2.2.2.6 Assessment of control in investments

Assessment of control on investee companies in terms of IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates is inherently a subjective process. The guidance provided in the standard is not always prescriptive particularly in complex situations where assessment tends to be a result of persuasive arguments. The Group has assessed the level of control in its investee companies resulting in some investments being classified as associate companies and others as subsidiary companies as described more fully in note 9.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group, which are set out below, have been consistently followed in all material respects and are in accordance with International Financial Reporting Standards.

Where reference is made to "the Group" in the accounting policies, it should be interpreted as referring to the company where the context requires, unless otherwise noted.

3.1 Basis of preparation

3.1.1 Reporting currency

The financial statements of the Group and the Company are presented in United States dollars (US$) being the reporting currency adopted by the Group following the introduction of a multi-currency trading environment in Zimbabwe in February 2009 and are rounded to the nearest dollar unless otherwise indicated.

3.1.2 Statement of compliance

The financial statements are based on accounting records maintained under the historical cost convention as modified by the revaluation of property and equipment and certain financial instruments measured at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB).

The consolidated and separate financial statements were authorised for issue by the board of directors on 24 March 2014.

3.2 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries are included in the consolidated financial statements fromthe date on which control commences until the date on which control ceases.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any excess of the consideration over the fair values of the identifiable net assets acquired is recognised as goodwill. Where the fair values of the identifiable net assets acquired exceeds the consideration a bargain purchase (negative goodwill) is recognised in profitor loss in the period of acquisition. Transaction costs are expensed, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Non-controlling interests (NCI)

Non-controlling interest are measured at their proportionate share of the fair values of the assets and liabilities recognised.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Foreign entities which are subsidiaries of the Group are consolidated in the financial statements using exchange rates applicable at the reporting date.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Transactions eliminated on consolidation

Intra-Group transactions, balances, and unrealised income and expenses are eliminated on consolidation.

3.2.1 Goodwill

Goodwill arising on the acquisition ofsubsidiaries is measured at cost less impairment losses.

Goodwill is reviewed for impairment at least annually in December. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, theattributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.2.2 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.2.3 Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

Interests in associates are accounted for using the equity method of accounting except when the investment has been classified as held for sale upon which it is measured at the lower of carrying amount and fair value less costs to sell. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of associates, until the date on which significant influence ceases. Losses of the associates in excess of the Group's interest in those associates are not recognised.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

Investments in associates in the company's financial statements are measured at fair value.

3.2.4 Notes to the consolidated financial statements

The notes to the financial statements are in relation to the group unless otherwise specifically indicated in the note.

3.3 Revenue recognition

3.3.1 Net interest income

3.3.1.1 Interest income

Interest income arises from the Group's lending and money market activities.

The Group recognises interest income in profit or loss using the effective interest method. From an operational perspective, it suspends the accrual of contractual interest on the non-recoverable portion of an advance, when the recovery of the advance is considered doubtful.

3.3.1.2 Interest expense

Interest expenses arise from the Group's funding and money market activities.

The Group recognises interest expense in profit or loss using the effective interest method.

3.3 Revenue recognition

3.3.1.3 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

3.3.2 Trading income

The Group includes profits, losses and fair value adjustments on held for trading financial instruments both realised and unrealised, in income as earned, when the risks and rewards of ownership have passed.

3.3.3 Fee and commission income

Fees and commission income that are an integral part to the effective rate on a financial asset are included in the measurement of the effective interest rate.

Other fees and commission income, including account service fees, are recognised as the related services are performed.

Commission income on acceptances and bills is credited to income over the lives of the relevant instruments on a time proportionate basis.

3.3.4 Premiums

In respect of life and pension assurance services:-

Premium income in respect of individual life policies is recognised as income when received, as failure to pay a premium will result in a lapse of the policy. Income on insurance contracts is shown gross of reinsurance premium. Group benefit insurance premiums are accounted for when receivable.

In respect of reinsurance services:-

Premium written consists of premium accounted for in the financial period under review, falling under reinsurance contracts in force as at the end of the financial period notwithstanding the inception date of the contract.

Provision is made for unearned premium, being the proportion of net premium income that relates to risks that have not expired at the end of the financial year. In instances where it is anticipated that the unearned premium will be insufficient to cover the estimated costs of future related claims, the provision is adjusted accordingly. The unearned premium reserve is calculated on the 1/365th basis.

3.3.5 Services rendered

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

3.3.6 Dividends

The Group recognises dividends on the "last day to trade" for listed shares, and on the "date of declaration" for unlisted shares.

3.4 Financial instruments

The Group recognises financial assets and financial liabilities on its statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

3.4.1 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories:

- financial assets 'at fair value through profit or loss' (FVTPL) and within this category as
  - held for trading or
  - designated at fair value through profit or loss ,
- 'held-to-maturity' (HTM) investments,
- 'available-for-sale' (AFS) financial assets and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are subsequently measured at either armortised cost or fair value.

3.4.1.1 Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3.4.1.1 Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 3.4.4.

3.4.1.2 Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held to maturity. These assets are subsequently measured at armotised cost using the effective interest method.

3.4.1.3 Available-for-sale

Fair value is determined in the manner described in note 3.4.4. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses and foreign currency differences on available-for-sale monetary assets. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

3.4.1.4 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These assets are subsequently measured at armotised cost using the effective interest method.

3.4.1.5 Cash and cash equivalents

"Cash and cash equivalents" include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of short-term commitments.

3.4.1.6 Investment securities

Investment securities are initially measured at fair value plus, in the case of investment securities not at fair value through profit or loss, incremental direct transaction costs, and subsequently accounted for depending on their classification as either held to maturity, fair value through profit or loss, or available-for-sale.

3.4.1.7 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as available-for-sale and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the Group's prior loss experience, an increase in the number of delayed payments in the portfolio past the average credit period, the size and diversity of the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In making the above assessments, the Group adheres to the provisions of the Reserve Bank of Zimbabwe's prudential guidelines on risk provisioning, and any general provision raised in accordance with such provisions, which is not directly associated with a specific loan or loan portfolio, is dealt with through the statement of changes in equity as a charge or credit on the general reserves.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3.4.1.7 Impairment of financial assets (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairments previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to impairment is recognised directly in other comprehensive income.

3.4.1.8 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and any associated liabilities for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of:
- the consideration received and
- any cumulative gain or loss that has been recognized in other comprehensive income,
- is recognized in profit or loss.

3.4.2 Financial liabilities and equity instruments issued by the Group

3.4.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.4.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.4.2.3 Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

3.4.2.4 Treasury shares

Where the Group purchases its own equity share capital, the consideration paid, including any attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. No gain or loss is recognised in income or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments.

3.4.2.5 Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at fair values and are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortization recognised in accordance with the revenue recognition policies set out in note 3.3.

3.4.2.6 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.4.2.7 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 3.4.4.

3.4.2.8 Borrowings, including preference shares

Borrowings are recognised initially at 'cost', being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently measured at amortised cost and any difference between net proceeds and redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

When convertible borrowings are issued, the fair value of the conversion option is determined. This amount is recorded separately in shareholders' equity. The Group does not recognise any change in the value of this option in subsequent periods. The remaining obligation to make future payments of principal and interest to bond-holders is calculated using a market interest rate for an equivalent non-convertible bond and is presented on the amortised cost basis in other borrowed funds until extinguished on conversion or maturity of the bonds.

Preference shares which carry a mandatory coupon, or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and presented together with other borrowings. The dividends on these preference shares are recognised in profit or loss as interest expense on an amortised cost basis using the effective interest method.

If the Group purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of a liability and the consideration paid is included in net operating income.

3.4.2.9 Provisions

The Group recognises liabilities, including provisions,

- when it has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and,
- a reliable estimate of the amount of the obligation can be made.

3.4.2.10 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on any effective yield basis..

3.4.2.11 Financial liabilities under insurance and investment contracts

The Group's statutory actuary calculates the Group's liabilities under the insurance and investment contracts annually at the reporting date. The transfers to policyholders' liabilities reflected in the financial statements represent the increase or decrease in liabilities, including provisions for policyholders' bonuses, net of adjustments to the policyholders' bonus stabilisation reserve and net adjustments to margins held within the policyholders' liabilities.

3.4.2.12 Claims and policyholder benefits

Individual life benefits and group policyholder benefits are accounted for when claims are intimated.

3.4.2.13 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

3.4.3 Offsetting financial instruments

The Group offsets financial assets and liabilities and reports the net balance in the statement of financial position

- where there is a legally enforceable right to set off;
- there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.4.4 Fair values of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of liability reflects its non-performance risk.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices, and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The valuation technique used depends on the nature of the financial instrument.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

3.5 Contingent liabilities

Contingent liabilities are disclosed when the Group:

- has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or
- has a present obligation that arises from past events but is not recognised because:-
  - it is not probable that an outflow of resources will be required to settle an obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Average cost is used to determine the value of inventory.

3.7 Acceptances

In accordance with standard practice in Zimbabwe, the liability under acceptances includes bills drawn on and accepted by Group companies and held in portfolio as an asset.

3.8 Property and equipment

Property and equipment held for use in the supply of goods or services, or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by or with assistance of professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the statement of financial position date.

Any revaluation increase arising on the revaluation of such property and equipment is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such property and equipment is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

If an item of property and equipment is revalued, the entire class of property and equipment to which that asset belongs isrevalued. A class of property and equipment is a grouping of assets of a similar nature and use in the Group's operations.

Depreciation on revalued property and equipment is recognised in profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to accumulated profit.

3.8 Property and equipment (continued)

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets is on the same basis as other property assets, and commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, to their recoverable amounts using the straight-line method. The recoverable amount is assessed on an annual basis and where the recoverable amount exceeds the carrying amount, depreciation on those assets is ceased. Depreciation is calculated over the estimated useful life of the asset which is reassessed on an annual basis.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange profits or losses are recognised in the profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings; or

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.
- "Available for sale" equity investments except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

For the purposes of the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which circumstances the exchange rates at the dates of transactions are used. Exchange differences arising from the translation process are classified as equity and recognised in the Group's foreign currency translation reserve until the foreign operation is disposed of, at which point the reserve is recognised in profit or loss.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable income for the year. Taxable income differs from net income as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax income nor the accounting income.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11 Pension funds

The Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Attained Age Method for curtailed funds and the Projected Unit Credit Method for open funds, with actuarial valuations being carried out annually, at each reporting date. Past service costs are amortised on the basis of the average vesting period for the benefits concerned.

3.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.12.1 The Group as lessor

When assets are held subject to a finance lease, the present value of the lease payments and any unguaranteed residual value accruing to the Group is recognised as receivable at the amount of the Group's net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a periodic rate of return.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3.12.2 The Group as lessee

Assets held under finance lease are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 3.20).

Rentals payable under operating leases are recognised in profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3.13 Instalment transactions

Lease income and finance charges are generally pre-computed at the commencement of the contractual periods and are credited to income in proportion to the reducing capital balances outstanding. The unearned portion of these finance charges is shown as a deduction from "Advances and other accounts".

3.14 Share capital

3.14.1 Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared. Dividends for the year, which are declared after the reporting date, are dealt with in the subsequent events note.

3.15 Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the Group acts in a fiduciary capacity such as a nominee, trustee or agent.

3.16 Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.
- the product or process is technically and commercially feasible.
- the Group intends to, and has sufficient resources to complete development and to use or sell the asset.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets are shown at cost less accumulated amortisation and impairment.

3.17 Impairment of tangible and intangible assets excluding goodwill

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

3.18 Investment property

Investment property is property held to earn rentals and / or for capital appreciation, rather than property held for sale in ordinary course of business or use in production, supply of goods and services or for administrative purposes, and includes vacant land with an undetermined future use. Investment properties is initially measured at cost and subsequently at fair. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the properties revaluation reserve is transferred to retained earnings.

3.19 Reinsurance contracts

The Group classifies a reinsurance contract as an insurance contract issued by itself (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant. An insurance contract is one under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is risk other than financial risk, transferred from the holder of a contract to the issuer. Financial risk is risk of a possible future change in one or more of a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

3.19.1 Outstanding claims reserve

Claims are accounted for in the accounting periods in which they occur. Full provision is made for the estimated costs of all claims notified but not settled at year end and for claims incurred at year end but not reported until after that date, using the best information available at the time. The estimates include provision for inflation and other contingencies arising in settlement of the claims. Anticipated reinsurance recoveries are disclosed separately as reinsurance assets.

3.19.2 Insurance liabilities

At each reporting date, management assesses whether insurance liabilities are adequate, using current estimates of the future cash flows under its insurance contracts. If the assessment shows that the carrying amount of its insurance liabilities (less related deferred acquisition costs and intangible assets) is inadequate in light of estimated future cash flows, the entire deficiency shall be recognised in profit or loss.

3.19.3 Commissions

Commissions are business acquisition costs and are accounted for when incurred and are not deferred.

3.19.4 Reinsurance held

The reinsurance business has retrocession (proportional reinsurance) and protection cover (non-proportional reinsurance) arrangements with international reinsurers. Premium in respect of reinsurance risks retroceded is classified as gross premium retroceded. Premium in respect of protection cover is accounted for separately in the income statement as premium protection cover. Retrocession claims are claims recovered from retrocessionaires in respect of claims paid falling under risks retroceded. These are shown separately in the income statement as income. Retrocession commission is income in respect of premium risks retroceded and is accounted for separately in the income statement.

3.19.5 Reinsurance assets

Reinsurance assets consist of balances due from retrocessionaires / protection cover reinsurers for liabilities falling under risks retroceded. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with reinsured contract. Reinsurance assets are tested for impairment annually. A reinsurance asset is impaired if and only if there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset, that the entity may not receive all amounts due to it under the terms of the contract and that event has a reliably measurable impact on the amounts that the entity will receive from the reinsurer.

3.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments arising from the internal reporting structure and nature of business conducted. Transactions between segments are conducted at arm's length and utilisation of Group resources is charged for on the basis of an internal funds transfer pricing system which is tied to market rates ruling from time to time. Measurement of segment assets and liabilities and segment revenues is based on the accounting policies as set out in note 3. The Group's identifiable business segments are as follows:

a) Banking

This segment provides a wide range of financial services to customers through a wide network of branches and electronic delivery channels. In the main, the core business of this segment is the provision of retail and commercial banking services. The product range includes deposit taking, personal and corporate lending, asset finance, mortgage finance, treasury management, corporate advisory services, medium to long term structured finance, share transfer and script management services, and a wide array of card-based facilities. The segment comprises the commercial banking operations and the building society operations.

b) Fund management

This segment provides fund management services to a wide array of investors through placement of either pooled portfolios or individual portfolios structured in terms of the customers' investment mandates. Customers include individuals, corporates, institutions and the Government and invested funds are managed through a separate trust company.

c) Reinsurance and life assurance

This segment is primarily in the business of providing structured insurance products. The life assurance section provides life assurance services through the granting and purchasing of endowments on lives, the granting and sale or purchase of annuities present and deferred or reversionary on lives. The reinsurance section is in the business of accepting insurance premiums from insurance companies in order to indemnify the ceding insurance companies against a proportion of loss on an insurance contract.

d) Other

Key operations included under this segment are involved in the following businesses:

- Venture capital finance;
- Stock-broking services;
- Insurance broking services; and
- Strategic investments.

As all operations of the Group are carried out in one country and in Southern Africa, no segment information has been provided in terms of the geographic representation.

4. SEGMENT INFORMATION (Continued)

4.1 Segement results

	Banking US$	Fund management US$	Reinsurance and life assurance US$	Other operations and consolidation journals US$	Total US$
31 December 2013					
External revenue					
Net interest income	19 747 201	20 433	190 818	(62 114)	19 896 338
Net fee and commission income	29 585 141	670 352	8 030 968	(3 872 084)	34 414 377
Net trading income	-	-	-	186 557	186 557
Net income from other financial instruments at fair value	70 363	37 773	4 097 714	(1 634 479)	2 571 371
Other revenue	3 408 851	41 202	1 235 686	1 464 154	6 149 893
Total segment revenue	52 811 556	769 760	13 555 186	(3 917 966)	63 218 536
Other material non-cash items:					
Depreciation	2 216 074	11 989	275 363	237 321	2 740 747
Armotisation of intangible assets	1 942 907	9 200	134 804	12 651	2 099 562
Reportable segment profit before taxation	3 269 013	(47 613)	2 198 325	(4 349 742)	1 069 983
Reportable segment assets	307 317 246	910 994	44 896 864	(21 094 202)	332 030 902
Reportable segment liabilities	244 645 029	235 678	31 772 499	(11 914 054)	264 739 152

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2013

4. SEGMENT INFORMATION (Continued)

4.1 Segement results

	Banking US$	Fund management US$	Reinsurance and life assurance US$	Other operations and consolidation journals US$	Total US$
31 December 2012					
External revenue					
Net interest income	19 712 262	25 302	216 979	(460 109)	19 494 434
Net fee and commission income	31 283 481	618 513	5 392 089	(1 777 765)	35 516 318
Net trading income	-	-	-	383 690	383 690
Net income from other financial instruments at fair value	5 817 622	(184 518)	(1 235 282)	1 345 164	5 742 986
Other revenue	17 815 644	393 357	6 632 194	(17 016 130)	7 825 065
Total segment revenue	74 629 009	852 654	11 005 980	(17 525 150)	68 962 493
Other material non-cash items:					
Depreciation	2 418 780	8 144	260 254	103 727	2 790 905
Armotisation of intangible assets	1 449 621	9 200	97 702	8 450	1 564 973
Reportable segment profit before taxation	11 325 888	(376 771)	888 489	488 735	12 326 341
Reportable segment assets	307 401 997	971 396	36 658 921	(16 931 093)	328 101 221
Reportable segment liabilities	245 131 609	263 201	27 116 985	(11 307 983)	261 203 812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2013

		COMPANY		GROUP
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
5. CASH AND CASH EQUIVALENTS				
5.1 Balances with the Reserve Bank of Zimbabwe	-	-	17 555 385	21 055 296
5.2 Balance with other banks and cash:				
Current, nostro accounts and cash	-	-	51 604 861	48 671 269
Total cash and cash equivalents	-	-	69 160 246	69 726 565
6. MONEY MARKET INVESTMENTS				
Assets classified as 'held to maturity':				
Fixed deposits	-	-	10 605 190	12 192 365
Treasury Bills	-	-	5 000 000	1 000 000
	-	-	15 605 190	13 192 365

The Group invested in money market placements which had maturity period ranging from 7 days to 180 days with average interest rates ranging from 10% to 13% per annum.

The Group invested in treasury bills floated by the Reserve Bank of Zimbabwe over a period of 180 days at a rate of 8.5%

		COMPANY		GROUP
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
7. MORTGAGES AND OTHER ADVANCES				
7.1 Gross loan book				
Mortgage advances	-	-	9 381 426	5 880 248
Other advances:-				
Loans, overdraft and other accounts	-	-	94 149 806	97 536 292
Finance leases	-	-	5 328 964	2 206 757
Bills discounted	-	-	33 954 747	40 285 564
Balances receivable from insurance	-	-	3 392 328	3 080 723
	-	-	136 825 845	143 109 336

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
7. MORTGAGES AND OTHER ADVANCES(continued)				
Gross advances	-	-	146 207 271	148 989 584
Off balance sheet exposures				
In respect of guarantees	-	-	23 832 413	25 366 068
Gross credit exposure	-	-	170 039 684	174 355 652
Gross advances	-	-	146 207 271	148 989 584
Less: Allowance for loan impairments	-	-	(4 128 278)	(6 100 941)
Less: interest reserved	-	-	(8 273 865)	(6 692 953)
Net advances	-	-	133 805 128	136 195 690
7.2 Maturity analysis				
On demand	-	-	44 432 334	32 193 237
Within 1 month	-	-	24 774 216	8 918 937
Between 1 and 6 months	-	-	21 325 360	52 267 264
Between 6 and 12 months	-	-	24 851 444	26 308 150
After 12 months	-	-	18 421 774	16 508 102
	-	-	133 805 128	136 195 690
7.3 Non-performing loans				
Included in the above are the following;				
Non-performing loans	-	-	29 790 265	27 390 294
Less: Allowance for loan impairments	-	-	(4 128 278)	(6 100 941)
Less: Interest reserved	-	-	(8 273 865)	(6 692 953)
Value to be received from security held	-	-	17 388 122	14 596 400

For the secured non-performing loans, security exists in the form of liens registered over funded accounts, bonds registered over landed property and guarantees in various forms. The Group discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees. The internally discounted value of the security held in respect of the non-performing book amounted to US$23 832 413 as at 31 December 2013 (2012: US$22 541 048).

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
7. MORTGAGES AND OTHER ADVANCES (continued)				
7.4 Sectoral analysis				
Private	-	-	32 084 313	35 377 049
Agriculture	-	-	18 808 191	23 244 625
Mining	-	-	28 549 575	23 811 579
Manufacturing	-	-	19 197 042	30 927 036
Distribution	-	-	10 794 818	13 000 393
Construction	-	-	3 428 509	1 415 482
Transport	-	-	2 656 832	1 200 820
Services	-	-	17 311 269	11 532 324
Financial	-	-	1 913 024	1 891 489
Other	-	-	11 463 698	6 588 787
	-	-	146 207 271	148 989 584
Less: Allowance for loan impairments	-	-	(4 128 278)	(6 100 941)
Less: Interest reserved	-	-	(8 273 865)	(6 692 953)
	-	-	133 805 128	136 195 690
7.5 Loan impairment				
Balance at beginning of year	-	-	6 100 941	4 350 767
Write offs against provision	-	-	(3 707 364)	-
Charge to profit or loss	-	-	1 734 701	1 750 174
Balance at end of year	-	-	4 128 278	6 100 941
Comprising:				
- specific provision	-	-	3 623 049	5 745 782
- portfolio provision	-	-	505 229	355 159
	-	-	4 128 278	6 100 941

The above provisions have been established in terms of the accounting policy 3.4.1.7 in respect of doubtful debts at 31 December 2013.

7.6 Mortgage advances

All mortgage advances during the year were advanced for residential development purposes and were spread as follows:

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
Type of property:-				
High density	-	-	-	24 613
Medium density	-	-	3 153 817	1 187 271
Low density	-	-	6 227 609	4 668 364
	-	-	9 381 426	5 880 248

7.7 Finance lease receivables

Loans and advances to customers include the following finance lease receivables for leases of certain equipment where the Group is the lessor:

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
Gross investment in finance leases:				
Less than 1 year	-	-	1 400 552	464 173
Between 1 and 5 years	-	-	5 089 843	2 321 356
Gross investment in finance leases	-	-	6 490 395	2 785 529
Unearned finance charges	-	-	(1 161 431)	(578 772)
Net investment in finance leases	-	-	5 328 964	2 206 757
Less than 1 year	-	-	1 259 043	401 096
Between 1 and 5 years	-	-	4 069 921	1 805 661
	-	-	5 328 964	2 206 757

8. INVESTMENT SECURITIES

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
Assets classified as *"fair value-through profit or loss":*				
Unit Trusts	-	-	600 655	859 855
Government and public utilities stock	-	-	268 567	402 954
Listed equity investments	2 177 955	922 668	15 588 233	10 786 830
Unlisted equity investments	634 726	225 099	1 971 967	2 926 680
Short term investments	-	4 966 657	-	-
	2 812 681	6 114 424	18 429 422	14 976 319
Held at "amortised cost"				
Bank balances	-	-	5 534 095	5 533 262
	2 812 681	6 114 424	23 963 517	20 509 581

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
8. INVESTMENT SECURITIES (continued)				
Movement of investment securities				
Balance at beginning of year	6 114 425	4 196 182	20 509 581	20 069 238
Additions during the year:	1 348 423	1 965 366	1 927 510	2 808 498
- on listed equity investments	938 797	369 993	1 517 883	721 373
- on unlisted equity investments	409 626	225 099	409 627	227 890
- on units in unit trusts		-	-	86 000
- on Government and public utilities				
- on Government stock	-	-	-	402 961
- on agrobills	-	1 370 274	-	1 370 274
Disposals				
- on listed equities	-	-	(991 913)	(887 275)
- on agrobills	(4 966 657)	-	-	-
Fair value adjustments	316 490	(47 124)	2 517 384	(1 481 073)
- on listed equities	316 490	(47 124)	2 214 829	(2 530 527)
- on unlisted equities	-	-	561 755	1 014 292
- on units in unit trusts	-	-	(259 200)	35 162
Exchange gain on bank balances	-	-	955	193
Balance at end of year	2 812 681	6 114 424	23 963 517	20 509 581

Valuation techniques and significant unobservable inputs

IFRS 13 prescribes that the valuation of a financial or non-financial asset should be based according to the unit of account i.e. level of aggregation of assets. However, the unit of account for an investment in an unlisted subsidiary or associate cannot be readily determined as it can either be the investment as a whole or the individual assets held within the entity concerned. Level 1, 2 and 3 inputs as described in note 3.4.4 cannot be effectively used unless the unit of account is specifically identified. At the time of approving the financial statements, the International Accounting Standards Board had not presented a conclusive position on the unit of account for an unlisted investment.

Management has used its judgment in adopting the net asset value model in determining the fair value of unlisted investment securities in the absence of a standard or interpretation.

INVESTMENT SECURITIES (continued)

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Net Asset Value: The valuation model determines the fair value of investment securities (non-listed entities) with reference to the net asset value, which was determined by the directors as a proxy valuation method derived from the market approach. The market approach as prescribed by IFRS 13 – *Fair valuation* requires the identification of a similar or identical quoted assets with similar risk profiles. A discounted cash flow technique or earnings may have been used to value such investments by identifying a risk-adjusted discount rate and maintainable earnings (earnings-multiple approach). The market and income approach may not be appropriate for valuing non-listed entities in the Zimbabwean environment considering lack of comparative quoted equity instruments as well absence ofmarket data relating to historical correlation of unquoted equity instruments in similar industries and market ability discounts.	The fair values of investment securities are based on net asset values which make use of the net movements inthe assets and liabilities of investee entities. Net asset values have been verified by independent, experienced auditors, but are not observable from market data.	The estimated fair value would increase (decrease) due to the following: • Increase or (decrease) in fair value or historical cost adjustments of underlying assets and liabilities held by investees. • (Decrease) as a result of economic obsolescence of underlying assets.

8. INVESTMENT SECURITIES (continued)

The table below summarises the various assets and liabilities measured at fair value and the level on the fair value hierarchy.

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
2013				
GROUP				
Assets at fair value through profit and loss				
Listed equity investments	16 188 888	-	-	16 188 888
Unlisted equity investments	-	-	1 971 967	1 971 967
Held to maturity				
Government and public utilities stocks	-	-	268 567	268 567
	16 188 888	-	2 240 534	18 429 422
COMPANY				
Listed equity investments	2 177 955	-	-	2 177 955
Unlisted equity investments	-	-	634 726	634 726
	2 177 955	-	634 726	2 812 681

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
2012				
GROUP				
Assets at fair value through profit and loss				
Listed equity investments	11 646 685	-	-	11 646 685
Unlisted equity investments	-	-	2 926 680	2 926 680
Held to maturity				
Government and public utilities stocks	-	-	402 954	402 954
	11 646 685	-	3 329 634	14 976 319
COMPANY				
Listed equity investments	922 668	-	-	922 668
Unlisted equity investments	-	-	225 099	225 099
Held to maturity				
Short term investments	-	-	4 966 657	4 966 657
	922 668	-	5 191 756	6 114 424

The Group had no other financial assets and liabilities that were carried at fair value, as at 31 December 2013 (2012: $nil).

	COMPANY 31 Dec 2013 US$	31 Dec 2012 US$	GROUP 31 Dec 2013 US$	31 Dec 2012 US$
9. GROUP INVESTMENTS				
9.1 Investments in associates				
Balance at beginning of year	1 363 486	1 363 486	12 945 362	11 350 068
Share of current year movement in revaluation reserves	-	-	78 138	935
Share of current year profits before tax	-	-	1 148 051	1 594 364
Balance at end of year	1 363 486	1 363 486	14 171 551	12 945 367

The following are holdings representing investments by the Group in associate companies:

Name of Company	2013 % Holding	2012 % Holding	Nature of Business
Alexander Forbes (Private) Limited	40.00%	40.00%	Insurance broking
Cell Insurance (Private) Limited	43.46%	43.46%	Short-term insurance
Credit Insurance Zimbabwe Limited	42.10%	42.10%	Short-term insurance
Zimswitch Technologies (Private) Limited	27.68%	27.68%	Information Technology
Mashonaland Holdings Limited	32.00%	32.00%	Property
Shareholder	11.27%	10.09%	
Policyholders	20.73%	21.91%	

	COMPANY 31 Dec 2013 US$	31 Dec 2012 US$	GROUP 31 Dec 2013 US$	31 Dec 2012 US$
Aggregated amounts relating to associate companies:				
Total assets	-	-	131 890 286	116 581 929
Total liabilities	-	-	20 229 163	19 497 645
Revenue	-	-	23 017 388	24 697 132
Profit	-	-	9 970 754	16 981 385
Share of profit after tax	-	-	1 148 051	1 594 364
9.2 Investments in subsidiaries Owned by ZB Financial Holdings Limited (Company):-				
ZB Bank Limited - 100%	-	-	36 135 032	37 180 246
Scotfin Limited - 100%	-	-	306 500	306 500
ZB Holdings Limited - 100%	-	-	(1 498 307)	(534 732)
Intermarket Holdings Limited - 84.26%	-	-	18 874 126	17 395 290
ZB Securities (Private) Limited - 100%	-	-	451 155	720 563
ZB Transfer Secretaries – 100%	-	-	320 879	278 806
ZB Associated Services - 100%	-	-	(28 077)	(185 736)
Total investments in subsidiaries	-	-	54 561 308	55 160 937

9.2 Investments in subsidiaries (continued)

ZB Bank operates as a commercial bank whilst Scotfin Limited is registered to undertake asset finance business. The asset finance business operations are presently being carried out under ZB Bank Limited, leaving Scotfin Limited as a dormant company. ZB Securities (Private) Limited is a stockbrocking firm whilst ZB Transfer Secretaries (Private) Limited offers transfer secretarial services for share registers domiciled in Zimbabwe. ZB Associated Services (Private) Limited provides security services to both the Group and external customers. ZB Holdings Limited and Intermarket Holdings Limited are holding companies for a number of companies involved in different sub-sectors of the financial sector in Zimbabwe as indicated below:

	2013 % Holding	2012 % Holding	Nature of Business
Owned by ZB Bank Limited:			
The Trustee Company of Central Africa (Private) Limited	100%	100%	Investment
ZB Nominees (Private) Limited	100%	100%	Investment
Syfrets Nominees (Private) Limited	100%	100%	Investment
Barcelona Investments Limited	100%	100%	Property
Owned by ZB Holdings Limited			
ZB Capital (Private) Limited	100%	100%	Venture capital
Data Centre (Private) Limited	100%	100%	Information processing
ZB Asset Management Company Limited	100%	100%	Funds management
Syfrets Trust and Executor Limited	100%	100%	Estates and trusts administration
Syfin Holdings Limited	100%	100%	Investment
Syfrets Corporate Trustee Company (Private) Limited	100%	100%	Investment
Owned by Intermarket Holdings Limited:			
ZB Reinsurance Limited	100%	100%	Reinsurance
First Mortgage Investments (Private) Limited	100%	100%	Dormant
Intermarket Banking Corporation Limited (IBCL)	96%	96%	Commercial bank
ZB Stockbrokers (Private) Limited (in liquidation)	75%	75%	Dormant
ZB Life Assurance Limited	64%	64%	Life assurance
ZB Building Society	59%	59%	Building society
Owned by ZB Building Society:			
Finsure Investments (Private) Limited	51%	51%	Property
Wentspring Investments (Private) Limited	100%	100%	Investment
Owned by ZB Life Assurance Limited:			
Intermarket Properties (Cinema) (Private) Limited	100%	100%	Property
Original Investments (Private) Limited	42%	42%	Property
Aasaculz (Private) Limited	100%	100%	Property
Twirlton Investments (Private) Limited	26%	26%	Property
Mashonaland Holdings Limited	32%	32%	Property
Citiside (Private) limited	60%	60%	Leisure
Checkweighers Farmers (Private) Limited	65%	65%	Property

9. GROUP INVESTMENTS (continued)

9.2.1 Impaired investment in subsidiary company

The investment in ZB Stockbrokers (Private) Limited has been carried at a nominal value of US$1 since the cessation of business following the emergence of irreconcilable differences with the then managing director of the company who also held minority interests in the business. ZB Stockbrokers (Private) Limited is now in final liquidation. The Group does not expect any material claims to arise from the exercise.

9.3 Non-controlling interests (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations.

31 December 2013

	ZBBS	ZB LIFE	IBCL	INTRA GROUP ELIMINATIONS	TOTAL
NCI Percentage	50%	46%	19%		
Non current assets	15 738 767	29 191 018	7 395 734		
Current assets	24 995 712	3 535 639	791 279		
Non current liabilities	(1 913 047)	(25 296 810)	(332 206)		
Current liabilities	(18 803 428)	(1 271 906)	(1 335 423)		
NCI recorded in subsidiaries	(4 044 333)	(119 343)	-		
Net assets	15 973 671	6 038 598	6 519 384		
Carrying amount of NCI	8 065 080	2 805 162	1 254 668	(1 787 940)	10 336 970
Revenue	8 556 072	9 767 189	181 373		
Profit	2 098 542	389 229	(180 241)		
OCI	88 256	-	-		
Total comprehensive Income	2 186 798	389 229	(180 241)		
Profit allocated to NCI	1 059 550	180 812	(34 688)	(658 431)	547 243
OCI allocated to NCI	44 560	-	-	(66 220)	(21 660)
Cash flows from operating activities	(3 911 868)	(4 027 114)	(18 897)		
Cash flows from investment activities	(1 769 556)	(121 484)	2 748		
Cash flows from financing activities (dividends to NCI: US$264 347)	-	4 060 867	-		
Net increase (decrease) in cash and cash equivalents	(5 681 424)	(87 731)	(16 149)		

9.3 Non-controlling interests (NCI) (continued)

31 December 2012

	ZBBS	ZB LIFE	IBCL	INTRA GROUP ELIMINATIONS	TOTAL
NCI Percentage	50%	46%	19%		
Non current assets	15 772 595	3 871 254	7 374 888		
Current assets	26 775 519	24 031 520	523 929		
Non current liabilities	(1 873 040)	(20 979 013)	(342 326)		
Current liabilities	(22 284 352)	(1 288 771)	(856 867)		
NCI recorded in subsidiaries	(3 906 135)	-	-		
Net assets	14 484 587	5 634 990	6 699 624		
Carrying amount of NCI	7 313 243	2 617 670	1 289 355	(1 119 423)	10 100 845
Revenue	8 191 540	2 899 400	6 813 917		
Profit	855 046	(304 870)	6 207 658		
OCI	1 349 397	-	-		
Total comprehensive Income	2 204 443	(304 870)	6 207 658		
Profit allocated to NCI	431 711	(141 624)	1 194 675	385 775	1 870 537
OCI allocated to NCI	681 308	-	-	649 009	1 330 317
Cash flows from operating activities	8 531 065	1 112 135	44 796		
Cash flows from investment activities	(3 837 352)	598 934	-		
Cash flows from financing activities (dividends to NCI:US$292 597)	-	(1 700 962)	-		
Net increase in cash and cash equivalents	4 693 713	10 107	44 796		

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
10. INVENTORIES, TRADE AND OTHER RECEIVABLES				
10.1 Inventories				
Inventories	-	-	1 682 321	2 061 523
10.2 Trade and other receivables				
Items in transit	-	-	435 473	1 945 009
Prepayments	2 000 000	-	920 671	747 003
Sundry receivables	4 156 973	2 813 878	625 393	304 912
Total	6 156 974	2 813 878	3 663 858	5 058 447
11. INVESTMENT PROPERTIES				
11.1 Reconciliation of carrying amount				
Carrying amount at beginning of year	-	-	16 780 703	9 412 049
Additions	-	-	-	143 934
Fair value adjustment	-	-	53 987	5 724 720
Transfer to inventories	-	-	(105 770)	-
Transfer from property and equipment	-	-	-	1 500 000
Disposals	-	-	(94 986)	-
Balance at end of year	-	-	16 633 934	16 780 703

Rental income generated from investment properties amounted to US$1 756 070 [2012: US$1 154 284]. Repairs and maintenance costs of investment properties that generated investment income amount to US$583 153 [2012: US$118 400].

11.2 Measurement of fair value

The fair value of the Group's investment properties as at 31 December, 2013 has been arrived at on the basis of valuations carried out by independent professional valuers, Knight Frank Zimbabwe. The valuation, which conforms to International Valuation Standards, was in terms of accounting policy 3.18 and was derived with reference to market information close to the date of the valuation.

The fair values of the Group's investment property are categorised into Level 3 of the fair value hierarchy as described in note 3.4.4.

11.3 Valuation techniques and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
The Investment Method was applied on all income producing properties. Market capitalization rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market. The Direct Comparison Method was applied on all residential properties, after Knight Frank Zimbabwe identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total MSE of comparable areas was then used to determine the value per square meter of MSE.	Average rentals per square metre - US$7 to US$15 Average investment yield - 8% to 13%	The estimated fair value would increase (decrease if:-expected market rental growth were higher (lower)-Void period were shorter (longer) *and*-Occupancy rate were higher (lower).

	Freehold properties US$	Leasehold improvements US$	Equipment furniture & fittings US$	Computer equipment US$	Motor vehicles & mobile agencies US$	Total US$
12. PROPERTY AND EQUIPMENT						
GROUP						
Cost or valuation						
Balance at 1 January 2013	34 121 984	3 496 553	4 667 560	4 024 888	4 827 509	51 138 494
Surplus on revaluation	93 901	-	-	-	-	93 901
Additions	19 866	769 846	584 460	1 020 630	1 785 368	4 180 173
Disposals	-	-	(55 638)	(2 653)	(786 286)	(844 577)
Balance at 31 December 2013	34 235 751	4 266 399	5 196 382	5 042 865	5 826 591	54 567 991
Accumulated depreciation						
Balance at beginning of year	629 957	1 119 810	1 098 195	2 484 735	2 761 443	8 094 140
Recognised in profit or loss	67 901	326 506	473 073	762 206	1 111 062	2 740 747
Disposals	-	-	(16 188)	(1 050)	(628 648)	(645 885)
Balance at 31 December 2013	697 858	1 446 316	1 555 080	3 245 891	3 243 857	10 189 002
Carrying value at 31 December 2013	33 537 893	2 820 083	3 641 302	1 796 974	2 582 734	44 378 989
Carrying value at 31 December 2012	33 492 027	2 376 743	3 569 365	1 540 153	2 066 066	43 044 354

	Freehold properties US$	Leasehold improvements US$	Equipment furniture & fittings US$	Computer equipment US$	Motor vehicles & mobile agencies US$	Total US$
12. PROPERTY AND EQUIPMENT (continued)						
GROUP						
Cost or valuation						
Balance at 1 January 2012	30 744 337	2 541 710	4 289 668	3 475 577	4 680 984	45 732 276
Surplus on revaluation	4 626 353	-	-	-	284 878	4 911 231
Additions	261 666	954 948	593 446	667 817	308 603	2 786 480
Disposals	-	-	(69 756)	(2 453)	(77 183)	(149 392)
Transfer to investment properties	(1 510 372)	-	-	-	-	(1 510 372)
Balance at 31 December 2012	34 121 984	3 496 658	4 813 358	4 140 941	5 197 282	51 770 223
Accumulated depreciation						
Balance at beginning of year	452 737	855 521	816 719	1 605 876	2 294 898	6 025 751
Recognised in profit or loss	187 592	264 394	442 617	996 123	900 179	2 790 905
Revaluation	-	-	-	-	(22 702)	(22 702)
Disposals	-	-	(15 343)	(1 211)	(41 159)	(57 713)
Transfers to investment properties	(10 372)	-	-	-	-	(10 372)
Balance at the 31 December 2012	629 957	1 119 915	1 243 993	2 600 788	3 131 216	8 725 869
Carrying value at 31 December 2012	33 492 027	2 376 743	3 569 365	1 540 153	2 066 066	43 044 354
Carrying value at 31 December 2011	30 291 600	1 686 189	3 472 949	1 869 701	2 886 086	39 706 525

Immovable properties were revalued as at 31 December 2013 on the basis of valuations carried out by independent and professional valuers, Knight Frank Zimbabwe and in terms of accounting policy 3.8. All movable assets are carried at directors' valuation which, in the main, was derived by the application of a depreciation charge on values carried at the beginning of the year. Comparison of carrying values to market values indicated by auctioneers was done on a sample basis and no material discrepancies were noted.

It has not been possible to fully comply with the requirements of International Accounting Standards (IAS 16: Property, Plant and Equipment), as regards disclosure of the carrying cost less accumulated depreciation of properties had revaluations not been performed. This information is not material in the context of the Group financial statements.

	Leasehold improvements US$	Equipment furniture & fittings US$	Computer equipment US$	Motor vehicles US$	Total US$
12. PROPERTY AND EQUIPMENT (continued)					
COMPANY					
2013					
Balance at 1 January 2013	245	420 495	117 926	121 254	659 920
Additions	1 800	16 194	22 883	-	40 877
Disposals	-	(2 911)	(981)	-	(3 892)
Inter-group transfers	-	-	(2 973)	(121 254)	(124 227)
Balance at 31 December 2013	2 045	433 778	136 855	-	572 678
Accumulated depreciation and impairment					
Balance at 1 January 2013	-	-	-	-	-
Recognised in profit or loss	155	58 177	47 785	-	106 117
Disposals	-	(269)	(303)	-	(572)
Balance at 31 December 2013	155	57 908	47 842	-	105 545
Carrying value at 31 December 2013	1 890	375 870	89 373	-	467 133
2012					
Cost or valuation					
Balance at 1 January 2012	-	-	-	-	-
Inter-group transfers	245	420 495	117 926	121 254	659 920
Balance at 31 December 2012	245	420 495	117 926	121 254	659 920
Accumulated depreciation and impairment					
Balance at 1 January 2012	-	-	-	-	-
Recognised in profit or loss	-	-	-	-	-
Balance at 31 December 2012	-	-	-	-	-
Carrying value at 31 December 2012	245	420 495	117 926	121 254	659 920

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
13. INTANGIBLE ASSETS				
Computer software				
Carrying amount at beginning of year	10 609	10 609	9 718 994	8 303 614
Additions at cost	-	-	1 164 816	3 035 445
Amortisation	(2 529)	-	(2 099 562)	(1 564 973)
Impairment	-	-	(50 011)	(55 092)
Balance at end of year	8 080	10 609	8 734 237	9 718 994
14. DEPOSITS AND OTHER ACCOUNTS				
14.1 Summary of deposits by type				
Balances of banks	-	-	11 832 083	4 564 712
Current accounts	-	-	21 596 976	21 299 125
Savings and call accounts	-	-	78 551 958	86 435 727
Fixed deposits	-	-	106 050 393	101 113 375
Term deposits	-	-	571 872	3 275 208
Other	-	-	12 706	39 797
	-	-	218 615 988	216 727 944

Group properties worth US$11 175 000 (2012: US$4 700 000) were offered as security for certain deposits during the year. These assets are included in the assets in notes 11 and 12.

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
14.2 Maturity analysis				
On demand	-	-	100 161 078	110 750 238
Within 1 month	-	-	82 189 974	77 453 503
Between 1 and 6 months	-	-	29 635 471	23 301 245
Between 6 and 12 months	-	-	-	5 297
After 12 months	-	-	6 629 465	5 217 661
	-	-	218 615 988	216 727 944

	COMPANY 31 Dec 2013 US$	31 Dec 2012 US$	GROUP 31 Dec 2013 US$	31 Dec 2012 US$
14.3 Deposit concentration				
Private individuals	-	-	41 576 240	39 288 846
Agriculture	-	-	7 040 086	6 436 299
Mining	-	-	1 778 338	3 972 018
Manufacturing	-	-	7 579 056	6 409 440
Distribution	-	-	6 006 253	21 539 705
Construction	-	-	2 686 962	1 677 936
Transport	-	-	1 803 316	2 141 204
Services	-	-	37 379 626	25 059 367
Financial	-	-	81 643 754	70 926 506
Other	-	-	31 122 357	39 276 623
	-	-	218 615 988	216 727 944
15. SHORT TERM BORROWINGS				
Agrobills	-	4 966 657	-	4 966 657
Offshore borrowings	-	-	3 750 000	1 750 000
Overdraft	3 314 513	1 732 559	-	-
	3 314 513	6 699 216	3 750 000	6 716 657

Agrobills were issued by the Holding company to raise funds for the Group's farming clients for the 2012 winter crop and livestock programs. Interest rates on the bills ranged from10% to 12% per annum whilst the bills carried a maximum tenor of 365 days.

Offshore borrowings were made up of offshore loans raised by ZB Bank Limited, with tenures ranging from nine months to twenty eight months at an average interest rate of 5.34% per annum.

	COMPANY 31 Dec 2013 US$	31 Dec 2012 US$	GROUP 31 Dec 2013 US$	31 Dec 2012 US$
16. TRADE AND OTHER PAYABLES				
Unearned premium	-	-	1 687 288	1 517 918
Incurred but not yet reported claims reserve	-	-	2 163 962	1 923 587
Income received in advance	-	-	1 215 356	1 400 422
Interest accrued on deposits	-	-	1 626 188	1 368 408
Items in transit	4 079 472	4 088 769	237 835	894 364
Accrued expenses and provisions	-	-	2 746 132	3 645 230
Policyholders claims intimated but not paid	-	-	199 772	174 442
Trade payables	7 885 951	4 165 203	3 386 380	1 561 397
	11 965 423	8 253 972	13 262 913	12 485 768

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
17. CURRENT TAXES LIABILITIES				
Balance at beginning of year	-	-	757 460	1 566 803
Recognised in profit or loss	-	-	1 187 621	1 899 856
Tax payments	-	-	(1 474 435)	(2 709 199)
	-	-	470 646	757 460
18. DEFERRED TAXES				
18.1 Deferred tax				
Deferred tax asset	(582 233)	-	(1 914 252)	(929 155)
Deferred tax liability	-	49 364	4 004 025	3 999 976
Net deferred tax	(582 233)	49 364	2 089 773	3 070 821

18.2. DEFERRED TAX	Balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December
GROUP				
2013				
Property and equipment	3 447 169	(221 064)	4 695	3 230 800
Provisions and deferred income	(164 121)	(688 003)	-	(852 124)
Fair value adjustments to financial assets	955 001	209 120	-	1 164 121
Assessed loss	(929 155)	(985 097)	-	(1 914 252)
Other	(238 073)	699 301	-	461 228
	3 070 821	(985 743)	4 695	2 089 773
2012				
Property and equipment	3 305 491	(770 945)	912 623	3 447 169
Provisions and deferred income	(721 156)	557 035	-	(164 121)
Fair value adjustments to financial assets	511 752	443 249	-	955 001
Assessed loss	(661 986)	(267 169)	-	(929 155)
Other	144 884	(382 957)	-	(238 073)
	2 578 985	(420 787)	912 623	3 070 821
COMPANY				
2013				
Property and equipment	169 929	(49 642)	-	120 287
Fair value adjustments to financial assets	11 478	16 649	-	28 127
Assessed loss	(132 043)	(598 604)	-	(730 647)
	49 364	(631 597)	-	(582 233)
2012				
Property and equipment	-	169 929	-	169 929
Fair value adjustments to financial assets	6 339	5 139	-	11 478
Assessed loss	(110 957)	(21 086)	-	(132 043)
	(104 618)	153 982	-	49 364

	COMPANY 31 Dec 2013 US$	31 Dec 2012 US$	GROUP 31 Dec 2013 US$	31 Dec 2012 US$
19. LIFE ASSURANCE FUNDS				
Balance at beginning of year	-	-	20 406 654	22 107 616
Changes in policyholders' liabilities	-	-	4 060 867	(1 700 962)
- Premium income	-	-	7 358 605	6 307 106
- Investment and other income	-	-	5 201 108	5 399 568
- Benefits paid and surrenders	-	-	(2 880 004)	(3 639 596)
- Marketing and administration expenses	-	-	(4 953 029)	(6 690 243)
- Surplus distribution	-	-	(665 813)	(3 077 797)
Balance at end of year	-	-	24 467 521	20 406 654

Life assurance funds are due to contributing policyholders at the life company as determined by the terms and conditions or practices applicable to each policy. Policy contracts issued by the life company transfer insurance or financial risk, or, in some instances, both, from one party to another.

Insurance contracts result in the Group accepting significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Investment contracts, on the other hand, are those that transfer financial risk with no significant insurance risk. Financial risk is the risk of possible future change in one or more of a specified interest rate, financial instrument price, commodity price, index of prices or rates, credit rating or any other variable.

Insurance contracts are valued in terms of the Financial Soundness Valuation (FSV) basis, on a gross premium valuation methodology and the liability is reflected in the statement of financial position. The liability is based on assumptions of the best estimate of future experience, plus compulsory margins for prudent liabilities, plus additional discretionary margins. Such valuation is carried out annually by independent actuaries.

Life fund liabilities are supported by the following net assets:

	COMPANY 31 Dec 2013 US$	31 Dec 2012 US$	GROUP 31 Dec 2013 US$	31 Dec 2012 US$
Listed equities	-	-	9 771 756	7 781 506
Unlisted equities	-	-	3 570 794	3 328 267
Gold fund	-	-	406 497	581 912
Government and public utilities stock	-	-	268 567	402 959
Investment properties	-	-	2 780 736	2 828 736
Funds on deposit	-	-	8 397 825	5 908 442
Gross assets	-	-	25 196 175	20 831 822
Less: Deferred tax liabilities	-	-	(342 872)	(245 197)
Trade and other payables	-	-	(389 934)	(174 442)
Income tax payable	-	-	4 152	(5 529)
Net assets	-	-	24 467 521	20 406 654

19. LIFE ASSURANCE FUNDS (continued)

The assets and liabilities indicated above are included under appropriate sections in the consolidated statement of financial position.

Expense Overrun Reserve

The Expense Overrun Reserve (EOR) was set aside for the first time in 2010 to reflect the fact that current levels of policy related expenses exceed those provided for in normal circumstances. The EOR was reviewed and re-set with reference to the 2013 under recovery of expense. The reserve increased from that set at the end of 2012 mainly because expenses increased at a faster rate than income.

It was assumed that the current levels of expense overruns will continue for the next three years. If this assumption is borne out, the relevant portion of the reserve will be released in each of the next three years – without leading to any further losses being incurred due to the expense overruns already provided for. In these circumstances, the current surplus should remain relatively constant.

Furthermore, if the situation improves over any of the next three years, part of this reserve in respect of future expenses will be released in that year. This will make a contribution to net profits in the financial year. Should the situation deteriorate, there may be a need to increase the reserve already set aside. In this case, the net profits for that year will reduce.

The movement in the life assurance funds is accounted for through profit and loss.

		COMPANY		GROUP
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
At 1 January	-	-	20 406 654	22 107 616
Changes to policyholder liabilities	-	-	4 060 867	(1 700 962)
Expense overrun reserve movement	-	-	425 500	(1 488 971)
Transfer (to) from shareholder	-	-	3 635 367	(211 991)
At 31 December	-	-	24 467 521	20 406 654

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
20. EQUITY AND RESERVES				
20.1 Issued capital				
Company:				
Authorised:				
1 000 000 000 ordinary shares of US$0.01 each	10 000 000	10 000 000	10 000 000	10 000 000
Issued and fully paid:				
175 190 642 ordinary shares of US$0.01 each	1 751 906	1 751 906	1 751 906	1 751 906

	COMPANY 31 Dec 2013	COMPANY 31 Dec 2012	GROUP 31 Dec 2013	GROUP 31 Dec 2012
Analysis of number of shares in issue				
Issued shares	175 190 642	175 190 642	175 190 642	175 190 642
Treasury shares	(16 845 154)	(16 231 843)	(16 845 154)	(16 231 843)
Net trading shares	158 345 488	158 958 799	158 345 488	158 958 799

Subject to the limitations imposed by the Companies Act (Chapter 24:03) and the Regulations of the Zimbabwe Stock Exchange, the Articles of Association permit the directors to allot the unissued shares amounting to 824 809 358.

20.2 Fully paid ordinary shares and share premium

2013	COMPANY US$ Share capital	COMPANY US$ Share premium	GROUP US$ Share capital	GROUP US$ Share premium
Balance at beginning of year	1 751 906	27 204 178	1 751 906	27 204 178
Treasury shares	-	(122 482)	-	(122 482)
Balance at end of year	1 751 906	27 081 696	1 751 906	27 081 696

20.2 Fully paid ordinary shares and share premium (continued)

2012	COMPANY US$ Share capital	COMPANY US$ Share premium	GROUP US$ Share capital	GROUP US$ Share premium
Balance at beginning of year	1 751 906	27 660 869	1 751 906	27 337 466
Treasury shares	-	(456 691)	-	(133 288)
Balance at end of year	1 751 906	27 204 178	1 751 906	27 204 178

Fully paid shares carry one vote per share and carry a right to dividends.

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
20.3 Other components of equity				
General reserve (see note 20.3.1 below)	-	-	2 374 301	2 824 790
Properties and equipment revaluation reserve (see note 20.3.2 below)	-	-	13 932 094	13 743 090
	-	-	16 306 395	16 567 880
20.3.1 General reserves				
Balance at beginning of year	-	-	2 824 790	1 664 867
Regulatory reserve in respect of doubtful debts	-	-	(132 739)	1 190 477
Transfer from retained income	-	-	(317 750)	-
Transfer to non-controlling interest	-	-	-	(30 554)
Balance at end of year	-	-	2 374 301	2 824 790

The general reserve is used to carry the general bad debts provision computed in terms of prudential guidelines on provisioning applied internally by the Group and developed in line with provisions established by supervisory authorities. The general reserve is also used to transfer profits from retained income from time to time.

The transfer to retained income represents the release of the investment fluctuation reserve at the life assurance company following the creation of the expense overrun reserve which is incorporated into the life fund and is also meant to cater for possible fluctuations in the value of the underlying equities portfolio supporting the life fund. The release was based on recommendations from the Group's independent actuaries.

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
20.3.2 Property and equipment revaluation reserve				
Balance at beginning of year	-	-	13 743 090	10 996 036
Increase on revaluation of properties	-	-	93 901	4 933 933
Share of associate companies' revaluation reserve	-	-	78 138	936
Transfer from retained income	-	-	-	66 854
Transfer from / (to) non-controlling interests	-	-	21 660	(1 330 317)
Deferred tax liability arising on revaluation	-	-	(4 695)	(924 352)
Balance at end of year	-	-	13 932 094	13 743 090

The property and equipment revaluation reserve arises on the revaluation of both movable and immovable property which is carried out regularly in terms of accounting policy note 3.9. Where revalued property or equipment is sold, the portion of the revaluation reserve that relates to the asset is effectively realized and is transferred directly to retained income.

The Companies Act (Chapter 24:03) does not restrict the distribution of the property and equipment revaluation reserve except that, in the event of cash distributions, adequate liquidity must be available to meet the cash payout without leaving the organization in an illiquid position. Generally, there are no restrictions on the payment of "bonus shares" out of the property and equipment revaluation reserve. Amounts may also be effectively distributed out of the properties and equipment revaluation reserve as part of a share buy-back.

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
20.4 Accumulated profit				
Balance at beginning of year	22 164 618	14 909 849	11 272 600	4 060 464
Profit attributable to equity holders of parent	(71 979)	9 108 904	320 863	8 988 464
Transfer from / (to) general reserves in respect of regulatory reserve for doubtful debts	-	-	182 759	(1 129 369)
Transfer from general reserves in respect of the investments fluctuation reserves	-	-	500 000	-
Transfer to property and equipment revaluation reserve	-	-	-	(66 854)
Transfer to share premium	-	(1 566 627)	-	-
Dividend paid	(254 282)	(287 508)	(461 439)	(580 105)
	21 878 357	22 164 618	11 814 783	11 272 600

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
20.5 Non-controlling interest				
Balance at beginning of year	-	-	10 100 845	6 930 545
Profit attributable to non-controlling interest	-	-	547 242	1 870 537
(Decrease)/increase on revaluation of property	-	-	(21 660)	1 330 317
Transfer from general reserve in respect of investmentfluctuation reserves	-	-	(182 250)	-
Transfer to general reserves in respect of regulatory reserve for doubtful debts	-	-	(50 020)	(30 554)
Dividends paid	-	-	(57 187)	-
Balance at end of year	-	-	10 336 970	10 100 845

20.6 Tax effect relating to each component of other comprehensive income

GROUP

2013	Before tax amount US$	Tax (expense) benefit US$	Net of tax amount US$
Gains on property revaluation	93 901	(4 695)	89 206
Share of associate companies' revaluation reserve, net of tax	78 138	-	78 138
	172 039	(4 695)	167 344
2012			
Gains on property revaluation	4 933 933	(924 352)	4 009 581
Share of associate companies' revaluation reserve, net of tax	936	-	936
	4 934 869	(924 352)	4 010 517

21. SHARE BASED PAYMENTS

These are no share based payments or share option schemes that are currently active.

A dividend distribution vehicle for staff, the ZB Financial Holdings Staff Trust, is in place and holds 5 273 438 shares of the issued share capital of the company.

	COMPANY 31 Dec 2013 US$	31 Dec 2012 US$	GROUP 31 Dec 2013 US$	31 Dec 2012 US$
22. NET INTEREST INCOME				
22.1 Interest income				
Interest income comprises interest on:				
Advances	-	-	26 471 355	24 471 806
Mortgage	-	-	640 507	258 722
Overdraft accounts	-	-	5 828 945	8 039 963
Cash and cash equivalents	-	38 889	1 678 708	962 088
Loans to other banks	-	-	693 601	633 387
Other	-	-	728 957	619 791
Total interest income	-	38 889	36 042 073	34 985 757
22.2 Interest expense				
Interest expense comprises interest on:				
Retail deposits	-	-	105 338	862 370
Fixed deposits	-	-	12 492 901	11 337 923
Short-term funds	-	-	290 738	332 788
Other interest payable categories	-	458 523	1 522 057	1 208 068
Total interest expense	-	458 523	14 411 034	13 741 149
22.3 Net interest income	-	(419 634)	21 631 039	21 244 608

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
23. NET INSURANCE PREMIUM INCOME				
23.1 Gross insurance premium income				
Reinsurance business				
Gross premium written	-	-	18 686 410	15 217 341
Retrocessions commission	-	-	1 648 532	505 697
Retrocessions claims	-	-	215 994	375 397
	-	-	20 550 936	16 098 435
Life assurance business				
Premium – single	-	-	333 515	305 791
Premium – recurrent	-	-	7 025 090	6 432 978
	-	-	7 358 605	6 738 769
Gross insurance premium income	-	-	27 909 541	22 837 204
23.2 Insurance expenses				
Reinsurance business				
Gross premium retroceded	-	-	5 658 784	2 685 533
Movement in provision for unexpired risk	-	-	240 374	6 110
Movement in provision for outstanding claims	-	-	198 900	761 096
Net claims paid	-	-	6 924 517	6 492 591
Commissions and fees	-	-	3 975 994	3 428 526
	-	-	16 998 569	13 373 856
Life assurance business				
Death and disability benefits	-	-	1 309 019	1 243 808
Maturities	-	-	151 318	221 530
Annuities	-	-	114 459	78 368
Surrenders and Group pension withdrawals	-	-	725 853	2 095 890
Reassurance premium cost	-	-	579 355	431 663
	-	-	2 880 004	4 071 259
Total insurance expenses	-	-	19 878 573	17 445 115
23.3 Net insurance premium income	-	-	8 030 968	5 392 089

	COMPANY		GROUP	
	31 Dec 2013 US$	31 Dec 2012 US$	31 Dec 2013 US$	31 Dec 2012 US$
24. OTHER OPERATING INCOME				
Commission and fees	-	-	26 383 410	32 419 841
Dealing income	-	-	186 557	383 690
Exchange income	-	-	201 368	1 068 664
Dividends from investment securities	1 862 817	2 629 555	590 838	526 088
(Loss) / profit on disposal of property and equipment	(3 149)	-	(61 019)	30 525
Profit on disposal of investments	-	-	106 260	622 575
Rent received	-	-	1 756 070	1 154 284
Cost recovery for shared services	5 610 560	6 921 328	-	-
Management fees	871 101	279 277	-	-
Other	-	356	3 556 375	2 127 317
	8 341 329	9 830 516	32 719 859	38 332 984
25. FAIR VALUE ADJUSTMENTS				
On financial instruments	316 491	(47 124)	2 517 384	18 266
On investment properties	-	-	53 987	5 724 720
On investment in subsidiaries	(599 629)	7 837 245	-	-
	(283 138)	7 790 121	2 571 371	5 742 986
26. OPERATING EXPENSES				
Commission and fees	-	-	669 311	1 463 117
Staff expenses	3 809 723	3 360 790	29 882 956	28 923 981
Communication expenses	114 509	114 194	1 307 535	1 480 743
National Social Security Authority expenses	62 612	44 139	192 604	143 933
Pension fund expenses	205 546	201 171	1 782 478	1 775 783
Computers and information technology expenses	212 364	201 783	2 589 202	3 322 855
Occupation expenses	750 484	789 439	6 140 914	5 396 351
Transport expenses	460 240	469 414	1 718 240	1 764 353
Travelling expenses	243 004	337 793	909 556	968 120
Depreciation of property and equipment	106 117	-	2 740 747	2 790 905
Amortisation of intangible assets	2 529	-	2 099 562	1 564 973
Administration expenses	2 741 239	2 360 194	8 338 825	9 487 011
Directors fees	53 400	59 200	813 796	794 068
Impairment on investments	-	-	-	193
Impairment on intangible assets	-	-	50 011	55 092
	8 761 767	7 938 117	59 235 737	59 931 478

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
26. OPERATING EXPENSES (continued)				
Included in administration expenses are the following:				
Auditors' remuneration	48 605	88 330	539 603	510 642
-for current year audit	48 605	30 830	504 828	453 142
-for half year audit	-	57 500	34 775	57 500
27. INCOME TAX CREDIT / (EXPENSE)				
Current income tax	-	-	1 187 621	1 899 856
Deferred tax	631 597	(153 982)	(985 743)	(432 516)
	631 597	(153 982)	201 878	1 467 340
Zimbabwean corporation tax is calculated at an effective rate of 25.75 per cent (2012: 25.75 per cent) of the estimated taxable profit for the year.				
Reconciliation of current income tax				
Profit before taxation	703 576	9 262 886	1 069 983	12 326 341
Current tax on profits at basic rates	(181 171)	2 385 193	275 520	3 174 033
Increase / (reduction) arising from:				
- Exempt income	479 675	-	1 944 824	1 726 590
- Expenditure not allowed	206 064	-	350 769	204 950
- General provisions and deferred income	-	-	600 111	471 593
- Capital allowances in excess of depreciation	25 460	-	2 200 424	1 878 949
- Prepaid expenses	-	-	(63 517)	(414 958)
- Fair value adjustments	(530 028)	(2 385 193)	(4 120 510)	(5 141 301)
	-	-	1 187 621	1 899 856

28. EARNINGS PER SHARE

GROUP

Basic and fully diluted earnings per share

The calculation of basic and fully diluted profit per share for the year ended 31 December 2013 of US$0.002 (2012:profit of US$0.051) is based on the attributable profit after tax of US$320 863 (2012: profit of US$8 988 464) and weighted average number of shares of 159 166 075 (2012:160 059 550).

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
29. CASH GENERATED FROM OPERATING ACTIVITIES				
Net cash from operating activities				
Profit before taxation	(703 576)	9 262 886	1 069 983	12 326 341
Non cash items:				
-Fair value adjustments on investments	283 138	(7 790 121)	(2 517 384)	(18 266)
-Fair value adjustments on investments properties	-	-	(53 987)	(5 724 720)
-Depreciation of property and equipment	106 117	-	2 740 747	2 790 905
-Interest received	-	(38 889)	(36 042 073)	(34 985 757)
-Interest paid	-	458 523	14 411 034	13 741 149
-Dividend received	-	-	(255 960)	(526 088)
-Amortisation of intangible assets	2 529	-	2 099 562	1 564 973
-Exchange gain on investment	-	-	(955)	(343)
-Impairment loss on intangible assets	-	-	50 011	55 092
-Impairment loss on investments	-	-	-	151
-Profit/(Loss) on disposal of equipment	3 149	-	61 019	(30 526)
-Gain on disposal of investments	-	-	(106 260)	(622 575)
-Share of associate companies profits	-	-	(1 148 051)	(1 594 364)
Operating cash flows before changes in working capital funds	(308 643)	1 892 399	(19 692 314)	(13 024 028)
Changes in working capital funds:				
(Decrease)/increase in offshore borrowing	-	-	(2 966 657)	142 950
Increase in money markets instruments	-	-	(2 412 825)	(5 981 350)
Increase in mortgage advances	-	-	-	(1 348 055)
(Decrease)/increase in other assets	(3 343 072)	(1 981 139)	1 517 302	(172 484)
Decrease/increase in advances and other accounts	-	-	2 390 561	(16 989 871)
Decrease in treasury bills	-	-	-	(1 000 000)
Increase in deposits and other accounts	-	-	1 888 044	47 548 920
Increase in amounts clearing to other banks	-	-	41 767	95 700
Increase in other financial assets	-	-	134 392	402 961
Decrease / increase in other liabilities	3 835 653	3 653 729	777 148	(2 906 759)
Decrease / increase in life assurance funds	-	-	4 060 867	(1 700 962)
Effects of exchange gains	-	-	201 368	1 068 664
Cash generated from operating activities	183 938	3 564 989	(14 060 347)	6 135 686

30. AGENCY ACTIVITIES

In addition to the life assurance funds disclosed in note 19, the Group provides agency services to individuals, trusts, retirement benefit plans and other institutions, whereby it manages assets or invests funds received in various financial instruments at the direction of the customer. The Group receives fee income for providing these services. Assets held by the Group on behalf of clients were as follows:

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
30.1 Funds under management				
Investors' funds in ZB Investments				
Nominees (Private) Limited	-	-	54 018 723	45 994 608
Investors' funds in ZB Unit Trust Funds	-	-	2 160 430	2 156 690
	-	-	56 179 153	48 151 298
Represented by:				
Investments in money market instruments	-	-	23 781 319	19 817 214
Investments in listed instruments	-	-	22 701 119	19 071 379
Investments in unlisted instruments	-	-	3 849 402	5 231 701
Property investments	-	-	5 847 313	4 031 004
	-	-	56 179 153	48 151 298
30.2 Custodial services				
Additionally, the Group undertakes custodial services for script and other security documents for a fee.				
Assets under safe custody	-	-	42 916 289	26 453 599

31. RELATED PARTY TRANSACTIONS

Transactions between the Group and other non-subsidiary related parties are carried out at arm's length and follow the normal vetting processes as established in the Group.

31.1 Lending to related parties

There were advances in favour of related parties as at the reporting date.

		COMPANY		GROUP
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
31.1.1 Balances with fellow subsidiaries	11 027 824	7 224 747	-	-
31.1.2 Agrobills with ZB Bank	-	4 966 657	-	-
31.1.3 Income received from fellow subsidiaries	7 280 151	7 200 605	-	-
31.1.4 Lending to affiliate Alexander Forbes Risk Services Zimbabwe (Private) Limited	-	-	-	73
31.1.5 Lending to other related parties				
Also included in advances and other accounts is the following exposures to directors and employees:				
Loans to directors	-	-	-	414 947
Loans to employees	-	-	6 020 538	7 893 875
	-	-	6 020 538	8 308 822

Loans to directors and employees are carried at amortised cost, at interest rates from 6% to 18%, and with repayment periods of one year to six years. The loans are fully secured against terminal benefits, and hence no allowance has been made for impairment.

31.2 Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below

		COMPANY		GROUP
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
Directors' remuneration				
- fees by the Holding Company	53 400	59 200	53 400	59 200
- fees by subsidiaries	-	-	760 396	734 868
	53 400	59 200	813 796	794 068

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
32. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS				
32.1 Contingent liabilities				
In respect of guarantees	-	-	23 832 413	25 366 068
32.2 Capital commitments				
In respect of expenditure authorised and contracted	-	-	945 700	6 942 625
In respect of expenditure authorised but not contracted	-	-	3 342 128	8 568 595
	-	-	4 287 828	15 511 220

Capital commitments will be funded from own funds.

33 OPERATING LEASES COMMITMENTS

The Group leases various office buildings under non-cancellable operating lease agreements. The lease terms are between 2 and 4 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	COMPANY 31 Dec 2013 US$	COMPANY 31 Dec 2012 US$	GROUP 31 Dec 2013 US$	GROUP 31 Dec 2012 US$
No later than 1 year	-	-	59 892	415 834
Later than 1 year and no later than 5 years	-	-	5 541 826	2 009 777

34. PENSION ARRANGEMENTS

All permanent staff, other than those over age, are contributory members of the following independently administered pension funds which are defined contribution plans:

34.1 ZB Financial Holdings Limited Pension Fund:

All members of the Group belong to a Defined Contribution scheme which is administered separately and whose assets are under the control of a board of trustees.

The Group's liability in respect of this fund is limited to the level of contributions at the rates specified in the rules of the plans.

	COMPANY		GROUP	
	31 Dec 2013 US$	31 Dec 2012 US$	31 Dec 2013 US$	31 Dec 2012 US$
Total expense recognised in profit or loss	-	-	1 782 478	1 775 783

34.2 National Social Security Authority

This Defined Contribution scheme was promulgated under the National Social Security Authority Act 1989. The Group's obligations under the scheme are limited to specific contributions as legislated from time to time and are presently 4% of pensionable emoluments (2012: 4%) per month per employee. Contributions by the Group amounted to US$192 604 for the year ended 31 December 2013 (2012: US$143 933).

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments held by the Group are analysed as per notes 6 to 8.

35.1 Capital risk management

The primary objectives in managing capital at the Group are:

- To guarantee the ability of entities within the Group to continue as going concerns whilst providing an equitable return to the Group's shareholders and benefit to customers and other stakeholders.
- To maintain a strong fall back position which is commensurate with the level of risk undertaken by the entities within the Group in the normal course of their business.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments held by the Group are analysed as per notes 6 to 8.

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- To guarantee the ability of entities within the Group to continue as going concerns whilst providing an equitable return to the Group's shareholders and benefit to customers and other stakeholders.
- To maintain a strong fall back position which is commensurate with the level of risk undertaken by the entities within the Group in the normal course of their business.
- To comply with the regulatory capital requirements as prescribed by relevant authorities.

The Group's capital consists of equity attributable to the shareholders of the parent Company, comprising the issued share capital, reserves and retained income as disclosed in note 20 and debt, which includes direct loans plus the residual funding from deposit taking activities after deducting the associated liquid or near-liquid assets.

The Group's operating target is to maintain operating assets at a level that is lower than the available operating funds at all times in order to restrict recourse on shareholders' equity for operational funding. This objective was met at all times during the course of the year under review.

Consequently, gearing was maintained at nil throughout the year.

The banking, asset management and insurance operations in the Group are subject to prescribed minimum regulatory capital requirements and minimum capital adequacy and solvency ratios as prescribed from time to time.

Management of the Group monitors the level of capital adequacy on a continual basis, employing techniques adopted from the guidelines developed by the Basel Committee and contained in the Basel II capital accord as implemented by the supervisory authorities for each of the affected entities. For the life assurance business, regular actuarial reviews are undertaken to establish the solvency of the business.

35.2 Financial risk management

The Group maintains active trading positions in a variety of non-derivative financial instruments in anticipation of customer demand. The Group manages its trading activities by type of risk involved and on the basis of the categories of trading instruments held. Regular feedback on risk related matters is provided to the Board through the Board Risk Committee.

35.2.1 Fair values and risk management – accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		CARRYING AMOUNT					FAIR VALUE			
31 December 2013	Note	Designated at fair value	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Equity securities	8	16 188 888	-	-	-	16 188 888	16 188 888	-	-	16 188 888
Government public utility stock		-	268 567	-	-	268 567	268 567	-	-	268 567
Total		16 188 888	268 567	-	-	16 457 455				
Financial assets not measured at fair value										
Trade and other receivables	10	-	-	3 663 858	-	3 663 858				
Cash and cash equivalents	5	-	-	69 160 246	-	69 160 246				
Total		-	-	72 841 064	-	72 841 064				
Financial liabilities not measured at fair value										
Short term borrowings	15	-	-	-	(3 750 000)	(3 750 000)	-	(3 750 000)	-	(3 750 000)
Trade and other payables	16	-	-	-	(13 262 913)	(13 262 913)				
Total		-	-	-	(17 012 913)	(17 012 913)				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

35.2 Financial risk management (continued)

35.2.1 Fair values and risk management – accounting classification and fair values (continued)

		CARRYING AMOUNT					FAIR VALUE			
31 December 2012	Note	Designated at fair value	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Equity securities	8	11 916 417	-	-	-	11 916 417	11 916 417	-	-	11 916 417
Government public utility stock		-	402 959	-	-	402 959	402 959	-	-	402 959
Total		11 916 417	402 959	-	-	12 319 376				
Financial assets not measured at fair value										
Trade and other receivables	10	-	-	5 058 447	-	5 058 447				
Cash and cash equivalents	5	-	-	69 726 565	-	69 726 565				
Total		-	-	74 785 012	-	74 785 012				
Financial liabilities not measured at fair value										
Short term borrowings	15	-	-	-	(6 716 657)	(6 716 657)	-	(6 716 657)	-	(6 716 657)
Trade and other payables	16	-	-	-	(12 485 768)	(12 485 768)				
Total		-	-	-	(19 202 425)	(19 202 425)				

35.2.2 Definition of financial risk

The Group defines financial risk collectively to include liquidity risk, market risk and credit risk.

35.2.2.1 Liquidity risk

Definition

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes the risk of being unable to fund liabilities at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Identification techniques

This risk is identified through gap and maturity analysis.

Measurement methods

Liquidity risk is measured using the gap analysis techniques and the term structure of assets and liabilities.

Impact evaluation

Liquidity risk is considered moderate for the Group due to the pervasive mismatch of assets and liabilities in all time brackets and a generally illiquid market out turn which makes the mobilization of funds difficult in the event of adverse systemic events occurring on the market.

Notwithstanding the above, the Group maintained a level of liquid resources at above 30% of available deposits in order to cater for customer transactional demands.

Strategies for management/mitigation

The Group has access to a diverse funding base and can raise funds using a broad range of instruments including deposits, liabilities evidenced by paper and share capital. The Group has funding flexibility and this limits dependence on any one source of funding.

Liquidity risk is managed by Group Treasury in consultation with the Assets and Liabilities Committee.

Monitoring and controlling mechanisms

The funding gap is monitored through a number of management reports including maturity profiles. The Group continually assesses risk by identifying and monitoring changes in funding required to meet business objectives and targets set in terms of the overall Group strategy. Other tools used are the imposition of dealer limits, reporting on facility utilizations and excesses that require management attention.

Adequacy and effectiveness of risk management systems

The liquidity risk management and control mechanisms in place are adequate, effective and are adhered to by all staff members.

35.2.2.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

LIQUIDITY GAP ANALYSIS AS AT 31 DECEMBER 2013

The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities.

	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Gross nominal inflow/(outflow) US$	Carrying amount US$
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	68 790 478	-	-	-	68 790 478	69 160 246
Money market investments	-	15 894 912	-	-	15 894 912	15 605 190
Advances and other accounts	80 286 520	31 900 907	16 794 447	22 147 041	151 128 915	133 805 128
Investment securities	-	-	-	23 963 517	23 963 517	23 963 517
Investment in associates	-	-	-	14 171 551	14 171 551	14 171 551
	149 076 998	47 795 819	16 794 447	60 282 109	273 949 373	256 705 632
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(180 577 652)	(40 886 270)	(1 713 320)	(9 574 048)	(232 751 290)	(218 615 988)
Short term borrowings	-	(4 007 804)	-	-	(4 007 804)	(3 750 000)
	(180 577 652)	(44 894 074)	(1 713 320)	(9 574 048)	(236 759 094)	(222 365 988)
Period gap	(31 500 654)	2 901 745	15 081 127	50 708 061	37 190 279	34 339 644
Cumulative gap	(31 500 654)	(28 598 909)	(13 517 782)	37 190 279	74 380 558	-

35.2.2.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

LIQUIDITY GAP ANALYSIS AS AT 31 DECEMBER 2012

	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Gross nominal inflow/(outflow) US$	Carrying amount US$
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	68 181 518	-	-	-	68 181 518	69 726 565
Money market investments	-	13 234 915	-	-	13 234 915	13 192 365
Advances and other accounts	46 774 484	54 776 941	26 163 086	11 294 937	139 009 448	136 195 690
Treasury bills	-	-	-	-	1 000 000	1 000 000
Investment securities	-	402 959	-	20 106 622	20 509 581	20 509 581
Investment in associates	-	-	-	12 945 367	12 945 367	12 945 367
	114 956 002	68 414 815	26 163 086	44 346 926	253 880 829	252 569 568
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(176 938 839)	(28 291 571)	(5 296)	-	(205 235 706)	(216 727 944)
Short term borrowings	-	(4 966 657)	(1 850 522)	-	(6 817 179)	(6 716 657)
	(176 938 839)	(33 258 228)	(1 855 818)	-	(212 052 885)	(223 444 601)
Period gap	(61 982 837)	35 156 587	24 307 268	44 346 926	41 827 944	29 124 967
Cumulative gap	(61 982 837)	(26 826 250)	(2 518 982)	41 827 944	83 655 888	-

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
35.2.2.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)				
Liquidity ratios				
Total liquid assets	-	-	84 765 436	82 918 930
Total liabilities to the public	-	-	218 615 988	216 727 946
Liquidity ratio	-	-	38.77%	38.26%
Average for the year	-	-	38%	34%
Maximum for the year	-	-	43%	39%
Minimum for the year	-	-	32%	30%
Minimum statutory liquidity ratio	-	-	30%	30%

Regulated banking operations, ZB Bank Limited and ZB Building Society reported liquidity ratios that were above the minimum regulated ratios as follows:

	31 Dec 2013	31 Dec 2012
	US$	US$
ZB Bank Limited	36%	34%
ZB Building Society	57%	75%

35.2.3 Market risk

Market risk arises from adverse movements in the market place which cause interest rate, foreign exchange rate and equity price fluctuations in the markets in which the Group operates.

35.2.3.1 Interest rate risk

Definition
The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest bearing liabilities mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Group's business strategies.

Identification techniques
Interest rate risk is identified using the term structure of assets and liabilities.

Measurement methods
Rate sensitive assets and liabilities are analyzed and a maturity profile established.

Impact evaluation
The Group has evaluated this risk as low. Adequate systems are in place to ameliorate the risk.

Strategies for management / mitigation
The Assets and Liabilities Committee (ALCO) reviews the gap analysis and appropriate action is taken to keep risk within acceptable limits. In the main, lending is linked to the Group's prime rate and is funded through short-term borrowings thus narrowing the gap.

Monitoring and controlling mechanisms
ALCO meets regularly to discuss the future direction of interest rates after the economic fundamentals have been analyzed. Decisions are then taken on rate sensitive assets and liabilities. If economic fundamentals turn out differently, ad-hoc ALCO meetings are convened to discuss the said issues and chart a way forward.

Adequacy and effectiveness of risk management systems
The interest rate risk management systems noted above are adequate and effective in dealing with the interest rate risk.

35.2.3.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

INTEREST RATE GAP ANALYSIS AS AT 31 DECEMBER 2013

	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Carrying amount US$
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	9 181 655	-	53 512	-	9 235 167
Money market investments	-	15 605 190	-	-	15 605 190
Advances and other accounts	80 113 091	30 831 562	14 115 691	19 789 717	144 850 061
	89 294 746	46 436 752	14 169 203	19 789 717	169 690 418
FINANCIAL LIABILITIES BY TYPE:					
Deposits and other accounts	(180 492 088)	(39 672 288)	(1 713 253)	(7 629 464)	(229 507 093)
Offshore borrowings	-	-	-	(3 750 000)	(3 750 000)
	(180 492 088)	(39 672 288)	(1 713 253)	(11 379 464)	(233 257 093)
Period gap	(91 197 342)	6 764 464	12 455 950	8 410 253	(63 566 675)
Cumulative gap	(91 197 342)	(84 432 878)	(71 976 928)	(63 566 675)	-

INTEREST RATE GAP ANALYSIS AS AT 31 DECEMBER 2012

	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Carrying amount US$
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	6 946 795	-	-	-	6 946 795
Money market investments	-	12 192 365	-	-	12 192 365
Advances and other accounts	46 520 744	51 499 831	22 055 133	10 627 854	130 703 562
Treasury bills	-	1 000 000	-	-	1 000 000
	53 467 539	64 692 196	22 055 133	10 627 854	150 842 722
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(176 938 839)	(27 320 208)	(5 296)	-	(204 264 343)
Offshore borrowings	-	(4 966 657)	(1 750 000)	-	(6 716 657)
	(176 938 839)	(32 286 865)	(1 755 296)	-	(210 981 000)
Period gap	(123 471 300)	32 405 331	20 299 837	10 627 854	(60 138 278)
Cumulative gap	(123 471 300)	(91 065 969)	(70 766 132)	(60 138 278)	-

35.2.3.1 Interest rate risk (continued)

Sensitivity analysis

A 2% change in the rate sensitive assets would result in the reported profits being increased or decreased by US$40 101 and the total assets in the statement of financial position being increased or decreased by US$5.1 million using an average margin of 1.05% per annum.

A 2% change in the rate sensitive liabilities would result in the reported profits being increased or decreased by US$34 736 and the total liabilities in the statement of financial position being increased or decreased by US$4.4 million using an average margin of 1.05% per annum.

35.2.3.2 Foreign exchange risk

Definition
Foreign exchange risk is the risk that arises from adverse changes in foreign exchange rates and emanates from a mismatch between foreign currency inflows and outflows.

Identification techniques
The risk is identified through the analysis of the Group's open foreign exchange positions.

Measurement methods
The risk is measured through the Group's open foreign exchange positions.

Impact evaluation
The Group has evaluated this risk as low in view of the low volumes traded and the multi-currency environment.

Strategies for management/mitigation
The risk is managed through ALCO directives, compliance with the requirements of the Reserve Bank of Zimbabwe and market analysis techniques.

Monitoring and controlling mechanisms
The risk is controlled through the use of dealer limits placed on the overall foreign exchange position.

Adequacy and effectiveness of risk management system
Management is confident that the foreign exchange risk management systems in place are adequate, effective and are complied with in all material respects by all staff members.

35.2 Financial risk management (continued)

35.2.3.2 Foreign currency position

The carrying amount of the Group's non United States dollar monetary assets and liabilities as at 31 December 2013 were as follows:

	COMPANY		GROUP	
	31 Dec 2013 US$	31 Dec 2012 US$	31 Dec 2013 US$	31 Dec 2012 US$
Australian dollar	-	-	-	1 858
Botswana pula	-	-	438 397	374 495
British pound	-	-	284 661	140 032
Indian rupee	-	-	-	739
Japanese yen	-	-	39 986	51 713
Malawian kwacha	-	-	801	1 062
Euro	-	-	1 596 556	1 062 756
South African rand	-	-	5 680 895	6 578 982
Zambian kwacha	-	-	993	991
Total assets	-	-	8 042 289	8 212 628
Botswana pula	-	-	(110 251)	(130 776)
British pound	-	-	(103 853)	(108 275)
Euro	-	-	(96 368)	(89 907)
South African rand	-	-	(3 941 674)	(4 251 901)
Total liabilities	-	-	(4 252 146)	(4 580 859)
Net foreign currency position	-	-	3 790 143	3 631 769

The Group's main exposure to foreign currency risk arises from the commitments for licence and support fees for information technology platforms that were sourced from foreign suppliers.

Sensitivity analysis

A 10% change in exchange rates would result in the reported profit being reduced or increased by US$281 418 [2012: US$269 659] and equity being reduced or increased by US$379 014 [2012: US$363 177].

35.2.3.3 Equity price risk

Definition

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of equity investments that derive their value from a particular equity investment or index of equity prices.

Identification techniques

The Group tracks the performance of all its equity investments using the price lists issued by members of the Zimbabwe Stock Exchange.

35.2.3.3 Equity price risk (continued)

Measurement methods

Based on the price lists from the members of the Zimbabwe Stock Exchange, the Group quantifies the risk.

Impact evaluation

Equity price risk is assessed as moderate due to a significant concentration in a few counters which are strategic to the Group's operations.

Strategies for management/mitigation

The Group manages its exposure to equity price risk by maintaining a diversified portfolio.

Adequacy and effectiveness of risk management system

The risk management system has proved adequate and effective in managing equity price risk.

Sensitivity analysis

A 10% increase / decrease in the value of listed shares as at 31 December 2013 would result in an increase / decrease of US$2.6 million to the reported Group's profit and an increase / decrease of US$2.6 million in equity.

35.2.4 Credit risk

Definition

Credit risk is the risk that a counter party will not honour its obligations to the Group as and when they become due.

Identification techniques

Prior to granting facilities, the Group conducts an assessment proposal through a credit scoring system which classifies as good or bad depending on points scored. Thereafter facilities extended to clients are reviewed on a regular basis and classified accordingly.

Measurement methods

The risk is measured through assessing the risk of default using a credit risk-rating matrix.

Impact evaluation

Credit risk is rated moderate due to increased market wide company failures as well as apparently increased debt burden on individuals due to a proliferation of credit facilities.

Strategies for management/mitigation

The Group has a credit risk management process which operates through a hierarchy of exposure discretions. All exposures above a certain level require the approval of the Board Credit Committee's which comprises executive and non-executive directors. Exposures below the Board Credit Committee's discretion are approved according to a system of tiered exposure discretions consisting of Divisional and Group Credit Committees.

A substantial portion of the Group's individual and corporate borrowings is insured for non-performance whilst security of various other forms is obtained for large exposures.

35.2.4 Credit risk (continued)

Monitoring and controlling mechanisms

Regular credit audits and reviews are conducted and problem accounts are highlighted and management action is taken as appropriate.

Adequacy and effectiveness of risk management systems

The credit risk management and control techniques alluded to above are adequate and effective and all staff members are required to adhere to them.

The table below shows the credit exposure by client quality classification:

	COMPANY		GROUP	
	31 Dec 2013 US$	31 Dec 2012 US$	31 Dec 2013 US$	31 Dec 2012 US$
Classification				
Good	-	-	141 536 522	135 315 901
Sub-standard	-	-	298 582	1 609 899
Doubtful	-	-	6 077 435	3 721 065
Loss	-	-	22 127 145	20 914 895
Total	-	-	170 039 684	161 561 760

Balances include guarantees which are reported as off balance sheet exposures.

35.2.4 Credit risk (continued)

The table below shows the Group's exposure to credit risk.

	Loans and advances to customers		Investment securities	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
Carrying amount	133 805 128	136 195 640	6 783 507	8 314 132
Assets at amortised cost				
Individually impaired:				
Grade 6: Impaired	1 213 552	952 099	-	-
Grade 7: Impaired	6 766 736	606 755	-	-
Grade 8: Impaired	298 582	787 437	-	-
Grade 9: Impaired	5 518 332	2 921 000	-	-
Grade 10: Impaired	23 075 325	20 914 895	-	-
Gross amount	36 872 527	26 182 186	-	-
Allowance for:				
- Impairment	(2 224 438)	(4 535 117)	-	-
- Interest reserve	(8 094 776)	(6 692 953)	-	-
Carrying amount	26 553 313	14 954 116	-	-
Collectively impaired:				
Grades 1-4: Low– fair risk	103 331 110	118 432 089	-	-
Grade 5: Watch list	4 477 750	3 558 827	-	-
Gross amount	107 808 860	121 990 916	-	-
Allowance for:				
Impairment	(557 045)	(749 342)	-	-
Carrying amount	133 805 128	136 195 690	-	-
Neither past due nor impaired:				
Grades 1-4: low– fair risk	-	-	5 536 856	5 535 900
Carrying amount	-	-	5 536 856	5 535 900
Total carrying amount at amortised cost	133 805 128	136 195 690	5 536 856	5 535 900
Assets at fair value through profit and loss:				
Neither past due nor impaired:				
Grades 1-4: low–fair risk	-	-	1 246 651	1 312 504
Carrying amount – fair value	-	-	1 246 651	1 312 504
Total carrying amount	133 805 128	136 195 690	6 783 507	6 848 404

Strategies for management / mitigation:

The Group has a credit risk management process, which operates through a hierarchy of exposure discretions. All exposures above a certain level require the approval of the Board Credit Committee which comprises executive and non-executive directors. Exposures below the Board Credit Committee's discretion are approved according to a system of tiered exposure discretions consisting of Divisional and Group Credit Committees.

35.2.4 Credit risk (continued)

A substantial portion of the Group's individual and corporate borrowings is insured for non-performance whilst security of various other forms is obtained for large exposures.

Monitoring and controlling mechanisms:

Regular credit audits and reviews are conducted and problem accounts are highlighted and management action is taken as appropriate.

Adequacy and effectiveness of risk management systems:

The credit risk management and control techniques alluded to above are adequate and effective and all staff members are required to adhere to them.

The Group has issued financial guarantees in respect of clients graded 1 to 4, and for which the maximum amount payable by the Group, assuming all guarantees are called on,is US$23 832 413 (2012: US$25 366 068).

Sensitivity analysis

A 10% change in the assets classified as good to marginal category to a "loss" classification would result in the reported profit being reduced by US$7 970 688 and the total assets in the statement of financial position reducing by US$11 535 003.

35.3 Other business risks

35.3.1 Operational risk

Definition

Operational risk is inherent in all business activities and this is the potential of loss arising from deficiencies in internal control systems, poor operational standards, errors and deliberate acts of fraud and collusion to override internal control systems.

Identification techniques

The Board Audit Committee, through the medium of the internal audit function, assesses the efficacy of the internal accounting controls and makes recommendations for improvement to the Board of Directors.

Measurement methods

The risk is measured by the extent of loss due to system failure reported during the period.

Impact evaluation

The Group has assessed this risk category as medium based on the adequate internal control system.

Strategies for management/mitigation

The Group manages the risk through staff training and development, segregation of duties, reviewing the work performed and regular internal and independent audits. Further, the Group has administration manuals to guide staff in the execution of their duties and these manuals are reviewed regularly.

In addition, the Group has comprehensive insurance arrangements in place to mitigate the impact of any loss events.

35.3.1 Operational risk (continued)

Monitoring and controlling mechanisms

Any losses incurred as a result of this risk are reported through the line to the Board Audit Committee and lessons learnt from each incident are used as case studies in training staff, improving the control procedures and the control environment.

Adequacy and effectiveness of risk management systems

Management is confident that the operational risk management systems noted above are adequate, effective and are adhered to in all material respects by all staff members.

35.3.2 Legal, reputational and compliance risks

Definition

Legal risk is the risk that the Group can be involved in litigation resulting in loss of money and/or impaired reputation. Compliance risk refers to the risk of failure to comply with material rules, regulations and laws.

Identification techniques

All agreements entered into by the Group are reviewed by the Legal Department to make sure that they are consistent with normal market practices.

Measurement methods

The Group has a Compliance Department which monitors and ensures that the Group is complying with all the rules, regulations and laws of the country in all material respects. The Group Compliance Officer reports to the Board Audit Committee on a quarterly basis on all compliance related issues.

Impact evaluation

The Group considers this risk as low in the view of the adequate systems of internal controls.

Strategies for management through mitigation

The Group manages this risk through staff training and development, regular and independent audits.

Monitoring and controlling mechanisms

Any losses incurred are reported to the Board Audit, Board risk and Board Executive Committees. Lessons learnt are used in staff training to avoid recurrences.

Adequacy and effectiveness of the risk management system

The management system for legal, reputational and compliance risks is adequate and effective.

Impact evaluation

The Group considers this risk as low as there are adequate systems of identifying, monitoring and controlling solvency risk.

Measurement methods

The Group measures this risk through setting maximum levels for loan/deposit ratios and reviewing the relationship between liabilities and assets through maturity profiles and term structures.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

35.3 Other business risks (continued)

35.3.3 Technological risk

Definition

This includes innovation, or the lack thereof, obsolescence, explosions and dependability of the technological platform.

Identification techniques

An Information Technology Committee which reviews developments and proposes enhancements to the technological platform is in place. The Group also has Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) and these are tested and maintained up to date. Access to computer systems is restricted to authorized personnel through a hierarchy of authority levels.

Impact evaluation

The Group considers this risk as low in view of the stability of the current technology platform, the in-house expertise that has been gained over the years and the strong support available from the vendor of the platform.

Measurement methods

The Group measures the risk through setting and monitoring the maximum tolerances for system downtimes, ensuring that the reports are available at the appropriate times and generally that operational efficiency is being achieved.

Strategies for management/mitigation

The Group manages this risk through staff training and development, regular and independent audits. Issues are also escalated to the vendor as appropriate and these are always resolved expeditiously. Further, the Group updates BCPs and DRPs regularly and also conducts business continuity and disaster recovery tests twice per year.

Monitoring and controlling mechanisms

The deadlines for the production of all reports are monitored strictly. Any system breakdowns are attended to and reported promptly to ensure that appropriate corrective action is instituted. The Group constantly reviews new technologies and adopts them where appropriate. All computer rooms are temperature controlled and well ventilated. Access is restricted to authorized persons only. There are various levels of access to the system based on the seniority of the officers concerned.

Adequacy and effectiveness of risk management systems

The management system for identifying, monitoring and controlling technological risk is adequate and effective and all staff members adhere to the system.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

35.3 Other business risks (continued)

35.3.4 Solvency risk

Definition
Solvency risk is the risk that the Group may incur liabilities that are far in excess of its ability to pay leading to financial distress.

Identification techniques
The Group strictly monitors the assets and liabilities and has set limits to the liabilities that can be incurred and the placements arising there from. The loan/deposit ratio is monitored regularly and corrective action instituted where appropriate.

Impact evaluation
The Group considers this risk as low as there are adequate systems of identifying, monitoring and controlling solvency risk.

Measurement methods
The Group measures this risk through setting maximum levels for loan/deposit ratios and reviewing the relationship between liabilities and assets through maturity profiles and term structures.

Strategies for management/mitigation
The Group manages the risks through setting limits for the loan/deposit ratio and ensuring that these limits are not exceeded.

Adequacy and effectiveness of risk management systems
The management system for identifying, monitoring and controlling solvency risk is adequate and effective and all staff members adhere to the system.

35.3.5 Underwriting risk

Definition
Underwriting risk in reinsurance business is the probability of losses incurred in a given reinsurance period exceeding premium in the corresponding period. On the other hand in life assurance business underwriting risk is the risk that the actual exposure to mortality and disability risks will exceed the best estimate of the statutory valuator, thereby causing financial loss.

Impact evaluation
The underwriting risk in reinsurance business would only materialize in the case of a catastrophe. The risk in case of a catastrophe has been reinsured and is limited to US$75 000 (2012: US$75 000) and concentration of insurance risk is in fire and motor classes, as management consider these classes to be profitable. There is no concentration of risk in terms of exposure to single customers.

Measurement methods
In life assurance business, all applications for life and disability cover are assessed using sound underwriting techniques and methods, including HIV testing, where necessary. Mortality and disability investigations are periodically carried out and actuarial assumptions are adjusted accordingly.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

35.3 Other business risks (continued)

35.3.5 Underwriting risk (continued)

Strategies for management/mitigation

In reinsurance business, this is normally mitigated by the purchase of reinsurance from the London insurance market annually. All mortality and disability risks above periodically determined retention levels are reassured with professional reassurance firms.

Details of underwriting risk in reinsurance business are as follows:

	COMPANY		GROUP	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	US$	US$	US$	US$
Total insurance risk before retrocession	-	-	6 000 000	6 000 000
Retroceded risk	-	-	(5 000 000)	(4 000 000)
Insurance risk after reinsurance	-	-	1 000 000	2 000 000

35.4 Risk rating

35.4.1 Regulatory risk rating

The Reserve Bank of Zimbabwe conducts regular offsite and onsite examinations of the institutions that it regulates. The last on-site examination of the Group was concluded on the 21st of October, 2009, using data as at 30 September 2009.

Being a Bank Holding Group (BHC), the condition of ZB Financial Holdings Limited was assessed using the RFI/(C)D rating system which is an acronym for Risk Management; Financial Condition; Potential Impact of the parent Group and non-depository subsidiaries on the subsidiary depository institutions; Composite rating based on an evaluation and rating of its managerial and financial condition; and assessment of the subsidiary Depository institutions.

ZB Bank Limited and ZB Building Society were assessed using the Risk Assessment System (RAS) and the CAMELS rating model whilst ZB Asset Management Group was rated using the CEFM model.

The individual components of the rating systems were rated as follows:

RFI/(C)D/CAMELS/CEFM Component			Latest Rating	
	ZB Bank	ZB Building Society	ZB Asset Management	ZB Financial Holdings Group
Risk Management	n/a	n/a	n/a	3
Financial Condition	n/a	n/a	n/a	2
Impact	n/a	n/a	n/a	2
Composite rating	n/a	n/a	n/a	2
Depository Institutions	n/a	n/a	n/a	2
Capital Adequacy	2	2	2	zn/a
Asset Quality	2	2	n/a	n/a
Management	2	3	3	n/a
Earnings	3	4	3	n/a
Liquidity and Funds Under Management	3	3	2	n/a
Sensitivity to Market Risk	2	2	n/a	n/a
Composite rating	2	3	2	2

Summary of Risk Assessment

RFI/(C)D/CAMELS/CEFM Component			Latest Rating	
	ZB Bank	ZB Building Society	ZB Asset Management	ZB Financial Holdings Group
Aggregate inherent risk	Moderate	Moderate	Moderate	Moderate
Quality of aggregate risk management systems	Acceptable	Acceptable	Acceptable	Acceptable
Overall composite risk	Moderate	Moderate	Moderate	Moderate
Direction of overall composite risk	Stable	Stable	Stable	Stable

Overall Risk Matrix – ZB Financial Holdings Limited

Type or Risk	Level of Aggregate Inherent Risk	Adequacy of Aggregate Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit Risk	Minor	Acceptable	Low	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	Moderate	Acceptable	Moderate	Stable
Foreign Exchange Risk	Moderate	Acceptable	Moderate	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	High	Acceptable	Moderate	Increasing
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputational Risk	Moderate	Acceptable	Moderate	Stable
Overall Risk	Moderate	Acceptable	Moderate	Stable

Overall Risk Matrix – ZB Bank Limited

Type or Risk	Level of Aggregate Inherent Risk	Adequacy of Aggregate Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit Risk	Minor	Acceptable	Low	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	Moderate	Acceptable	Moderate	Stable
Foreign Exchange Risk	Moderate	Acceptable	Moderate	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	High	Acceptable	High	Increasing
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputational Risk	Moderate	Acceptable	Moderate	Stable
Overall Risk	Moderate	Acceptable	Moderate	Stable

Overall Risk Matrix – ZB Building Society

Type or Risk	Level of Aggregate Inherent Risk	Adequacy of Aggregate Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit Risk	Low	Acceptable	Low	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	Minor	Acceptable	Low	Stable
Foreign Exchange Risk	Minor	Acceptable	Low	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	High	Increasing
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputational Risk	Moderate	Acceptable	Moderate	Stable
Overall Risk	Moderate	Acceptable	Moderate	Stable

Overall Risk Matrix – ZB Asset Management Company Limited

Type or Risk	Level of Aggregate Inherent Risk	Adequacy of Aggregate Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	High	Acceptable	High	Increasing
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputational Risk	Moderate	Acceptable	Moderate	Stable
Financial Risk	Moderate	Acceptable	Moderate	Stable
Overall Risk	**Moderate**	**Acceptable**	**Moderate**	**Stable**

Interpretation of risk matrix

Level of Inherent Risk

Low - reflects a lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.
Moderate - could reasonably be expected to result in aloss which could be absorbed by a banking institution in the normal course of business.
High - reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the 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 policies and procedures.

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

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

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

Moderate - risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result ina 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 organization.

High - risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result ina financial loss that would havea significant impact on the bank's overall condition.

Direction of Overall Composite risk
Increasing- based on the current information, risk is expected to increase in the next twelve months.
Decreasing - based on current information, risk is expected to decrease in the next twelve months.
Stable- based on the current information, risk is expected to be stable in the next twelve months.

35.4.2 External credit ratings

Some of the Group's significant trading companies subscribe to an internationally recognised rating agency, Global Credit Rating Group (GCR)3, and the ratings for the last three (3) years were as follows:
Long-term debt rating scale:

Entity	2013	2012	2011	2010
ZB Bank Limited	BBB+	BBB+	BBB+	BBB+
ZB Building Society	BBB-	BBB-	BBB-	BBB-
ZB Reinsurance Company	BBB+	BBB+	BBB+	BBB+

All ratings above fall within the "Investment Grade". The current ratings expire on the 30th May 2014.

36. COMPLIANCE WITH REGULATIONS

In 2011 the Insurance Act (Chapter 24:07) required Life Assurance entities to maintain at least 30% of their investments in prescribed assets for long term insurance and 35% at market value. The minimum percentage was not maintained throughout the year ended 31 December 2013, although the Group complied with the transitional requirements which provide that all insurance companies and pension funds should apply 40% of their net monthly cash flows to purchase prescribed assets as stipulated in Circular 4/2005, issued by the Insurance and Pensions Commissioner.

The provisions were revised in 2012 to require that at least 7.5% of non-pension fund investments and at least10% of pension fund investments be held as prescribed assets. The Group intends to ensure full compliance with the revised provisions subject to the availability of appropriate investment in instruments.

Commercial banks and building societies in Zimbabwe were required to maintain a minimum capital level ofUS$25 million and US$20 million respectively as at 31 December 2012. Intermarket Banking Corporation Limited (IBCL) and ZB Building Society (ZBBS) did not meet these requirements during the year under review.

Entity	Regulatory body	December 2013	Regulated minimum	Excess/(deficit)
ZB Bank Limited	RBZ	36 134 828	25 000 000	11 134 828
ZB Building Society	RBZ	16 562 407	20 000 000	(3 437 593)
Intermarket Banking Corporation Limited	RBZ	6 519 383	25 000 000	(18 480 617)

The Group has adopted a strategic position to merge IBCL, ZBBS and ZB Bank Limited which obviates the need for a further capital injection. This will require the approval of the Reserve Bank of Zimbabwe and that of respective shareholders, among others.

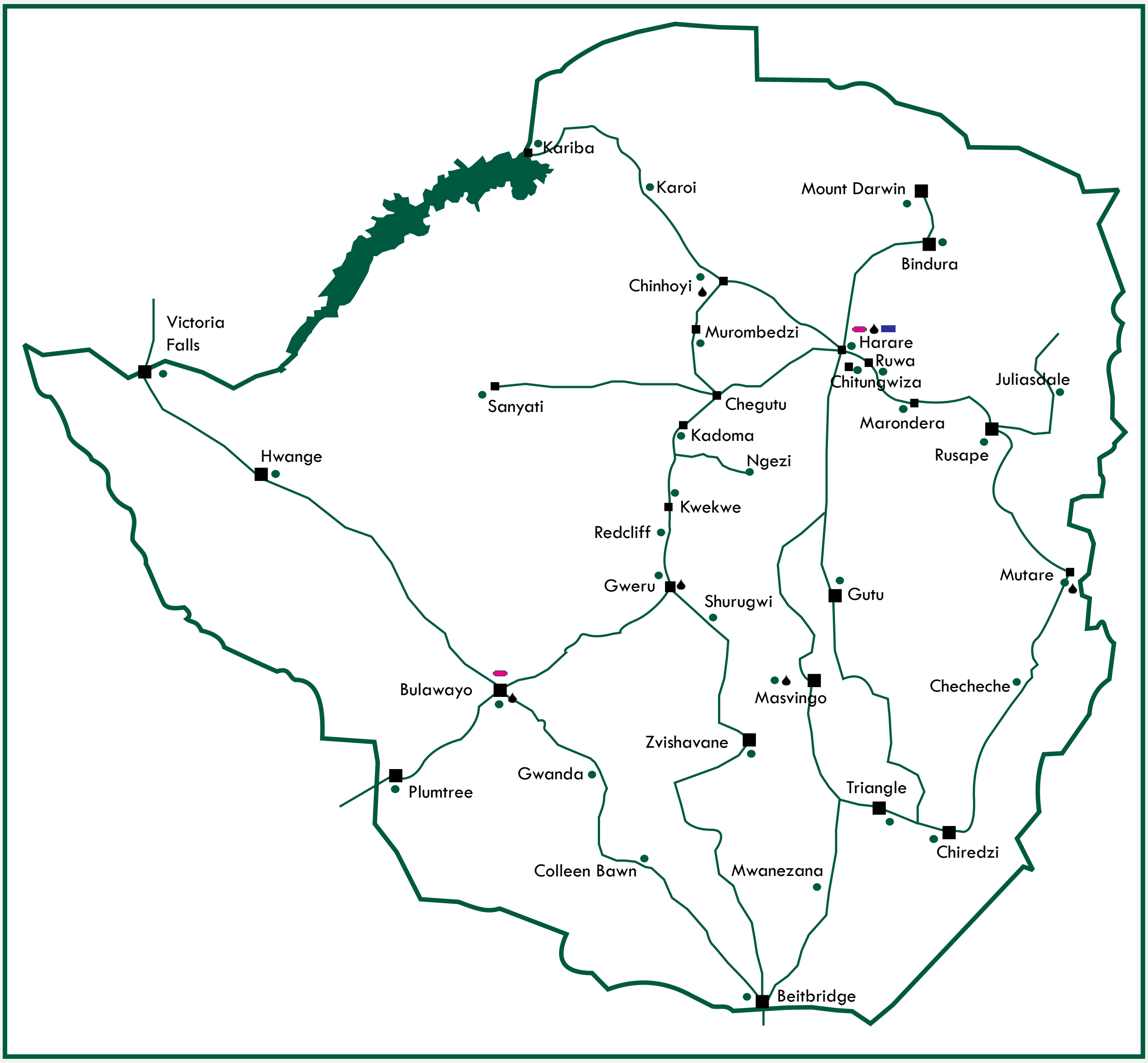
The directors are not aware of any other material cases of non-compliance with regulations governing the operations of all companies within the Group.

37. SUBSEQUENT EVENTS

There were no material subsequent events after the reporting period.

ZB FINANCIAL HOLDINGS GROUP BRANCH NETWORKS

For the year ended 31 December 2013



KEY

- Banking operations
- ZB Stock Brokers
- ZB Reinsurance
- ZB Life Assurance

NB: Banking operations include both ZB Bank and ZB Building Society.

ZB FINANCIAL HOLDINGS GROUP BRANCH NETWORKS
For the year ended 31 December 2013

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For the year ended 31 December 2013

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10 Birmingham Road
P O Box 8025
Bulawayo
Tel (09) 61795/7
Fax: (09) 889579

Fife Street Branch
Cnr Fife Street/10th Avenue
P O Box 849
Tel: (09) 888501/6
Fax: (09) 75030
Bulawayo

Jason Moyo Branch
Old Mutual Centre
Cnr Jason Moyo St/8th Avenue
P O Box 2148
Bulawayo
Tel: (09) 882491/9
Tel: (09) 68801

Checheche Branch
Stand Number 2100
P O Box 155
Checheche
Tel: (0327) 435

Chinhoyi Branch
Stand 47 Magamba Way
P O Box 399
Chinhoyi
Tel: (067) 22274, 23146
Fax: (067) 25845

Gutu Branch
Stand 362/3 Mpandawana
P O Box 19
Gutu
Tel: (030) 2564/66

Gweru Branch
36 R. Mugabe Way
P O Box 736
Gweru
Tel: (054) 222501/4
Fax: (054) 225938

ZB FINANCIAL HOLDINGS GROUP BRANCH NETWORKS
For the year ended 31 December 2013

Juliasdale Branch
Plot No 49 of Claremont Estates
Juliasdale
P O Box 350
Juliasdale
Fax: (029) 3079

Kadoma Branch
42 R. Mugabe Street
P O Box 430
Kadoma
Tel: (068) 22112/4

Kwekwe Branch
Cnr 3rd Avenue/ R. Mugabe Street
P O Box 478
Kwekwe
Tel: (055) 22813/4
Fax: (055) 24124

Red Cliff Branch
Shop No. 1, Rhodes Tower
Redcliff

Marondera Branch
Ash Street
P O Box 414
Tel: (079) 24001/1

Masvingo Branch
Electricity House
R. Mugabe Street
P O Box 600
Masvingo
Tel: (039) 262856/7
Fax:(039) 265285

Mt Darwin Branch
Cnr Hospital/Bindura Road
P O Box 110
Mt Darwin
Tel: (076) 2532, 335
Fax: (076) 2633

Murombedzi Branch
Murombedzi Township
P O Box 100
Murombedzi
Tel: (0678) 2133/2131
Fax: (0678) 2133

Mutare Branch
88 Herbert Chitepo Street
P O Box 646
Mutare
Tel: (020) 63587
Fax:- (020) 68673

Mwenezana Branch
P O Box 60
Mwenezana Estates
Mwenezi
Cell: 0772 420 828
Fax: 014/273

Ngezi Branch
Old Mutual Complex
Shop no 6
Turf Village, Ngezi
Cell: 0772 415 175

Plumtree Branch
Kingsway Drive
P Bag 5924
Plumtree
Tel: (019) 2282/2410

Rusape Branch
20 Herbert Chitepo Street
Box 234
Rusape
Tel: (025) 2395/2336

Sanyati Branch
Stand 39/42
P Bag 2002
Sanyati
Tel:- (0687) 2507/9

Shurugwi Branch
287/288 Beit Street
Shurugwi
Tel: (052) 6813 & 6604

Triangle Branch
Ground Floor, Vernon Crooks Court
Triangle
Tel: (033) 6992
Fax: (033) 6993

Victoria Falls Branch
P O Box 100
Livingstone Way
Victoria Falls
Tel: (013) 44541/2
Fax (013) 42070

Zvishavane Branch
86 Fowler Avenue
Zvishavane
P O BOX 7
Zvishavane
Tel:- (051) 2934
Telefax (051) 2934

Kariba Branch
Stand No. 636, Nyamhunga T/Ship
P O Box 270
Kariba
Tel: 061-3101/3102/3043-4
Fax: 061-2892

Karoi Branch
No. 3 Rose Way Road
Karoi
Tel: (064) 7350/1

Millenium Tobacco
8 Transtobac Complex,
Hillside Road Ext, Mukuvisi,
Msasa
Tel: 446868-72

Tobacco Sales Floor
161 Eltham Road
Gleneagles Road
Willowvale
Harare
Tel: 621621
Fax: 621639

Premier Tobacco
334. Affirmative Way
Willowvale
Harare
Tel: 611240

ZB FINANCIAL HOLDINGS GROUP BRANCH NETWORKS
For the year ended 31 December 2013

Chinhoyi University
78, Off-Harare Chirundu Road
Chinhoyi
Tel: (067) 28541/28527

Exhibition Park
21 ZB Bank Street
Showground
Harare
Tel: 779428/9

Midlands State University Campus
Senga Road
Gweru
Tel: (054) 260622

Siyaso
Block 33, Siyaso
Mbare
Harare
Tel: 0777 939 270, 0772 308 532

Gazaland
5986- 237 Street
Western Triangle
Highfield
Harare
Tel: 0772 453 455

Glenview Home Industry
1027, Glenview Complex
Glenview
Harare

Ruwa
Stand No. 428
Bay 1 Maha
Ruwa
Tel: (0273) 2691

Electronic Transactions Centre
Ground Floor, ZB Centre
Harare
Tel: 796849

Longcheng
Shop 99-100
Longcheng Plaza Complex
Cnr Mutley Bend/Samora Machel
West Avenue
Belvedere
HARARE
TEL: 774303

Gazaland
5986, 237Th Street, Western Triangle,
Highfield
Harare

Glenview Home Industry
1027 Glen View Complex
Harare
Cel: 0772805312
0776617988

Bulawayo Polytechnic
Corner 12th Street and Park Road ,
Bulawayo
Tel:09: 231422/424

ZB LIFE ASSURANCE LIMITED

Head Office
ZB Life Towers
Sam Nujoma Street /Jason Moyo Avenue
P O Box 969
Harare
Telephone: 708801/09
E-mail: info@zblife.co.zw
Website: www.zb.co.zw

Bulawayo
ZB Life Centre
90 Main Street
P O Box 517
Bulawayo
Tel: (09) 65632
Fax (09) 71002
Bulawayo@zblife.co.zw

Gweru
Intermarket Place
36 – 6th Street
P O Box 1931
Gweru
Tel: (054) 227826
gweru@zblife.co.zw

Harare
Chiyedza House
Frist Street/Kwame Nkrumah Avenue
P O Box 969
Harare
Tel: (04) 708891/706441
info@zblife.co.zw

Mutare
ZB Life Centre
First Avenue
P O Box 598
Mutare
Tel: (020) 62285
Fax: (020) 64084
mutare@zblife.co.zw

ZB BUILDING SOCIETY

Head Office
Finsure House
7th Floor
Sam Nujoma Street/Kwame Nkrumah Avenue
P O Box 2594
Harare
Telephone: 790880/9
Facsimile: 792960
E-mail: zb@zb.co.zw
Website: www.zbbs.co.zw

First Street
15 George Silundika Avenue
Harare
P. O. Box 2594
Tel: 777 779-82 / 758 275
Cell: 0773 668 853
Fax: 780916
Website: www.zbbs.co.zw

ZB FINANCIAL HOLDINGS GROUP BRANCH NETWORKS
For the year ended 31 December 2013

Chitungwiza
Shop No. 5
Old Mutual Complex
Chitungwiza
Tel: (0270) 22281
Cell: 0772 606 905
Website: www.zbbs.co.zw

Bindura - ZB Consumer Banking
28 Robert Mugabe Road
Bindura
Tel: (0271) 6373 / 6870
Cell: 0772 990 266
Website: www.zbbs.co.zw

Avondale
Shop Number 15
Avondale Shopping Centre
Harare
Tel: (04) 333428
Cell: 0773 576 660
Fax: (04)702233
Website: www.zbbs.co.zw

Chiredzi
350 Chilonga Drive
Chiredzi
Tel: (031) 3116 / 2746
Cell: 0772 405 649
Website: www. zbbs.co.zw

Hwange
Coronation Drive
Hwange
P. O. Box 191
Tel: (0281) 23208 / 22444 / 23587
Cell: 0774 144 281
Website: www.zbbs.co.zw

Bulawayo Main
8th Avenue & Main Street
Bulawayo
Tel: (09)
68583-4
Cell: 0772 268 136
Fax: (09) 76759
Website: www.zbbs.co.zw

Finsure House
Corner Sam Nujoma/Kwame
Nkurumah Avenue
Harare
Tel: (04) 253758 / 253059
Cell: 0773 668 818
Fax: (04) 702233
Website: www. zbbs.co.zw

ZB REINSURANCE

Head Office
Finsure House
5th Floor
Sam Nujoma Street/Kwame Nkrumah
Avenue
P O Box 2594
Harare
Telephone: 759735-7
Facsimile: 751877
E-mail: info@zbre.co.zw
Website: www.zb.co.zw

Harare Office
Finsure House
5th Floor
Sam Nujoma Street/Kwame Nkrumah
Avenue
P O Box 2594
Harare
Telephone: 759735-7
Facsimile: 751877
E-mail: info@zbre.co.zw
Website: www.zb.co.zw

Bulawayo Office
2nd Floor ZB Centre
9th Avenue
Bulawayo
Tel: (09) 65631/3
Fax: (09) 71002
E-mail: info@zbco.zw
Website: www.zb.co.zw

ZB SECURITIES
1 st Floor
ZB Centre
Corner First Street / Kwame Nkrumah
Ave
P O Box 3198
Harare
Tel: (04) 796841/6

ZB CAPITAL (PRIVATE) LIMITED
1st Floor, ZB Centre
(P O Box 3198)
Harare
Telephone: 796841/49
E-mail:
info@zb.co.zw
Web address: www.zb.co.zw

ZB TRANSFER SECRETARIES (PRIVATE) LIMITED
1st Floor, ZB Centre
(P O Box 3198)
Harare
Telephone: 796841/49
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

ZB ASSET MANAGEMENT COMPANY LIMITED
1st Floor, ZB Centre
(P O Box 3198)
Harare
Telephone: 796841/49
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

PROXY FORM

I/We ....

of..

being (a) member(s) of ZB Financial Holdings Limited entitled to .... votes/shares held, do hereby appoint

.... or failing whom, the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of members of the Company to be held in the Boardroom, 9th Floor, ZB House, 46 Speke Avenue, Harare, on 27 June 2014, commencing at 1030hrs, and any adjournment as follows:

ORDINARY BUSINESS

Resolution Number	Type of Resolution	Provision of the Resolution	In favour of	Against	Abstain
1	Ordinary	To receive, consider, and adopt if appropriate, the financial statements, and the reports of the directors and auditors for the year ended 31 December 2013.			
2	Ordinary	(i) In terms of Article 68 of the Company's Articles of Association, Mr Eria Hamandishe retires by rotation, and being eligible, offers himself for re-election at the meeting. (ii) Dr Christopher Urombo Hokonya resigned from the Board on 6 May 2014. (iii) Ms Tendai Iris Chirisa was appointed to the Board after the last Annual General Meeting and being eligible, offers herself for election at the meeting.			
3	Ordinary	To approve the remuneration of the Directors for the past financial year.			
4	Ordinary	4.1 To approve the remuneration to KPMG Chartered Accountants (Zimbabwe) for the past financial year's audit in terms of Article 112 of the Articles of Association of the Company. 4.2 To re-appoint KPMG Chartered Accountants (Zimbabwe) as the Company's auditors for the ensuing year.			

GENERAL BUSINESS

Resolution Number	Type of Resolution	Provision of the Resolution	In favour of	Against	Abstain
5	Ordinary	To transact any other business as may be transacted at an Annual General Meeting. In terms of the Companies Act (Chapter 24:03), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. The proxy form must be delivered at the registered office of the Company not less than 48 hours before the meeting is scheduled to commence.			

Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain at his/her own discretion.

Signed at .... on the .... day of ....2014.

Full name(s) ....

Signature(s) of member(s) ....

NOTES:

In terms of the Companies Act (Chapter 24:03), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead.

i) To be valid, the form of proxy should be completed and returned to the Company Secretary, 10th Floor, ZB House, 46 Speke Avenue, Harare and should be received at least 48 hours before the scheduled time of the Annual General Meeting.

ii) Completion of the form of proxy does not preclude a person from subsequently attending and voting in person at the Annual General Meeting.

Contact Details:

ZB Financial Holdings Head Office and Registered Office

10th Floor ZB House, 46 Speke Avenue,
P.O. Box 3198, Harare,

Tel: +263 4 751168 / 75, +263 4 757539 / 43,

Fax: +263 4 251029

Email: info@zb.co.zw

Website: www.zb.co.zw