Annual Report 2014

What You Need To Succeed.

Since 1951

ZB FINANCIAL HOLDINGS

CONTENTS

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

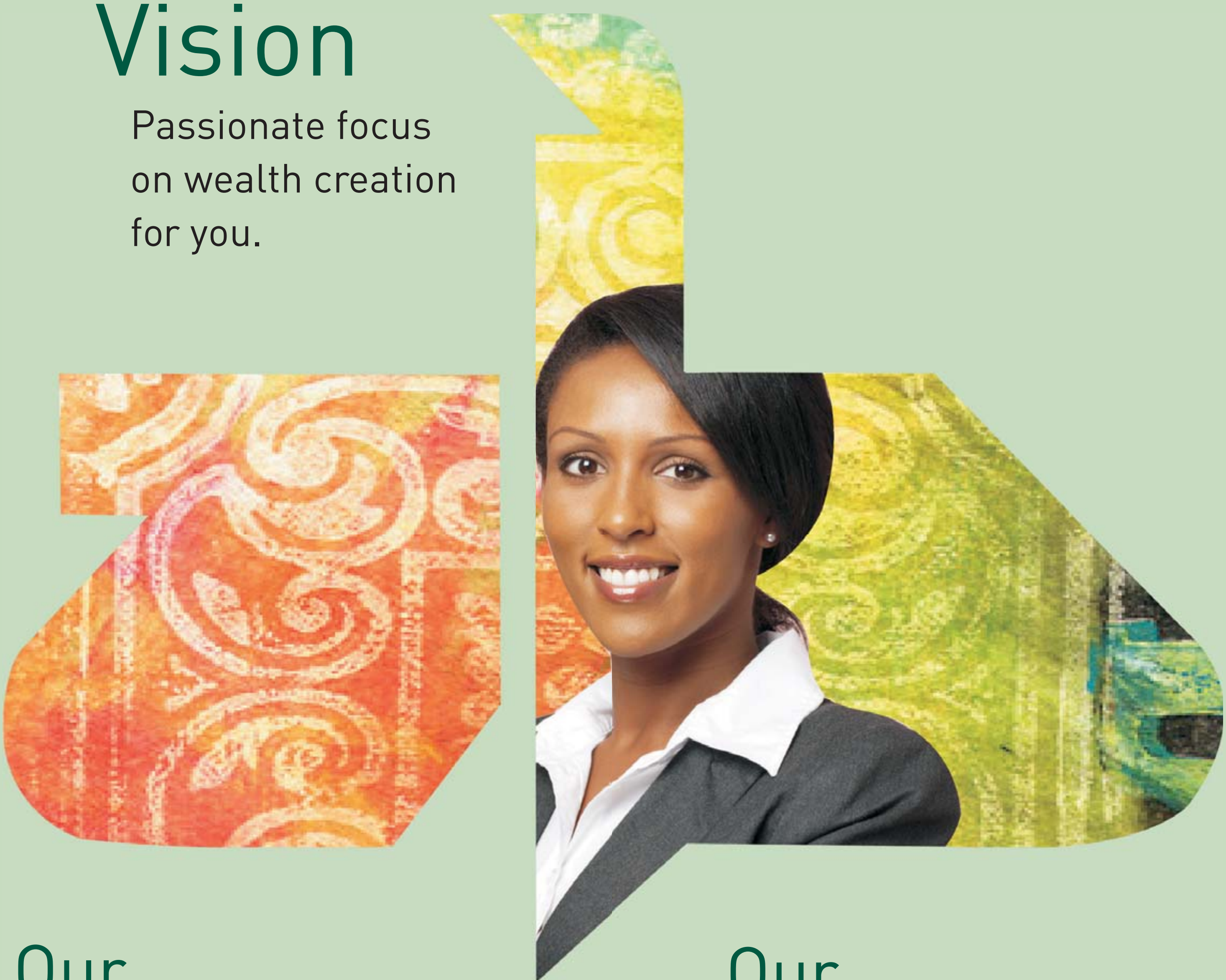
KPMG Chatered Accountants (Zimbabwe)
Mutual Gardens
100 The Chase (West)
Emerald Hill
P O Box 6
Harare
Tel: +263 -4- 303700, 302600
Fax: +263 -4- 303699
E-mail: marketing@kpmg.co.zw
Website: www.kpmg.com

Board of Directors

T P B Mpofu (Chairman), R Mutandagayi (Group Chief Executive), F Kapanje (Group Finance Director), E Hamandishe, E Munemo, T Mafunda, T I Chirisa

Our Vision

Passionate focus on wealth creation for you.



Our Mission

To create unparalleled value.

Our Values

Innovation, Service Excellence, Intergrity, Learning and sharing

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty-sixth 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, 29 May 2015 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 2014.

2. Directorate

i) In terms of Article 68 of the Company's Articles of Association, Mr Tendai Mafunda retires by rotation, and being eligible, offers himself for re-election at the meeting.
ii) Mr Bothwell P Nyajeka the then Board Chairman resigned from the Board on 1 July 2014.
iii) Mr Thamsanqa P B Mpofu was elected Chairman of the Board on 24 July 2014.

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 note the retirement in compliance with Section 41 (4) of the Banking Act (Charter 24:20) of KPMG Chartered Accountants (Zimbabwe) as Auditors of the Company.

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

6 May 2015

10th Floor, ZB House
46 Speke Avenue
HARARE.

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDERS as at 31 December 2014				
Shares held	**Number**	**% Spread**	**Shares Held**	**% Holding**
1-500	233	16.11	48 701	0.03
501-1 000	475	32.85	273 520	0.16
1 001-10 000	366	25.31	1 529 035	0.87
10 001-20 000	219	15.15	3 089 831	1.76
20 001-50 000	85	5.88	2 283 332	1.30
50 001-100 000	13	0.90	888 599	0.51
100 001-500 000	34	2.35	6913 330	3.95
500 001-10 000 000	18	1.24	3 5693 273	20.37
10 000 001-1 000 000 000	3	0.21	124 471 021	71.05
Totals	1446	100.00	175 190 642	100.00

ANALYSIS BY CATEGORY				
Shareholders	**Number**	**% Spread**	**Shares Held**	**% Holding**
Companies	128	8.85	75 628 822	43.17
Fcda Resident And New Non Resident	9	0.62	14 112	0.01
Individuals	1 207	83.47	8 936 382	5.10
Insurance Companies	9	0.62	10 355 208	5.91
Investment, Trust And Property Companies	17	1.18	8 042 805	4.59
Nominee Company	32	2.21	2 917 682	1.66
Non Resident Transferable	21	1.46	98 357	0.06
Pension Funds	23	1.59	69 197 274	39.50
Totals	1 446	100.00	175 190 642	100.00

TOP 10 SHAREHOLDERS			
Holder No	**Holder Name**	**Shares Held**	**% Holding**
2222	National Social Security Authority	66196 080	37.79
6178	Government of Zimbabwe	41177 201	23.50
949635	ZB Financial Holdings Limited	17 097 740	9.76
312543	Old Mutual Life Assurance Company Zimbabwe	9 525 866	5.44
670139	Mashonaland Holdings Limited	5 281 975	3.01
6438	Finhold Group Staff Trust	5 273 438	3.01
555208	Guramatunhu Family Trust	2 633 917	1.50
629368	Ministry of Finance and Economic Development	2 009 157	1.15
618428	Baobab Reinsurance (Private) Limited	1 893 798	1.08
924273	ZB Financial Holdings Pension Fund	1 105 396	0.63
	Total holding of top shareholders	152 194 568	86.87
	Remaining holding	22 996 074	13.13
	Total issued shares	175 190 642	100

GROUP CORPORATE STRUCTURE

The Group undertook a comprehensive business model review during the course of 2014. This was done in order to re-orient the Group's business focus whilst achieving optimal usage of the Group's capital resources.

As a result, non-profitable operations which did not have a prospect to turn around were discontinued whilst non-core operations were outsourced. A clean up process to wind down dormant companies was also commissioned.

The Group's remaining business focus areas and significant entities operating thereunder are as follows:-

Since 1951

ZB FINANCIAL HOLDINGS LIMITED

Key Business Areas	Universal Banking	Universal Insurance	Strategic Investments
Major Operations Under Business Area	•ZB Bank Limited (100%) •ZB Building Society (75.33%) •ZB Transfer Secretaries (100%) •ZB Capital (Private) Limited (100%)	•ZB Reinsurance Limited (100%) •ZB Life Assurance Limited (64%)	•ZB Associated Services (Private) Limited (100%) •Mashonaland Holdings Limited (34.72%) •Credit Insurance Zimbabwe Limited (42.10%) •Cell Holdings (Private) Limited (43.46%)

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.

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 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 Schemes.

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.

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 Asset Management and ZB Securities (Private) Limited

During the course of the year, the Board made a decision to wind down the stockbroking arm, ZB Securities (Private) Limited and the asset management unit, ZB Asset Management Company Limited. Both entities were underperforming, and were to a large extent, subsidized by the other units of the Group. The disposal of these two units has resulted in savings on expenditure related to staff, occupation and regulatory requirements. The winding down of the two entities is almost complete.

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

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

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 five 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 Bothwel P. Nyajeka, the previous Group Chairman, resigned from the Board on 1July 2014. He was replaced by Mr Thamsanqa P. B. Mpofu who was elected Chairman of the Board on 24 July 2014.

The Board's Role and Responsibilities

The Company has a Board Charter which governs 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; and

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;

Induction and Evaluation of Directors

New directors go through an induction process that covers their fiduciary duties and responsibilities to the Company, by executive management. The 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 undertakes on an annual basis an evaluation of its effectiveness and that of its procedures. The performance of each member of the Board is evaluated on an annual basis by the other Board members.

Board Committees

The Board's focus is on superintending over Group issues and formulating a 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; and

- 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 six non-executive directors and two executive directors.

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

Name	Meetings attended
Total meetings	11
T P B Mpofu (Chairman)	10
R Mutandagayi (Group Chief Executive)	11
F Kapanje (Group Finance Director)	11
E Hamandishe	10
T Mafunda	11
E Munemo	10
T I Chirisa	11
*Dr C U Hokonya	3
**B P Nyajeka	6

*Dr C U Hokonya resigned from the Board on 6 May 2014

**Mr B P Nyajeka resigned from the Board on 1 July 2014

ZB Bank Board

Name	Meetings attended
Total meetings	7
S A Sibanda (Chairman)	6
*G Nheweyembwa (Managing Director)	3
G Chikomo (Finance Director)	7
R Mutandagayi	6
P M Matupire	6
C Mandizvidza	7
C Nyachowe	5
G N Mahlangu	2
V B Sibanba	6
**Dr C U Hokonya	3
***Z R Churu	3

* G Nheweyembwa appointed to the board on 28 April 2014

** Dr C U Hokonya resigned from the Board on 6 May 2014

*** Mr Z R Churu resigned from the Board on 24 April 2014

ZB Life Assurance Board

Name	Meetings attended
Total meetings	5
C Mandizvidza (Chairman)	5
A G Chinembiri (Managing Director)	5
R Mutandagayi	5
L Mawire (Finance Director)	4
C Makoni	4
E T Z Chidzonga	5
M Mkushi	5
*K P Matsikidze	nil
*M Gumbo	nil

*Resigned from the Board with effect from 1 January 2014

ZB Building Society Board

Name	Meetings attended
Total meetings	5
T P B Mpofu (Chairman)	5
E Mungoni (Acting Managing Director)	5
S K Chiganze	4
R Mutandagayi	5
C Makoni	4
M T Sachak	5
C Sandura	5
E Munemo	5
S A Sibanda	5

ZB Reinsurance Company Board

Name	Meetings attended
Total meetings	5
R Mutandagayi (Chairman)	5
B Shumba (Managing Director)	5
D T Machingaidze	2
F B Chirimuuta	4
C Nyachowe	4
P Murambinda	5

DIRECTORATE

Thamsanqa. P. B. Mpofu
Chairman

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

Ron Mutandagayi
Group Chief Executive

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)

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)

Eria Hamandishe
Non-Executive Director

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

Iris T. Chirisa
Non-Executive Director

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

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)

2014 CORPORATE SOCIAL INVESTMENT (CSI) PROGRAMME

Despite 2014 having been a challenging year, the Group continued to make an impact in uplifting the quality of life in the societies that it operates in. The Group believes in the philosophy that a healthy society is a good foundation for economic prosperity. On the back of that philosophy, the focus for the Group's Social Investment Programme for 2014 was in Education, Sports, Health and Social Welfare, Arts and Culture and Broad Based Economic Development.

The following are some of the initiatives done during the year under review:

1.0 Donations towards Education and Sports

ZB continues to be very active in the education sector at the primary, secondary and tertiary level, providing underprivileged students with the opportunity to realise their full potential. The Group supported more than 30 students selected from both primary and secondary school levels from all provinces in Zimbabwe with school fee payments for the full year in 2014. These students are poised for great success in their academic careers.

Additionally, another two students from Gwebi Agricultural College received scholarships from the Group in 2014.

On the sporting side, the Group supported numerous sporting activities held by various schools and colleges by providing sporting kits and refreshments for the participants.

Mkoba Teacher's College donation of soccer kit for the Women's Soccer team

Mkoba Teacher's College soccer kit for the Men's Soccer team

Various other donations in cash and in kind were made to various educational institutions in support of their educational infrastructure and day to day activities.

Refridgerator donation to Pfupajena High School in Chegutu

Beitbridge Primary Prize Giving Day

Chinhoyi University of Technology donation

2.0 Donations towards Health and Social Welfare

The Group supported projects such as Mayor's Christmas Cheer fund in all the Provinces as well as borehole drilling in certain areas so as to improve the general hygiene. A malaria aid project was also commissioned to help prevent the spread of the disease in marginal areas of Zimbabwe through the supply of medical kits.

Mpilo Hospital donation of grocery items

ZRP Kariba Computers donation

3.0 Donation towards Arts and Culture

ZBFH sponsored the Harare International Festival of the Arts for the fourth year running and retaining the accreditation of the Reps Theatre. The sponsorship of the Reps Theatre has seen several children being able to attend theatre performances that feature stories from examinable set books at both Ordinary and Advanced levels of studies. This experience has been proven to have a positive impact of the grades of students who have the chance to attend these events.

ZB Reps Theatre foyer

4.0 Economic Development

A vibrant economy or society thrives on broad-based dialogue for the generation of new ideas and development of systems to support on-going developmental projects. The need for development oriented dialogue in Zimbabwe has become even more critical as the civil society and business attempt to provide support to the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET), a government blueprint for economic and social development.

The Group played its part in 2014 by supporting the following events through various forms of sponsorships:-

- Chamber of Mines Annual General Meeting
- CZI Congress
- ZIMTA Conference
- Rural District Council Conference
- Zimbabwe Mining Indaba
- Zimbabwe Medical Association Conference
- Institute of Chartered Accountants Conference
- Zimbabwe Anesthetists Association AGM

"In anticipation of a tight operating environment in the short to medium term, the Group adopted aggressive austerity measures during 2014."

Thamsanqa P B Mpofu
(Non-Executive Chairman)

Operating Environment:

The Zimbabwean economy continued to under-perform in 2014 with the growth rate projections having to be revised from 6% to 3.1% for the year. Average prices receded by 2.1% on an annual basis on the back of low aggregate demand and continued deindustrialisation.

As a consequence of the low level of economic activity credit risk has become more amplified as the borrowers' credit absorption capacity continues to deteriorate. This development breeds the undesirable effect of reduced financial intermediation as institutions attempt to preserve capital – a situation that compounds the pressure on any future growth prospects for the economy.

Liquidity remained elusive with capital inflows being too low to provide an effective stimulus to industrial activity and export performance. A wholesome upgrade of national infrastructure will be important in the effort to restore the country's attractiveness as an investment destination.

Group Results:

In anticipation of a tight operating environment in the short to medium term, the Group adopted aggressive austerity measures during 2014.

Resultantly, loss making operations were discontinued whilst a right sizing and re-orientation exercise saw the disengagement of staff and outsourcing of non-core activities.

The measures were taken to make the Group leaner and more efficient and resulted in significant front-loaded costs that have had an impact on the operating results for 2014. The benefits from these measures are already apparent in the outturn posted for the last quarter of 2014 and the first quarter of 2015.

Additionally, a balance sheet clean-up which commenced in June, 2014 continued up to the end of the year with further downgrades of loan accounts. This also had a significant impact on the operating result.

The Group thus posted a loss for the year of $9.8 million (2013: $0.3 million) as discussed in more detail by the Group Chief Executive in his report.

Capital and Future Prospects:

The measures indicated above have resulted in a temporary strain on the fixed capital resources. The Group has thus mantained a significant liquidity buffer in order to ameliorate short term operational shocks.

In the meantime, the merger of banking operations within the Group remains critical to the optimization of capital resources. This transaction still awaits regulatory approval which is expected after certain pre-conditions are met.

Prospects for sustainable profitability have been enhanced through reduced overheads and innovation.

Material Issues:

The long-outstanding matter in which Transnational Holdings Limited is challenging the acquisition of Intermarket Holdings Limited by ZB Financial Holdings remains to be determined at the Supreme Court.

Additionally, the Group still remains listed as a Specially Designated National (SDN) by the Office of Foreign Assets Control (OFAC) of the United States of America's Treasury Department.

Directorate:

During the course of the year the following changes in the composition of the Company's Board and that of its principal operating subsidiary ZB Bank Limited, occurred:

Mr Bothwell Nyajeka resigned as Chairman of the Board on 1 July 2014.

Dr Christopher Hokonya resigned as director on 6 May 2014.

On behalf of the Board, I would like to thank Mr Nyajeka and Dr Hokonya for their contributions towards the affairs of the Group during their terms of office on the Board.

Mr Zvisineyi Churu resigned as Chairman of ZB Bank Limited with effect from 24 April 2014. He was replaced by Mr Stanford Sibanda who assumed office on 19 June 2014.

I would like to thank Mr Churu for his leadership of the Board of ZB Bank Limited and congratulate Mr Sibanda on his election as the new Chairman of ZB Bank Limited, and wish him the best in his tenure.

I am pleased to advise members of the appointment of Mr George Nheweyembwa as the new Managing Director of ZB Bank Limited with effect from 28 April 2014.

I welcome Mr Nheweyembwa to the Group and wish him the best during his term of office.

Acknowledgements:

On behalf of the Board, I wish to thank management and staff for their effort during the past year.

I also wish to extend my gratitude to the various authorities and all stakeholders for their support and hope for continued harmonious relations going forward.

T B P Mpofu

Chairman

26 March, 2015

Harare

"The Group's outturn for 2014 carries a substantial burden of non-recurring costs as well as costs pegged at unusually high levels as a result of the "clean-up" activities undertaken to strengthen future profit prospects."

Ron Mutandagayi
(Group Chief Executive officer)

Background:

The creation of short-term value and setting of a platform for sustained growth became the strategic philosophy for the Group as the operating environment became increasingly challenging.

This required an aggressive review of the cost base on the background of tight interest margins and a shrinking revenue base in a financial market that lacks product depth. Likewise, the search for new products, distribution channels and markets assumed heightened importance with encouraging short-term success.

The risk of credit default remained the single most critical threat to the sustainability of operations. A comprehensive balance sheet clean-up coupled with a tighter credit granting and administration framework, became an absolute necessity. Thus, credit expansion was very limited during the year whilst a substantial write-off from the loan book was undertaken.

Financial Outturn:

The Group's outturn for 2014 carries a substantial burden of non-recurring costs as well as costs pegged at unusually high levels as a result of the "clean-up" activities undertaken to strengthen future profit prospects.

The combined effect of staff disengagement expenses ($12.8 million), discontinued operations ($1.2 million) and allowances for loan impairment ($7.7 million) resulted in the Group posting a net loss of $9.8 million for the year. This compares against a restated loss for the prior year of $0.3 million.

Outside of the above stated expenses, the Group's outturn would have been a profit of $2.0 million barring the increase in loan impairment provisions.

Net interest income decreased by 9% from $21.6 million to $19.6 million whilst the allowances for loan impairments increased by 344% to $7.7 million (2013: $1.7 million). In aggregate, net earnings for carrying credit risk reduced by 40%.

Driving the above activity, the underlying funding deposits increased by 12% from $218.6 million to $243.8 million whilst mortgages and advances were restricted to only a 9% increase from $131.7 million to $143.9 million.

The Loans to Deposits (LD) ratio closed at 59%, softening slightly from the 60% as at the end of 2013. Correspondingly, liquidity ratios were maintained above 38% throughout the year. Stretching these ratios is often tempting for short term gains. However, the Group is inclined more towards prudence in the absence of a functional lender of last resort facility.

Net insurance premiums increased by 7% from $8.0 million to $8.5 million. This is a result of increased new business acquisitions in the life operations which more than offset the increase in benefit payouts whilst reinsurance operations managed to sustain business renewals at the same level of premium and profitability.

Increasing customer patronage as the Group enhances its service and product offering saw unfunded income increasing by 20% from $31.5 million to $37.6 million.

Recurring costs reduced by 1% from $57.8 million to $57.0 million with further savings being expected in 2015.

A release from the Life Fund amounting to $1.4 million contributed a credit to the income statement with the life company recording a strong solvency position of 8.5 times cover on minimum capital requirements. An amount of $4.5 million was transferred to the Life Fund in the corresponding period in 2013.

Total Group assets increased by 10% to close the year at $383.1 million. Cash resources constituted 22% (2013: 20%) of the total assets; a high level required to support the transient nature of underlying deposits.

The total capital for the Group reduced from $77.9 million to $68.5 million as a result of the loss outturn for the year. The equity attributable to shareholders of the parent company amounted to $49.1 million and constitutes 72% of the total equity.

Of the Group's strategic business segments, banking operations posted an aggregate loss of $7.8 million (2013: profit $2.8 million), split between ZB Bank Limited - $6.8 million (2013: profit $0.8 million) and ZB Building Society - $1 million (2013: profit $2 million).

On the other hand, insurance operations posted an aggregate profit of $2.3 million (2013: $0.2 million) split between ZB Life Assurance - $0.9 million (2013: loss $1 million) and ZB Reinsurance Company - $1.4 million (2013: $1.2 million).

Banking operations still remain the Group's flagship operations with a total contribution to Group assets amounting to 89%.

Review of Business Segments' Operations:

Universal Banking:-

Channel optimization has been a key area of focus as the Group's banking units, ZB Bank Limited and ZB Building Society, strived to enhance customer convenience whilst monitoring channel profitability.

To this end, ZB Bank has emerged as a market leader in the deployment of an Agency Banking business model. As at 31 December, 2014, more than 1 200 agents had been registered by the Bank to provide limited banking services to customers. The services will be expanded progressively.

Leveraging on the above, and its wide branch network, ZB Bank has also been the market leader in vending for prepaid power, a new revenue line that made a substantial contribution to revenues in 2014.

Technology continues to play a significant role in service delivery. A further investment of $3 million in customer facing technologies was made during the year and these will be rolled out in 2015.

During 2014, a paperless approach to banking hall activities was adopted. Besides cost reduction, this has improved queue management in the branches.

Through the Building Society, the Group has escalated its efforts in housing delivery. A new development of cluster homes was undertaken in Hatfield, Harare. Selling is expected to commence in the first quarter of 2015.

Numerous other projects are in the planning and mobilization stages.

Universal Insurance:-

The bancassurance model for the selling of life products was refined during the year resulting in dedicated professionals being stationed within banking halls to assist the Group's customers.

Additionally, agents' training was a key priority area in order to avoid miss-selling in a sub-sector in which customer confidence is only redeveloping.

Market expansion was a major focus area for the reinsurance operations. 16% of premiums recorded in 2014 were earned from regional markets.

Corporate Issues:-

Human Capital

The total Group staff complement stood at 1 042 as at 31 December, 2014 comprising 810 permanent and 232 contract employees. Following the completion of the re-sizing exercise on 31 January, 2015 the Group staff complement came down to 936 made up of 715 permanent employees and 221 contract employees.

The Group also had 9 graduate trainees and 48 student attachees as at 31 December, 2014.

Generally, a cordial industrial relations climate prevailed throughout the year.

As part of talent development, a total of 1 315 attendances were recorded out of 108 training courses held by the Group.13 courses were attended outside the Group.

Operating Environment

Generally the Group's systems were available to an acceptable level during the year.

Compliance Issues

The regulatory capital for the Group's banking operations were assessed as $9.0 million for ZB Bank Limited and $14.8 million for ZB Building Society.

In addition to the temporary impact of the cost containment measures discussed earlier, the regulatory capital for ZB Bank Limited was affected by the exclusion of certain securities in the assessment of charges for credit risk on some non-performing loans. These securities have been included in the determination of capital reported under the accounting framework.

The Group is confident that the regulatory capital will be restored in the short term through trading performance, recoupment of disallowed securities and the merging of its banking operations.

Acknowledgements:-

I extend warm gratitude to our valued customers for their continued support.

I would also like to thank the Board Chairman and Directors of all Group entities for the support rendered during the year.

Finally, I wish to appreciate our management and staff for remaining steadfast in a difficult operating environment.

R Mutandagayi

Group Chief Executive

26 March, 2015

Harare

ECONOMIC OVERVIEW
For the year ended 31 December 2014

WORLD ECONOMY

The initial rebound in global economic growth, drawn from a cocktail of stimuli packages, following the global financial crisis of 2007, has not been sustained and economic recovery is yet to strengthen, several years after. Consequently global economic growth continued to be weak and uneven in 2014. Economic performance fell below expectation, particularly in the Euro area and Japan, owing largely to muted investment arising from diminished medium-term growth prospects. According to the International Monetary Fund (IMF), global economic growth remained constant at 3.4% in 2014, over a three year period commencing in 2012.

In sub-Saharan Africa growth in 2014 remained solid averaging 5.0%, albeit lower than the 5.2% realised in 2013. Growth in South Africa fell from 2.2% in 2013 to 1.5% in 2014, on account of mining strikes and electricity supply constraints. Elsewhere in the region, growth, driven by strong investment in mining and infrastructure and private consumption, held up well, especially in the region's low-income countries. In 2015, growth in sub-Saharan Africa is projected to fall to 4.5%, attributed largely to declining commodity prices and the Ebola epidemic in affected countries.

Major forces shaping the global economic outlook are soft commodity prices that are expected to persist, weak world trade prospects and continued low interest rates, albeit increasingly divergent monetary policies across major economies. In particular, the sharp decline in oil prices since mid-2014 will, on the one hand, support global activity and help offset some of the headwinds to growth in oil-importing developing economies. Yet, on the other, it will dampen growth prospects for oil-exporting countries, with significant regional repercussions. Overall, global economic growth is expected to rise moderately to 3.0% in 2015.

DOMESTIC ECONOMY

1.1Economic Growth

Zimbabwe's economy remains in a fragile state, characterised by an unsustainably high external debt, on the one hand, and extensive de-industrialisation, on the other, with the latter providing impetus to the strong growth of the informal sector. The average annual GDP growth rate of 7.5% achieved during the economic rebound of 2009-12 has since moderated, with the growth rate down to 3.1% in 2014. This economic slowdown is attributed to, inter-alia, liquidity challenges, manifested by the lack of and high cost of capital and Treasury under-performance, outdated technologies, structural bottlenecks that include power shortages, infrastructure deficits, a volatile and fragile global financial environment.

The Government of Zimbabwe expects the growth in the country's Gross Domestic Product to increase from 3.1% in 2014 to 3.2% in 2015, driven by growth in agriculture (3.4%), finance and insurance (3.7%), distribution, hotels and restaurants (4.7%) and information communication (6.4%). However, the growth projection, besides being below that of most regional counterparts, masks several interwoven challenges afflicting the economy, which, inter-alia, are the persistently weakening aggregate demand, debt distress, high non-performing loans in the banking sector, company closures, exchange rate appreciation in respect of the bullish US dollar vis-a-vis the South African Rand and weakening commodity prices. As such more financial resources, policy reforms and discipline by economic agencies together require harnessing for the country to achieve the projected growth rate of 3.2% in 2015. In fact, in light of a perceived poor agricultural season and all the aforementioned challenges, the IMF revised its 2015 growth forecast for Zimbabwe from 3.2% to 2.8% in April 2015.

1.2 REAL SECTORS

1.2.1.Agriculture Sector

In 2014, preliminary estimates from the Ministry of Finance and Economic Development indicate that growth in agriculture increased by a "remarkable" 23.4% in 2014 from a negative 2.6% in 2013. However, maize output marginally increased to 0.85 tonnes per hectare from 0.6 tonnes per hectare. In stark contrast, this remained far below some SADC countries' productivity, with Malawi maize yields averaging 2 tonnes - 3.5 tonnes per hectare and that of South Africa ranging between 5 tonnes and 7 tonnes per hectare.

In 2014 national tobacco output amounted to 216 million kilograms, compared to 165.85 million kilograms realised in 2013. The surge in tobacco output was attributed to a 10.3% increase in the number of growers, from 78 756 in 2013 to 86 900 in 2014. Consequently the area under cultivation by tobacco farmers rose by 21.2% from 88 626 hectares in 2013 to 107 371 hectares in 2014. In terms of tobacco sales, a total of US$684.87 million was realised in 2014 compared to US$610.31 million achieved in 2013, at average prices of US$3.17/kg and S$3.68/kg, respectively.

In yester-years cotton economically uplifted the hot and semi-arid marginalised areas like Gokwe in the Midlands Province. However, cotton production has been declining from 350,000 tonnes in 2012 to an estimated output of 143,000 in 2014. In Zimbabwe, cotton is a strategic crop for poverty alleviation as it is grown by about 250,000 smallholder farmers, according to estimates from the 2012/2013 season. At optimal levels of production cotton contributes significantly to household incomes, employment and export earnings. Table 1 below shows the production trends of cotton in Zimbabwe from 2008 to 2014.

SEASON	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Production (metric tonnes)	207,000	268,000	250,000	350,000	143,000	136,000
Value of Inputs (USD)	$25m	$30m	$36m	$42m	$23m	$29.09m
Yield (kg/ha)	560	768	658	770	561	640
Hectares	370,000	350,000	380,000	450,000	295,000	255,000
Ave. Price/kg	28	37	91	37	50	60

In the 2014/2015 season, agriculture is projected to grow by 3.4%. However, prolonged dry spells and erratic rainfall in the southern parts of the country, including Matebeleland North and parts of Midlands and Manicaland Provinces, resulted in severe crop wilting and losses. The crop harvests in these areas are expected to be some of the worst in the past five years.

1.2.2.Manufacturing Sector

In 2014, manufacturing activity continued to be weighed down by antiquated plant and machinery, inflexible labour laws, cheap imports and high production costs, among many other challenges. Capacity utilisation stood at 36.3% in 2014 shedding 3.3 percentage points from 39.6% in 2013. Given the liquidity challenges that the economy is facing, there is need for increased efforts to attract foreign direct investment in order for the manufacturing sector to realise its potential. Manufacturing can be strengthened through addressing the following:

- Capital/liquidity shortages
- Low confidence
- Poor industrial linkages
- Low productivity
- Lowering the high cost of doing business
- Porous borders
- Infrastructure challenges
- Reforming labour laws to facilitate job creation and competitiveness
- Lack of accountability by local authorities and parastatals
- Lack of transparency in local procurement

The sector is estimated to have registered a negative growth of 4.9% in 2014 from a negative 0.6% in 2013. However, the manufacturing sector is expected to grow by 1.7% in 2015, hinged on sustained implementation of supportive policy interventions.

1.2.3.Mining Sector

Zimbabwe's diverse mineral resource endowment offers scope for significant contribution to economic prosperity by the mining sector. However, the sector's growth declined by 2.1% in 2014 from 11.7% in 2013, 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 grew by 9.1% to 15,347.19 kilograms in 2014 from 14,065.23 kilograms in 2013. Furthermore, the substantial injection of capital by mining houses, as well as production rump-up at Freda Rebecca Mine is expected to support a higher gold output of about 16,000 kilograms in 2015, although weakening international gold prices could reduce earnings, thereby hindering production.

In 2014 platinum production declined by 4.7% to 12,482.73 kilograms from 13,065.64 kilograms produced in 2013. The decrease in production is attributed to the closure of Zimplats' Bimha Mine, owing to an underground collapse. In the outlook, platinum output is, however, projected to decrease to 12,000 kilograms in 2015, from 12,482 kg in 2014, weighed down by depressed international prices.

Nickel production increased to 16,632.73 tonnes in 2014 from 14,057.86 tonnes in 2013, thanks to a reduction in global supply following Indonesia's pursuit of its value addition strategy, under which the country banned the export of nickel in ore form, a policy that the Government of Zimbabwe is also pursuing. Nickel output for 2015 is projected rise to 16,760 tonnes, owing mainly to increased production at Bindura Nickel Corporation (BNC) and further enhanced by firmer nickel prices. In addition, nickel output should also benefit from the resuscitation of the matte smelter refinery at Bindura Nickel Corporation.

In 2015, a moderate growth of 3.1% is expected for overall mineral output, driven by nickel, gold, chrome and coal. However, a sustained relative strengthening of the US Dollar will be behind the progressive weakening of international commodity prices, thereby reducing the total value of the minerals.

1.2.4.Information, Communication and Technology (ICT) Sector

The country is witnessing a vibrant and fast growing communications sector underpinned by substantial investment in network infrastructure, including expansion of the broadband fibre network, data and internet expansion. The mobile penetration rate increased substantially to 90.3% in 2014. In terms of mobile money transfers, transaction values increased by 80.8% to US$1.4 billion in 2014 from US$797.9 million recorded in 2013. The total number of agents of mobile network operators, namely Econet, Telecel and Netone, increased to 23,379 from 9,169 agents recorded in 2013. Mobile money subscribers also increased by 71.9% to reach 5,299,271 from 3,083,126 at the end of 2013. Meanwhile, the total number of active fixed telephone subscribers increased by 8.3% to 329,475 in 2014 from 304,162 in 2013.

The ICT sector's performance has recently been relatively stronger in comparison with most sectors and is expected to register a positive growth of 6.4% in 2015, anchored by product development and innovation, considerable investment, grid expansion and upgrading.

1.2.5.Tourism

Zimbabwe's tourism receipts amounted to $827 million in 2014, a 3% decline from the $856 million generated in 2013, largely owing to a decline in expenditure in the sector. During the period under review, tourist arrivals however grew by 2.6% in 2014 from 1,832,583 to 1,880,028 with the growth being 0.7 percentage points below the Sub-Saharan corresponding growth rate of 3.3%.

The tourism sector is projected to grow by 4.7% in 2015, compared to 3.9% in 2014. This translates to tourist arrivals of about 2.1 million in 2015 from 1,880,028 in 2014. For the hotel business, the average room occupancy is estimated to have closed the year 2014 at 53% and is anticipated to rise to 54% in 2015. Consequently, bed occupancies are also expected to increase to 38.5% in 2015, from 38% in 2014.

1.2.6.Energy Sector

Energy shortfalls in Zimbabwe present one of the biggest constraints to the viability and growth of industries across all sectors of the economy. The country has over the years witnessed relentless load-shedding, which has been and continues to be severely detrimental to economic activities. The country is currently producing 1,203 megawatts (MW) against a peak daily demand of 2,200MW due to obsolete machinery and limited investment in the sector. In 2014, generation capacity averaged 1,203 MW compared to 1,073 MW in 2013. This was attributed to rehabilitation works at Hwange Thermal Power Station and small thermal power stations. As a result, the electricity sector is estimated to have grown by 4.2% in 2014. In 2015, electricity generation is projected to grow further, on the back of the rehabilitation of Harare Thermal Power Station, Kariba South Expansion and Hwange Thermal Power Station. This will also be supported by improved revenue collection from the on-going programme of installation of pre-paid meters. Table 2 below shows the planned power projects and the estimated funding required.

PROJECT	OUTPUT (MW)	COST (MillionUSD)	PROJECTED COMPLETION DATE
Kariba South EXTENSION	300	506	2017
Hwange Expansion	600	2148	2017
Gairezi Hydro-Power	30	105	2015
Hwange Life Extension	124	500	2019
Harare Repowering	120	85	2015
Munyati Repowering	90	90	2016
Solar	100	600	2017
Coal Bed Methane	300	580	2015
Batoka Gorge	800	2200	2020

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 improved from 1.17% in December 2013 to 11.98% by end of December 2014, when the stock of money stood at US$4.4 billion. Annual growth in broad money supply experienced a free-fall in 2013. However, improvements were recorded in 2014. Overall, a sluggish growth in money supply is anticipated until the revival of the productive sectors of the economy commences in earnest. The economy continues to incur leakages 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 further contributed to the decline of the growth in money supply. External country relations will also play a major role in terms of attracting significant capital inflows into the country.

1.3.2 Inflation

The country's inflation profile remained largely in the negative in 2014. Adverse inflationary pressures have remained subdued on the back of depressed aggregate demand, low disposable incomes and stable international oil and world food prices. In fact, the year on year inflation rate followed a downward trend from 0.14% recorded in January 2014 to a negative 0.09% in December 2014. During the period under review, year-on-year inflation averaged -0.07% and monthly average inflation stood at -0.21%.

In 2015, inflation dynamics will largely continue to be influenced by the United States dollar (USD)/ South African rand (ZAR) exchange rate, inflation developments in South Africa, international food and oil prices and local utility charges. Average annual inflation is projected at around 0.2% in 2015.

1.3.3 Exchange Rates

Consequent to the abolishment of the use of the Zimbabwean dollar in December 2008, the RBZ's role in respect of exchange rate management is currently non-existent. The US Dollar, however, rose against all other major currencies in 2014, for the first time since the turn of the century, as investors anticipated interest rates to rise. The US currency achieved gains against the Euro, Yen, Pound, South Korean Won, Brazilian real and 11 other global currencies in 2014, marking the first time since 2000 that all major currencies, as ranked by Bloomberg, have fallen against the US Dollar. Expectations that the Federal Reserve will raise interest rates in 2015 from historic lows have been a major factor in the Dollar's strength, as central banks in other countries including the European Central Bank and the Bank of Japan continue to take an easing stance. The Euro and the Yen both depreciated by 12% against the dollar in 2014.

Going forward, the prospect of interest rates hike by the US Federal Reserve in 2015 is likely to see a continued appreciation of the US Dollar against peer currencies.

1.3 MONETARY AND FISCAL DEVELOPMENTS

1.3.4 Money Market and Interest Rates

Activity on the money market remained relatively subdued in 2014, owing to the lack of financial instruments, the absence of an inter-bank market and lender of last resort. On the backdrop of the non-renewal of the Memorandum of Understanding between banks and the Reserve Bank of Zimbabwe and the need to avoid unjustified increases in bank charges and interest rates by banks and to promote informed decision making by the banking public, the RBZ set a requirement that all banking institutions should justify increases in their charges or interest rates from the 31 October 2013 levels before approval is granted by the Central Bank. In addition, banks were directed to display their conditions of service (charges and interest rates) in banking halls and also publish them periodically in circulating newspapers. In January 2014, the RBZ then published an interest rate range guide for the money market to try and dispense with the large disparities in deposit and lending rates it said were squeezing liquidity. The RBZ proposed indicative yields of between 6.6% and 8% for 91 day instruments, 7.2% for 180 day instruments and 8% for 365 days (one year) instruments. This yield curve acts as a guide to the structure of interest rates, especially the Treasury Bill rates. In terms of money market performance, Treasury Bills (TBs) held by Commercial and Merchant Banks grew by 113.1% to US$237.5 million between August 2013 and August 2014 with Government issuing TBs worth US$103 million to repay part of the Central Bank's debt to banks and farmers, which had accumulated during the pre-dollarisation period.

Meanwhile, Commercial Bank's weighted average lending rates on individuals increased marginally, i.e. by 0.23 percentage points, from 14.1% in January 2014 to 14.33% in December 2014 while for corporate bodies the rate increased from 9.35% to 9.9%, respectively.

On the international market, the benchmark London Inter-Bank Offered Rate (LIBOR); 1 year LIBOR Interest rate rose by 0.0034 percentage points from 0.1601% in January 2014 to 0.1635% in December 2014 while the 90 day interest rate also added 0.0071 percentage points from 0.2386% to 0.2457% during the same period. The decline in the LIBOR was due to the slowdown in quantitative easing by the US Federal Reserve Bank with prospects for interest rates hike in sight in 2015.

1.3.5 Equities Market

Returns on the capital market generally remained below expectation as the Zimbabwe Stock Exchange (ZSE) continued to under-perform. The market was bearish during the first quarter of 2014, with the market capitalisation tumbling from US$4.8 billion in January 2014 to US$4.4 billion by April 2014. However, the losses were reversed during the second quarter as the bourse's capitalisation rose to US$5.1 billion by September 2014, only to lose steam during the last quarter, closing at US$4.3 billion.

The mainstream industrial index was unstable and fell by 14% from 189.25 in January 2014 to 162.79 in December 2014, while the mining index added a significant 103% from 35.4 to 71.71 respectively. Most of the significant trades on the market in 2013 were confined to foreigners, with local investors playing a subdued role. Market capitalisation tumbled from US$4.8 billion in January 2013 to US$4.3 billion in December 2013. Generally, the stock market is an indicator of the performance of the economy and the poor performance was in tandem with the lacklustre economic performance observed during the year 2014.

Going forward in 2015 and beyond, solid performance of the ZSE hinges on, inter-alia, improvement of local liquidity levels, disposable incomes, FDI inflows, and sound policy formulation and implementation by the Government of Zimbabwe.

1.3.6 Financial Sector

As at 31 December 2014, there were 19 operating banking institutions, 147 registered money lending and credit-only 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). According to the RBZ, the banking sector has generally remained stable in spite of the challenging operating environment. The challenges being faced by the banking sector largely mirror the macro-economic state of affairs of the country. Notably, credit risk remains the most significant challenge facing the banking sector, whilst liquidity constraints also compound the smooth operation of some banking institutions.

During the period under review, the quantum of deposits held by the banking sector improved substantially relative to inflation, registering an annual growth of 11.98%, from US$3.93 billion in December 2013 to US$4.403 billion in December 2014. The finance and insurance sector is estimated to have grown by 2% in 2014 and is further projected to grow by 3.7% in 2015.

The level of Non-Performing Loans (NPLs) which trended solidly upward, from 1.8% as at December 2009 to an estimated average of 16% as at 31 December 2013, reached a peak of 20.45% in September 2014, before declining to 15.91% in December 2014. The NPLs were relatively high in 2014 and unevenly distributed across banks. The deterioration in the quality of assets is a mirror image of the general under-performance of the economy. During the period under review, the reported cases of banks attempting to recover outstanding debts from companies and individuals has been on the rise and this further reflects the significant distress that industry and commerce is currently enduring. In order to cleanse the balance sheets of banks and inject liquidity, the RBZ established the Zimbabwe Asset Management Corporation (ZAMCO), an independent asset management company, to resolve the scourge of NPLs. The company is now operational, with the requisite governance structures in place for it to execute its mandate.

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 high. On that same note, significant and sustained recovery of the sector is premised on recovery of the country's real sectors and general liquidity improvements in the country.

1.3.7 Public Finance

According to Zimbabwe Revenue Authority, total gross collections for 2014 amounted to US$3.84 billion against a target of US$3.82 billion, resulting in a positive variance of 1%. Net collections for the year amounted to US$3.60 billion against a target of US$3.82 billion, resulting in a negative variance of 6%. The bulk of the revenue was collected from Value Added Tax (VAT) (28%), Individual Tax (26%), Excise Duty (14%), and Corporate Income Tax (11%). Individual Tax (Pay As You Earn) total collections were US$911.8 million against a target of US$760.0 million, resulting in a positive variance of 20%. Gross collections under Corporate Income Tax were US$373.9 million whilst net collections amounted to US$372.1 million against a target of US$426 million, resulting in negative variances of 12% and 13%, respectively. The general poor performance of the economy owing to various factors such as liquidity constraints, obsolete equipment, lack of lines of credit, high production costs and the reduction in industrial capacity utilisation from around 39.6% in 2013 to 36.3% in 2014 had a negative impact on company profits, thereby contributing to the revenue lines' failure to meet expectations.

In the outlook, based on the 2015 GDP growth projection of 2.8%, Government's revenue target is US$3.95 billion of which US$3.76 billion is expected to be earned from taxes. Going forward, revenues will continue to be suppressed owing to liquidity challenges, company closures and the scaling down of operations by a number of institutions. Moreover, the perennial trend where Government Vote Allocations are heavily skewed towards recurrent expenditure, at the expense of capital expenditure, will continue to hamper economic growth.

1.4 EXTERNAL SECTOR

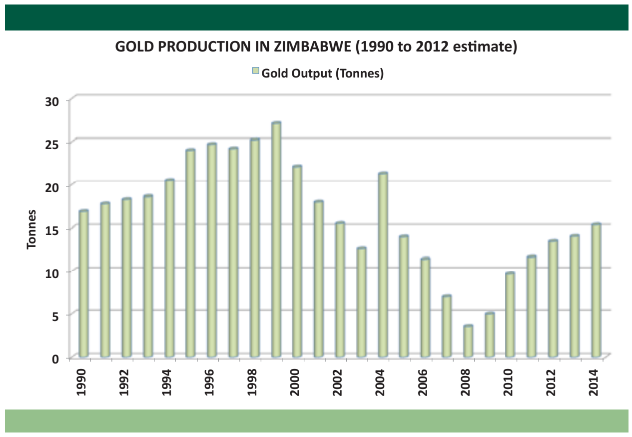
Trade Account

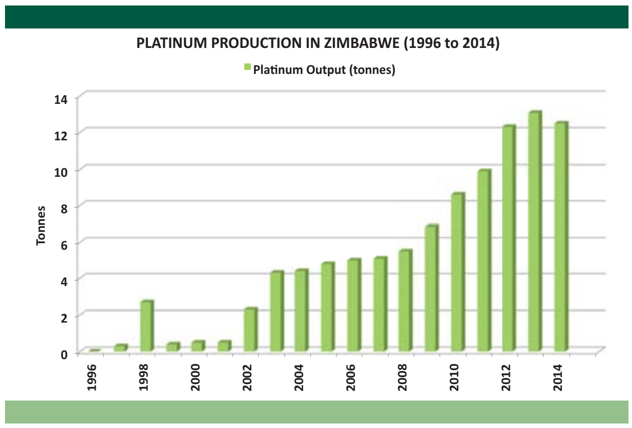
Over the period January to December 2014, the country's merchandise imports amounted to US$6.4 billion, which significantly surpassed merchandise exports of US$3.1 billion, culminating in a trade deficit of US$3.3 billion. The subdued export performance reflected, in part, the decline in international commodity prices, lack of competitiveness attributable to infrastructure deficits, high utility costs and high cost of capital and finance. Imports continued to outpace exports as the country continues to lose competitiveness due to the strengthening of the United States dollar against the currencies of Zimbabwe's major trading partners. The trade deficit narrowed by 14% from US$3.9 billion in 2013 to US$3.3 billion in 2014, reflecting the positive effects of the decline in crude oil prices and the policies put in place by the Reserve Bank for business to utilise resources for bona fide transactions.

Going forward, the overall strength of the recovery of the export sector will depend on the growth performance in the key export markets and foreign investment partners, particularly from the US, the European Union and China.

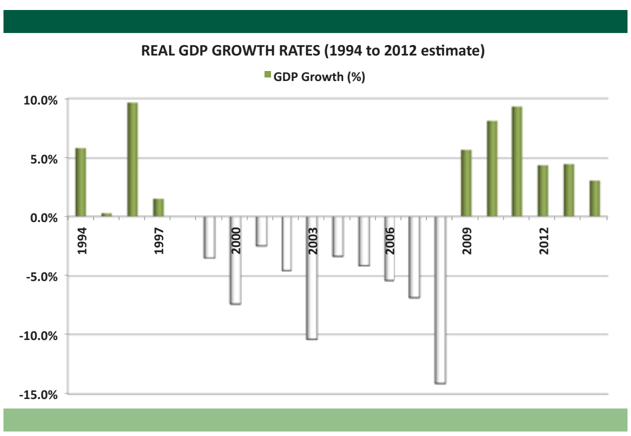
1.5 ECONOMIC OUTLOOK

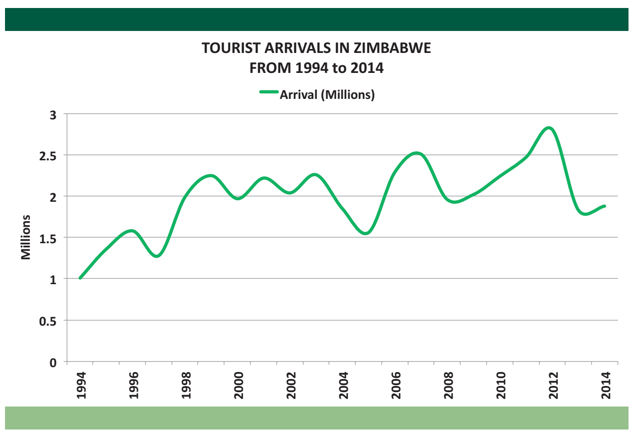
Performance of the domestic economy is premised on the implementation of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation. However, the country has failed to meet the growth targets set herein owing to a number of challenges as highlighted in this Economic Overview. The 2015 National Budget also failed to comprehensively address challenges facing the country. The country's economy will remain stagnant or even decline as the much-needed foreign investment inflows continue to be constrained by investor wariness of Government policies. As such more financial resources, policy reforms and discipline by economic agencies remain a pre-requisite for the country to achieve the Government's projected growth rate of 3.2% in 2015.

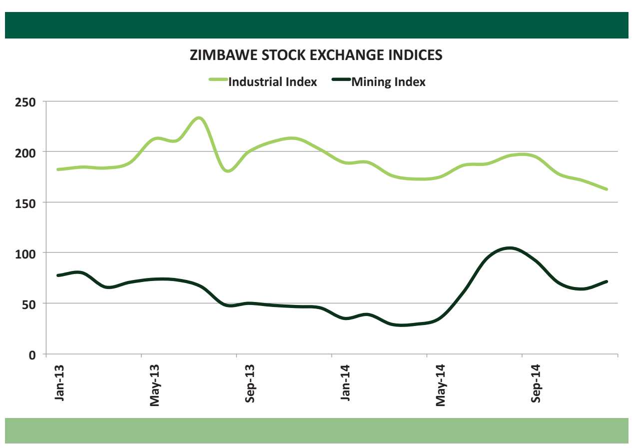




GRAPHS:



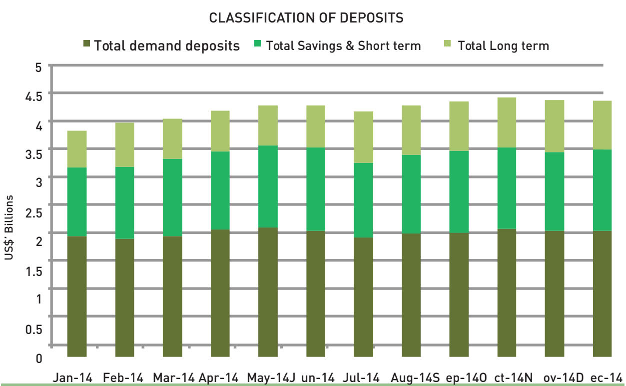


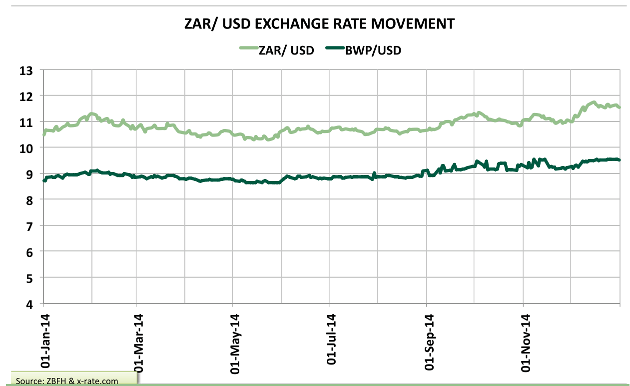


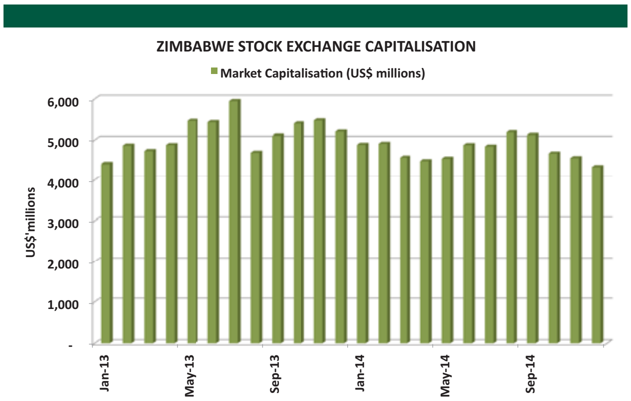
ECONOMIC OVERVIEW

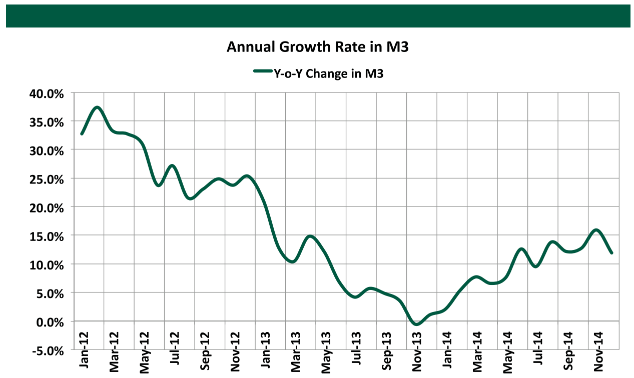
For the year ended 31 December 2014

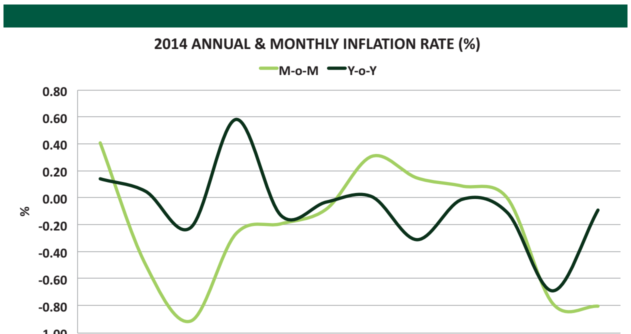
GRAPHS:











	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
M-o-M	0.41	-0.49	-0.91	-0.26	-0.19	-0.08	0.31	0.15	0.09	-0.001	-0.78	-0.8
Y-o-Y	0.14	0.05	-0.22	0.58	-0.13	-0.03	0.01	-0.31	-0.01	-0.11	-0.69	-0.09

FOUR YEAR FINANCIAL REVIEW
For the year ended 31 December 2014

in US$	2014	Restated 2013	Restated 2012	Restated 2011	Restated 2010	Restated 2009
Income Statement						
Total income	57 261 655	59 850 062	68 962 093	62 942 188	39 831 532	26 411 099
Specific and portfolio risk provision	7 702 696	1 734 701	1 750 174	3 115 231	1 045 681	226 217
Net income after tax	(9 806 816)	(326 656)	10 859 001	7 029 667	(2 602 080)	(1 246 339)
Attributable income	(10 261 724)	2 846 228	8 988 464	5 800 787	(1 037 669)	(2 462 430)
Balance Sheet						
Issued share capital	1 751 906	1 751 906	1 751 906	1 751 906	1 751 906	160 000
Shareholders' funds	49 083 988	63 562 979	60 879 398	45 810 739	36 995 420	37 479 321
Total equity	68 450 727	77 868 544	78 668 964	52,741 284	46 017 046	48 224 227
Deposits and other accounts	243 818 336	218 615 988	216 727 944	169 179 024	115 572 635	52 237 609
Cash and short term funds	82 586 310	69 160 246	69 726 565	51 954 400	41 475 536	26 165 703
Advances and other accounts	146 155 282	133 805 128	136 195 690	117 857 764	77 058 151	23 524 552
Risk provisions	3 735 495	4 128 278	6 100 941	4 350 193	1 235 536	226 217
Total assets	383 062 610	348 440 727	345 414 590	270 864 449	198 558 221	125 049 759
Statistics						
Number of shares at year end (net of treasury shares)	158 345 488	158 345 488	158 956 499	160 132 437	165 487 316	175 188 342
Weighted average number of shares (000)	158 345 488	158 345 488	158 956 499	162 809 877	170 337 829	175 188 342
Earnings per share (cents)	(0.0650)	0.0180	0.0565	0.0356	(0.0061)	(0.0141)
Net book asset value per share (cents)	43.23	49.18	49.68	32.39	27.02	27.53
Share price at year end (cents)	3.00	11.10	8.00	20.00	14.00	3.00
Number of employees at year end	1,042	1,005	1,029	1,419	1,315	1,248
Ratios (%)						
Return on average shareholders' funds	-13.40%	-0.42%	16.85%	14.01%	-2.79%	-13.14%
Return on average assets	-2.81%	0.82%	2.92%	2.47%	-0.64%	-3.94%
Non interest income to total income	79%	67%	69%	68%	71%	88%
operating expenses to total income	99%	97%	87%	81%	85%	88%

REPORT OF THE DIRECTORS

For the year ended 31 December 2014

The directors have pleasure in presenting their report to shareholders for the year ended 31 December 2014.

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 loss for the year amounting to (US$9 806 816) (2013: restated loss of US326 656), with a loss of (US$10 261 724) (2013: restated profit of US$2 846 228) being attributable to the equity holders of the parent company.

The net increase in equity arising from other comprehensive income amounted to US$447 615 (2013: restated US$167 344).

Total assets as at 31 December 2014 amounted to US$383 062 610 (31 December 2013: restated US$348 440 727).

Dividends

The Board of directors has not recommended a dividend for the year ended 31 December 2014.

Going concern

The directors have reviewed the operational and capital budgets as well as cash flows to the year ending 31 December 2015. 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

In terms of Article 68 of the Company's Articles of Association, Mr T. Mafunda retires by rotation, and being eligible, offer himself for re-election.

None of the directors held any shares, directly or indirectly, in the company as at 31 December 2014.

REPORT OF THE DIRECTORS
For the year ended 31 December 2014

Auditors

Messrs KPMG Chartered Accountants (Zimbabwe) have been the Group's auditors since 2010. In terms of paragraph 41 (4) of Part III of the Banking Act (Chapter 24:20), a banking institution is prohibited from appointing as its auditor the same institution for a continuous period of more than five (5) years in any eight (8) year period. Consequently Messrs KPMG Chartered Accountants (Zimbabwe), having served the Group for a period of five years, will retire at the forthcoming General meeting.

Members will be required to approve their remuneration for the year ended 31 December 2014 and to appoint their successor for the ensuing period.

By order of the Board

………………………	………………………	………………………
T P B Mpofu (Chairman)	R Mutandagayi (Group Chief Executive)	C T Kathemba (Group Secretary)

HARARE
26 March 2015

BOARD OF DIRECTORS

T P B Mpofu (Chairman)
R Mutandagayi (Group Chief Executive)
F Kapanje (Group Finance Director)
E Hamandishe
E Munemo
T Mafunda
T I Chirisa

DIRECTOR'S STATEMENT OF RESPONSIBILITY
For the year ended 31 December 2014

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 there under 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 external 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 40 to 147, were approved by the Board on 26 March 2015.

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

....	....
T P B Mpofu	R Mutandagayi
(Chairman)	(Group Chief Executive)

HARARE
26 March 2015

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 2014

exceeds the amount of the liabilities in respect of those classes of insurance business by US$ 16 936 381.

We note that the substantial increase in reported excess assets (compared with the position at 31 December 2013) is mainly due to the accounting basis change in ZB Life Assurance Limited's investment in an associate entity.

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

25 March 2015

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

INDEPENDENT ACTUARIES & CONSULTANTS

CERTIFICATE OF THE CONSULTING ACTUARY

To the Directors,

ZB LIFE ASSURANCE LIMITED

Actuarial liabilities at 31 December 2014

I certify that the actuarial liabilities of ZB Life Assurance Limited at 31 December 2014 were as follows:

Type of business	US$
Life Assurance Business	5 835 410
Retirement annuity Pensions, Group Pensions, Immediate and Deferred Annuities	22 703 104
Total	28 538 514

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

25 March 2015

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

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

KPMG
Mutual Gardens
100 The Chase (West) , Emerald Hill
P O Box 6, Harare
Zimbabwe

Telephone + 263 (4) 303700
+ 263 (4) 302600
Fax + 263 (4) 303699

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 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 141.

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 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) and, the Insurance Act (Chapter 24:07), 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the consolidated and separate financial position of ZB Financial Holdings Limited as at 31 December 2014, and of its consolidated and separate financial performance and consolidated and separate 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) and, the Insurance Act (Chapter 24:07).

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2.1.1 to the financial statements which indicates that the Group early adopted International Financial Reporting Standard, IAS 27 Separate Financial Statements, in the preparation of the financial statements therefore resulting in a change in accounting policy. The note 2.1.1 explains the reasons, nature and financial impact of the early adoption on the financial statements including on the comparative financial information which has accordingly been restated.

KPMG

KPMG Chartered Accountants (Zimbabwe)
Harare

26 March 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2014

	Notes	31 Dec 2014 US$	Restated* 31 Dec 2013 US$	Restated* 1 Jan 2013 US$
ASSETS				
Cash and cash equivalents	5	82 586 310	69 160 246	69 726 565
Money market investments	6	12 093 522	15 605 190	13 192 365
Mortgages and other advances	7	146 155 282	133 805 128	136 195 690
Investment securities	8	16 289 203	15 465 823	13 560 328
Investments in associates	9.1	38 471 112	39 079 070	37 207 989
Inventories, trade and other receivables	10	13 881 233	3 663 858	5 058 447
Investment properties	11	17 164 129	16 633 934	16 780 703
Property and equipment	12	44 519 920	44 378 989	43 044 354
Intangible assets	13	8 507 386	8 734 237	9 718 994
Deferred tax asset	18	3 394 513	1 914 252	929 155
Total assets		383 062 610	348 440 727	345 414 590
LIABILITIES				
Deposits and other accounts	14	243 818 336	218 615 988	216 727 944
Amounts due to other banks		229 747	168 059	109 353
Short term borrowings	15	12 729 752	3 750 000	6 716 657
Trade and other payables	16	25 736 154	13 262 918	12 485 768
Current tax liabilities	17	245 194	470 646	757 460
Life assurance funds	19	28 538 514	29 953 043	25 493 223
Deferred tax liabilities	18	3 314 186	4 351 529	4 455 221
Total liabilities		314 611 883	270 572 183	266 745 626
EQUITY				
Share capital	20.1	1 751 906	1 751 906	1 751 906
Share premium	20.2	27 081 696	27 081 696	27 204 178
Other components of equity	20.3	36 813 165	16 496 881	16 758 366
Retained income	20.4	(16 562 779)	18 232 496	15 164 948
Attributable to equity holders of parent		49 083 988	63 562 979	60 879 398
Non-controlling interests	20.5	19 366 739	14 305 565	17 789 566
Total equity		68 450 727	77 868 544	78 668 964
Total equity and liabilities		383 062 610	348 440 727	345 414 590

For and on behalf of the Board

T P B Mpofu	R Mutandagayi	CT Kathemba
(Chairman)	(Group Chief Executive)	(Group Secretary)

26 March 2015

***See Note 2.1.1**

COMPANY STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2014

	Notes	31 Dec 2014 US$	Restated 31 Dec 2013 US$	Restated 1 Jan 2013 US$
ASSETS				
Cash and cash equivalents	5	2 336 246	-	-
Investment securities	8	11 447 520	694 655	5 230 383
Investments in associates	9.1	5 341 204	4 493 396	4 329 702
Investments in subsidiaries	9.2	50 540 624	59 939 370	60 810 411
Inventories, trade and other receivables	10.2	7 081 060	6 157 180	3 132 271
Property and equipment	12	379 878	467 133	659 920
Intangible assets	13	109 231	8 080	10 609
Deferred tax asset	18.1	967 920	582 233	-
Total assets		78 203 683	72 342 047	74 173 296
LIABILITIES				
Trade and other payables	16	20 219 773	11 965 423	8 253 972
Short term borrowings	15	10 729 752	3 314 513	6 699 216
Deferred tax liabilities		-	-	49 364
Total liabilities		30 949 525	15 279 936	15 002 552
EQUITY				
Share capital	20.1	1 751 906	1 751 906	1 751 906
Share premium	20.2	27 081 696	27 081 696	27 204 178
Retained income	20.4	18 420 556	28 228 509	30 214 660
Total equity and reserves		47 254 158	57 062 111	59 170 744
Total equity and liabilities		78 203 683	72 342 047	74 173 296

For and on behalf of the Board

T P B Mpofu
(Chairman)

R Mutandagayi
(Group Chief Executive)

C T Kathemba
(Group Secretary)

26 March 2015

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	COMPANY 2014 US$	COMPANY 2013 US$	GROUP 2014 US$	GROUP Restated 2013 US$
Interest income	22.1	-	-	32 111 455	36 020 430
Interest expense	22.2	-	-	(12 539 400)	(14 410 078)
Net interest income		-	-	19 572 055	21 610 352
Allowance for loan impairments	7.5	-	-	(7 702 696)	(1 734 701)
Net income from lending activities		-	-	11 869 359	19 875 651
Gross insurance premium income	23.1	-	-	29 519 531	27 909 541
Insurance expenses	23.2	-	-	(20 934 736)	(19 878 573)
Net insurance premium income		-	-	8 584 795	8 030 968
Other operating income	24	8 316 829	8 341 330	37 568 400	31 317 788
Fair value adjustments	25	(9 421 890)	(1 695 836)	(760 899)	625 655
Total income		(1 105 061)	6 645 494	57 261 655	59 850 062
Operating expenses	26	(7 148 086)	(8 761 767)	(56 955 979)	(57 782 301)
Profit from ordinary activities		(8 253 147)	(2 116 273)	305 676	2 067 761
Staff retrenchment costs		(1 869 606)	-	(12 765 084)	-
Operating income before taxation		(10 122 753)	(2 116 273)	(12 459 408)	2 067 761
Transfer from / (to) life assurance funds	19	-	-	1 414 529	(4 459 820)
Share of associate companies' profit, net of tax	9.1	(70 887)	(247 193)	322 159	2 569 445
(Loss)/profit before taxation		(10 193 640)	(2 363 466)	(10 722 720)	177 386
Income tax expense	27	385 687	631 597	2 117 524	(201 755)
Loss for the year from continuing operations		(9 807 953)	(1 731 869)	(8 605 196)	(24 369)
Discontinued operations					
Loss from discontinued operations, net of tax	28	-	-	(1 201 620)	(302 287)
Net loss for the year		(9 807 953)	(1 731 869)	(9 806 816)	(326 656)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended 31 December 2014

		COMPANY		GROUP	
					Restated
	Notes	2014 US$	2013 US$	2014 US$	2013 US$
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Gains on property revaluation	20.3.2	-	-	461 312	93 901
Share of associate companies' revaluation reserve, net of tax	20.3.2	-	-	-	78 138
Income tax relating to components of other comprehensive income	20.6	-	-	(13 697)	(4 695)
Other comprehensive income for the year net of tax		-	-	447 615	167 344
Total comprehensive loss for the year		(9 807 953)	(1 731 869)	(9 359 201)	(159 312)
(Loss) / profit attributable to:					
Owners of parent from continuing operations		(9 807 953)	(1 731 869)	(9 060 104)	3 148 515
Owners of parent from discontinued operations		-	-	(1 201 620)	(302 287)
Non-controlling interest			-	454 908	(3 172 884)
Loss for the year		(9 807 953)	(1 731 869)	(9 806 816)	(326 656)
Total comprehensive (loss) / income attributable to:					
Owners of parent from continuing operations		(9 807 953)	(1 731 869)	(8 750 041)	3 337 519
Owners of parent from discontinued operations		-	-	(1 201 620)	(302 287)
Non-controlling interests		-	-	592 460	(3 194 544)
Total comprehensive loss for the year		(9 807 953)	(1 731 869)	(9 359 201)	(159 312)
Earnings per share					
Basic and fully diluted (loss) / earnings per share (dollars) from continuing operations	29			(0.052)	0.018
Basic and fully diluted loss per share (dollars) from discontinued operations	29			(0.007)	(0.002)
Basic and fully diluted loss per share (dollars)	29			(0.065)	0.018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	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 2013	1 751 906	27 204 178	2 824 790	13 743 090	11 272 600	56 796 564	10 100 845	66 897 409
Prior year adjustments	-	-	-	190 486	3 892 348	4 082 834	7 688 721	11 771 555
Restated balance at 1 January 2013	1 751 906	27 204 178	2 824 790	13 933 576	15 164 948	60 879 398	17 789 566	78 668 964
Changes in equity for 2013:								
Restated profit or (loss) for the year	-	-	-	-	2 846 228	2 846 228	(3 172 884)	(326 656)
Profit for the year as previously reported	-	-	-	-	320 863	320 863	547 242	868 105
Prior year adjustments	-	-	-	-	2 525 365	2 525 365	(3 720 126)	(1 194 761)
Other comprehensive income, net of tax								
Revaluation of property	-	-	-	189 004	-	189 004	(21 660)	167 344
Transaction 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)	-
Restated balance at 31 December 2013	1 751 906	27 081 696	2 374 301	14 122 580	18 232 496	63 562 979	14 305 565	77 868 544
Changes in equity for 2014:								
Profit or loss								
(Loss) / profit for the year	-	-	-	-	(10 261 724)	(10 261 724)	454 908	(9 806 816)
Other comprehensive income, net of tax								
Revaluation of property	-	-	-	310 063	-	310 063	137 552	447 615
Transaction with owners of the parent								
Distributions								
Dividends paid	-	-	-	-	-	-	(58 616)	(58 616)
Other movements								
Regulatory reserve in respect of doubtful debts	-	-	14 787 685	-	(14 787 685)	-	-	-
Investment reserves created during the year	-	-	5 218 536	-	(9 745 866)	(4 527 330)	4 527 330	-
Restated balance at 31 December 2014	1 751 906	27 081 696	22 380 522	14 432 643	(16 562 779)	49 083 988	19 366 739	68 450 727

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Ordinary shares US$	Share premium US$	Accumulated profit US$	Total US$
Balance at 1 January 2013	1 751 906	27 204 178	22 164 618	51 120 702
Prior year adjustments	-	-	8 050 042	8 050 042
Restated balance January 2013	1 751 906	27 204 178	30 214 660	59 170 744
Changes in equity for 2013:				
Profit or loss	-	-	(1 731 869)	(1 731 869)
Loss for the year				
as previously reported	-	-	(71 979)	(71 979)
Prior year adjustment	-	-	(1 659 890)	(1 659 890)
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	28 228 509	57 062 111
Changes in equity for 2014:				
Profit or loss				
Loss for the year	-	-	(9 807 953)	(9 807 953)
Balance at 31 December 2014	1 751 906	27 081 696	18 420 556	47 254 158

STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	Note	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP Restated 31 Dec 2013 US$
Cash flows from operating activities	30	16 553 086	183 938	513 550	(14 039 660)
Interest received		-	-	32 111 455	36 020 430
Dividends received		-	-	202 748	255 960
Interest paid		-	-	(12 539 400)	(14 410 078)
Income taxes paid		-	-	(639 229)	(1 474 435)
Net cash generated from operating activities		16 553 086	183 938	19 649 124	6 352 217
Cash flows used in investing activities					
Proceeds on disposal of investment property		-	-	-	94 985
Purchase of intangible assets		(106 904)	-	(1 870 128)	(1 164 816)
Purchase of property and equipment		(22 713)	(40 705)	(2 329 002)	(4 180 173)
Proceeds on disposal of property and equipment		3 298	-	198 360	137 672
Purchase of investment securities		(11 099 371)	(1 348 423)	(12 363 532)	(1 927 510)
Proceeds on disposal of investment securities		323 363	4 966 657	10 990 341	963 782
Net cash used in investing activities		(10 902 327)	3 577 529	(5 373 961)	(6 076 060)
Cash flows used in financing activities					
Purchase of treasury shares		-	(122 482)	-	(122 482)
Dividends paid		-	(254 282)	(58 616)	(518 626)
Net cash used in financing activities		-	(376 764)	(58 616)	(641 108)
Net increase in cash and cash equivalents		5 650 759	3 384 703	14 216 547	(364 951)
Cash and cash equivalents at beginning of year		(3 314 513)	(6 699 216)	69 160 246	69 726 565
Effects of exchange rates fluctuating on cash and cash equivalents		-	-	(790 483)	(201 368)
Cash and cash equivalents at end of year		2 336 246	(3 314 513)	82 586 310	69 160 246
Cash and cash equivalents comprise:					
Cash		2 336 246	-	59 672 917	43 262 442
Local bank accounts		-	-	17 896 729	17 555 385
Foreign bank accounts		-	-	5 016 664	8 342 419
Short term borrowings		-	(3 314 513)	-	-
		2 336 246	(3 314 513)	82 586 310	69 160 246

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)

2.1.1New 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 standard	Effective date	Major requirements
IAS 27 Equity Method in Separate Financial Statements	1 Jan 2016	The amendments issued on 12 August 2014 allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint venture, but also for subsidiaries. The amendments allow the introduction of equity accounting as a third option – in addition to the existing cost and fair value options and are likely to increase diversity in reporting practices. The Group decided to early-adopt this amendment with the result that its investment in Mashonaland Holdings Limited (Mash), a Zimbabwe Stock Exchange listed company which is jointly owned between the life fund and equity holders, has been equity accounted for in terms IAS 27:10c at both the life company and in the consolidated financial statements of the Group. Previously, the investment was held at market price in the separate accounts of the life company and the holding company for the portion of investment held thereat. Only the proprietary portion of the shareholding was equity accounted for in the consolidated financial statements for the Group. The Directors believe that the new accounting method captures fairly the true value of the investment in addition to removing the volatility in the reported financial outturn for the separate entities as well as at the Group level.

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

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

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

New standard	Effective date	Major requirements
Amendments to IAS 27 Equity Method in Separate Financial Statements (continued)	1 Jan 2016	The amendments have been adopted with retrospective effect resulting in the restatement of prior year figures. The value of the life fund has also been reassessed retrospectively in line with this change in accounting method. The effect of the change on prior year numbers is indicated below:-

GROUP

	31-Dec-13		31-Dec-12	
	As previously stated US$	Restated US$	As previously stated US$	Restated US$
Trade investments	23 963 517	15 465 823	20 509 581	13 560 328
Investment in associates	14 171 551	39 079 070	12 945 367	37 207 989
Life fund liabilities	24 467 521	29 953 043	20 406 654	25 493 223
Deferred tax liabilities	4 004 025	4 351 529	3 999 976	4 455 2221
Total equity attributed to :				
shareholders of parent company	56 954 780	63 562 979	56 796 564	60 879 398
outsiders shareholders' interests	10 336 970	14 305 565	10 100 845	17 789 566
Total assets	332 030 902	348 440 727	328 101 221	345 414 590
Total liabilities	264 739 152	270 572 183	261 203 812	266 745 626
Reported income before taxation	1 069 983	177 586	12 326 341	12 326 342
Reported profit / (loss) after taxation	868 105	(326 656)	10 859 001	10 859 002
Reported profit attributed to shareholders' of parent company	320 863	2 846 228	8 988 466	8 988 466
Reported profit / (loss) attributed to outside shareholders' interests	547 242	(3 172 884)	1 870 537	1 870 537
Reported other comprehensive income / (loss)	1 035 449	(159 312)	4 010 517	4 010 517
Reported other comprehensive income attributed to shareholders' of parent company	509 867	3 035 232	11 668 665	11 668 665
Reported other comprehensive income / (loss) attributed to outside shareholders' interests	525 582	(3 194 544)	3 200 854	3 200 854

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) (continued)

COMPANY

	31-Dec-13		31-Dec-12	
	As previously stated US$	Restated US$	As previously stated US$	Restated US$
Trade investments	2 812 681	694 655	6 114 424	5 230 383
Investment in associates	1 363 486	4 493 396	1 363 486	4 329 702
Total equity attributed to shareholders of parent company	50 671 959	57 062 111	51 120 702	59 170 744
Total assets	65 951 895	72 342 047	66 123 254	74 173 296
Total liabilities	15 279 936	15 279 936	15 002 552	15 002 552
Reported (loss) / income before taxation	(703 576)	(2 363 460)	9 262 886	9 262 886
Reported (loss) / profit after taxation	(71 979)	(1 731 869)	9 108 904	9 108 904
Reported (loss) / profit attributed to shareholders' of parent company	(71 979)	(1 731 869)	9 108 904	9 108 904
Reported other comprehensive (loss) / income	(71 979)	(1 731 869)	9 108 904	9 108 904
Reported other comprehensive (loss) / income attributed to shareholders' of parent company	(71 979)	(1 731 869)	9 108 904	9 108 904

2.1.2 New and revised IFRSs applied with no material effect on the consolidated financial statements

New standard	Effective date	Major requirements
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. The clarification provided matches with the accounting methods already adopted by the Group, and therefore, there was no need to adjust the reported figures.

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

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

2.1.2 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

New standard	Effective date	Major requirements
Amendments to IAS 19 Defined Benefit Plans:Employee Contributions	1 July 2014	The amendments to IAS 19 requires the Group to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. 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.
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 Jan 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 a significant 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.

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

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

2.1.2 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

New standard	Effective date	Major requirements
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.

2.1.3 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
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016	The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016	The amendments require IFRS 3 Business Combinations accounting to be applied to acquisitions of interests in a joint operation that constitutes a business to the extent of its share. The amendments also clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be re-measured if the joint operator retains joint control.

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

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

2.1.3 New and revised IFRSs in issue but not yet effective

New standard	Effective date	Major requirements
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2016	The amendments require the full gain to be recognised in profit or loss when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations. The amendments place the focus firmly on the definition of a business. This definition is key to determining the extent of the gain to be recognised, which places pressure on the judgement applied in making this determination.
IFRS 15 Revenue from Contracts with Customers	1 Jan 2017	The new revenue standard issued on 28 May 2014 introduces a new revenue recognition model for contracts with customers in addition to requiring new disclosures. The Group does not expect significant deviations from how it currently accounts for revenue. However, detailed evaluation of all revenue lines would need to be undertaken ahead of the effective date for the adoption of the standard.
IFRS 9 Financial Instruments	1 Jan 2018	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. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. 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.

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

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$142 227 495 whilst non-cash monetary assets amounted to US$240 835 114.

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 company's separate financial statements.

2.2.2.2 Fair value adjustments for financial liabilities

The value of financial liabilities carried at amortised cost has been approximated as the amortised cost due to lack of an active market for comparable instruments.

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

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

2.2.2 Key sources of estimation uncertainty (continued)

2.2.2.3 Valuation of property and equipment and investment properties

In the current year properties were revalued at 31 December 2014 on the basis of a valuation done by Edinview Property Group (EPG Global) (2013 – Knight Frank Zimbabwe) who are independent valuers not related to the Group. EPG Global 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. EPG Global 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$6 – US$10	8% - 11%
Retail	US$10 – US$25	8% - 10%
Industrial	US$2.5 – US$4	12% - 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.

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

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

2.2.2.3 Valuation of property and equipment and investment properties (continued)

The financial effect of the revaluation exercise is indicated below:

	31 Dec 2014 US$	31 Dec 2013 US$
Fair value adjustment on investment properties	530 195	53 987
Surplus on revaluation of property and equipment	461 312	93 901
Total uplift in property values	991 507	147 888

2.2.2.4 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:

	31 Dec 2014	31 Dec 2013
Freehold properties	33 years	33 years
Leasehold improvements	15 years	15 years
Motor vehicles and mobile agencies	4 years	4 years
Equipment, furniture and fittings	10 years	10 years
Computer equipment	3 years	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. CHANGES IN ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

2.2.2 Key sources of estimation uncertainty (continued)

2.2.2.5 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$1 783 449 (2013: US$2 163 962).

2.2.2.6 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:

Key assumption area	31 Dec 2014	31 Dec 2013
Valuation discount rates (taxed)	8%	8%
Valuation discount rates (untaxed)	8%	8%
Expense inflation rate	10%	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 2014 is made up as follows:

	31 Dec 2014 US$	Restated 31 Dec 2013 US$
Value of total liability	21 959 500	24 015 200
Distribution of surplus in the fund	6 579 014	5 937 843
	28 538 514	29 953 043

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

A total of US$1 491 100 (2013 – US$5 119 900) 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 two year (2013: 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. CHANGES IN ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

2.2.2 Key sources of estimation uncertainty (continued)

2.2.2.7 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$2 297 230 (2013: US$505 229).

2.2.2.8 Assessment of control in investments

Assessment of control on investee companies in terms of IFRS 10 Consolidated Financial Statements and IAS 28 investments 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 26 March 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 from the 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 profit or 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 of subsidiaries 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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Revenue recognition (continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 armortised 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.

Assets included in this category include unlisted shares except to the extend that these have been designated as at FVTPL.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. These assets are subsequently measured at armortised cost using the effective interest method.

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 armortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 armortised 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4.1.7 Impairment of financial assets (continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4.2.7 Financial liabilities at FVTPL (continued)

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 interest 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 armortised 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4.4 Fair values of financial instruments (continued)

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 13 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is revalued. 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Foreign currency transactions (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Taxation (continued)

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.

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 other 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Internally-generated intangible assets (continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Following a review of its business model, the Group reassessed its business segments as follows:

a) Universal 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, the building society operations and the venture capital operations of the Group.

b) Universal Insurance

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.

4. SEGMENT INFORMATION (continued)

c) Other Strategic Investments

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

- The Group shared services - this house's common activities that support all business units such as ICT, risk management, compliance, human resources and similar services. This helps with the seamless delivery of the enterprise resource planning activities.
- Strategic investments - this include property holdings and other nominal investments in other sub sectors of the financial sector.

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.

During the year the fund management segment was discontinued. This comprised of the Group's Asset Management Company as well as the Stockbroking operations.

4. SEGMENT INFORMATION

4.1 Segment results

	Universal Banking US$	Universal insurance US$	Other strategic investments[1] US$	Total US$
31 December 2014				
External revenue				
Net interest income	10 739 480	1 129 773	106	11 869 359
Net fee and commission income	33 442 368	8 595 251	(985 585)	41 052 034
Net income from other financial instruments at fair value	446 690	(484 056)	(723 533)	(760 899)
Other revenue	4 806 189	49 614	245 358	5 101 161
Total segment revenue	49 434 727	9 290 582	(1 463 654)	57 261 655
Other material non-cash items:				
Depreciation	2 138 826	140 838	228 452	2 508 116
Armotisation of intangible assets	1 957 419	128 979	10 581	2 096 979
Reportable segment profit before taxation	(10 252 388)	2 619 312	(3 089 644)	(10 722 720)
Reportable segment assets	348 815 144	61 105 362	(26 857 896)	383 062 610
Reportable segment liabilities	293 823 087	35 680 422	(14 891 626)	314 611 883

[1] Include discontinued operations and consolidation journals

4. SEGMENT INFORMATION (continued)

4.1 Segment results

	Universal Banking US$	Universal insurance US$	Other strategic investments[1] US$	Total US$
31 December 2013				
External revenue				
Net interest income	19 747 201	190 818	(62 368)	19 875 651
Net fee and commission income	29 585 141	8 030 968	(3 872 084)	33 744 025
Net income from other financial instruments at fair value	70 363	2 189 771	(1 634 479)	625 655
Other revenue	3 408 851	731 729	1 464 151	5 604 731
Total segment revenue	52 811 556	11 143 286	(4 104 780)	59 850 062
Other material non-cash items:				
Depreciation	2 216 074	275 364	249 310	2 740 748
Armotisation of intangible assets	1 942 907	134 804	21 851	2 099 562
Reportable segment profit before taxation	3 269 013	3 619 719	(6 711 346)	177 386
Reportable segment assets	307 317 246	61 306 689	(20 183 208)	348 440 727
Reportable segment liabilities	244 645 029	37 314 308	(11 387 154)	270 572 183

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
5. CASH AND CASH EQUIVALENTS				
5.1 Balances with the Reserve Bank of Zimbabwe	-	-	21 894 034	17 555 385
5.2 Balance with other banks and cash current, nostro accounts and cash	2 336 246	-	60 692 276	51 604 861
Total cash and cash equivalents	2 336 246	-	82 586 310	69 160 246
6. MONEY MARKET INVESTMENTS				
6.1 Assets classified as 'held to maturity':				
Fixed deposits	-	-	4 093 522	10 605 190
Treasury bills	-	-	8 000 000	5 000 000
	-	-	12 093 522	15 605 190

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 (RBZ) over a period of 180 days at an average rate of 9.25% p.a.

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
6.2 Contingent assets				
In respect of treasury bills held in trust on behalf of clients	-	-	5 130 167	-

The Group previously held balances in respect of foreign currency amounts that were surrendered to the RBZ for parastatals, corporates and tobacco farmers. Previous understanding was that the balance at the RBZ accrued interest at 12% p.a. As part of the debt assumption process in terms of the Debt Assumption Bill which was gazetted in June 2014, treasury bills have been issued in respect of the capital portion only of the balances held at the Reserve Bank. The Group received treasury bills amounting to US$6.1 million with tenures ranging from 3 to 5 years at interest rates ranging from 2% to 3.5% p.a. US$1 million of these treasury bills had been passed on to customers as at 31 December 2014.

These treasury bills have been accounted for as off balance sheet assets as at 31 December 2014 as the Bank is holding them on behalf of customers.

At the time of reporting it was not clear how the accrued interest was going to be settled by the RBZ.

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
7. MORTGAGES AND OTHER ADVANCES				
7.1 Gross loan book				
Mortgage advances	-	-	12 563 859	9 381 426
Other advances:				
Loans, overdraft and other accounts	-	-	101 829 655	95 476 312
Finance leases	-	-	3 722 969	5 328 964
Bills discounted	-	-	31 188 667	33 954 747
Insurance advances	-	-	2 288 643	2 065 822
Total other advances	-	-	139 029 934	136 825 845
Gross advances	-	-	151 593 793	146 207 271
Off balance sheet exposures				
In respect of guarantees	-	-	21 623 909	23 832 413
Gross credit exposure	-	-	173 217 702	170 039 684
Gross advances	-	-	151 593 793	146 207 271
Less: Allowance for loan impairments	-	-	(3 735 495)	(4 128 278)
Less: interest reserved	-	-	(1 703 016)	(8 273 865)
Net advances	-	-	146 155 282	133 805 128
7.2 Maturity analysis				
On demand	-	-	33 566 383	44 432 334
Within 1 month	-	-	32 549 387	24 774 216
Between 1 and 6 months	-	-	18 947 603	21 325 360
Between 6 and 12 months	-	-	16 271 679	24 851 444
After 12 months	-	-	44 820 230	18 421 774
	-	-	146 155 282	133 805 128
7.3 Non-performing loans				
Included in the above are the following;				
Non-performing loans	-	-	48 785 231	29 790 265
Less: Allowance for loan impairments	-	-	(3 735 495)	(4 128 278)
Less: Interest reserved	-	-	(1 703 016)	(8 273 865)
Value to be received from security held	-	-	43 346 720	17 388 122

7. MORTGAGES AND OTHER ADVANCES (continued)

7.3 Non-performing loans (continued)

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$62 028 641 as at 31 December 2014 (2013: US$18 737 376).

		COMPANY		GROUP
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
7.4 Sectoral analysis				
Private	-	-	54 868 774	32 084 313
Agriculture	-	-	16 995 745	18 808 191
Mining	-	-	26 236 152	28 549 575
Manufacturing	-	-	17 532 263	19 197 042
Distribution	-	-	9 389 200	10 794 818
Construction	-	-	1 112 095	3 428 509
Transport	-	-	1 411 078	2 656 832
Services	-	-	20 734 403	17 311 269
Financial	-	-	1 859 248	1 913 024
Other	-	-	1 454 835	11 463 698
	-	-	151 593 793	146 207 271
Less: Allowance for loan impairments	-	-	(3 735 495)	(4 128 278)
Less: Interest reserved	-	-	(1 703 016)	(8 273 865)
	-	-	146 155 282	133 805 128
7.5 Loan impairment				
Balance at beginning of year	-	-	4 128 278	6 100 941
Write offs against provision	-	-	(8 095 479)	(3 707 364)
Charge to profit or loss	-	-	7 702 696	1 734 701
Balance at end of year	-	-	3 735 495	4 128 278
Comprising:				
- specific provision	-	-	1 438 265	3 623 049
- portfolio provision	-	-	2 297 230	505 229
	-	-	3 735 495	4 128 278

The above provisions have been established in terms of the accounting policy 3.4.1.7 in respect of in payment of financial assets at 31 December 2014.

7. MORTGAGES AND OTHER ADVANCES (continued)

7.6 Mortgage advances

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

	COMPANY		GROUP	
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
Type of property:-				
High density	-	-	1 035 447	-
Medium density	-	-	3 758 892	3 153 817
Low density	-	-	7 769 520	6 227 609
	-	-	12 563 859	9 381 426

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		GROUP	
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
Gross investment in finance leases:				
Less than 1 year	-	-	1 651 194	1 400 552
Between 1 and 5 years	-	-	2 901 858	5 089 843
Gross investment in finance leases	-	-	4 553 052	6 490 395
Unearned finance charges	-	-	(830 083)	(1 161 431)
Net investment in finance leases	-	-	3 722 969	5 328 964
Less than 1 year	-	-	1 502 411	1 259 043
Between 1 and 5 years	-	-	2 220 558	4 069 921
	-	-	3 722 969	5 328 964

7.8 Determination of carrying value

Loans and advances are carried at amortised cost using the effective interest rate.

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
8 INVESTMENT SECURITIES				
Assets classified as "fair value-through profit or loss":				
Unit Trusts	-	-	533 077	600 655
Government and public utilities stock	-	-	1 650 653	268 567
Listed equity investments	83 042	59 929	3 494 988	3 988 440
- as previously stated	-	-	-	15 588 233
- prior year adjustments	-	-	-	(11 599 793)
Unlisted equity investments	634 726	634 726	5 078 667	5 074 066
	717 768	694 655	10 757 385	9 931 728
Held to maturity assets				
Bank balances	-	-	5 531 818	5 534 095
Short term investments	10 729 752	-	-	-
	11 447 520	694 655	16 289 203	15 465 823

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
8.1 Movement of investment securities				
Balance at beginning of year	694 655	5 230 383	15 465 823	13 560 328
Additions during the year:	11 099 371	409 626	13 745 619	1 927 510
- on listed equity investments	369 619	-	12 363 532	1 517 883
- on unlisted equity investments	-	409 626	-	409 627
- on Government stock	-	-	1 382 087	-
- on short term investments	10 729 752	-	-	-
Disposals				
- on listed equities	(323 363)	-	(11 551 162)	(594 638)
- on unit trust investments	-	-	(77 376)	-
- on short term investments	-	(4 966 657)	-	-
Fair value adjustments	(23 143)	21 303	(1 291 094)	571 668
- on listed equities	(23 143)	21 303	(1 396 508)	269 113
- on unlisted equities	-	-	95 616	561 755
- on unit trust investments	-	-	9 798	(259 200)
Exchange gain on bank balances	-	-	(2 607)	955
Balance at end of year	11 447 520	694 655	16 289 203	15 465 823

8. INVESTMENT SECURITIES (continued)

8.2 Valuation techniques and significant unobservable inputs

Listed equity investments are valid in relation to prices ruling at the Zimbabwe Stock Exchange (ZSE) at the close of business on 31 December, 2014.

Unlisted investments were valued at net asset value. In applying this method judgement was used. The following factors are relevant in understanding the basis:

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. 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 as a result of the lack of comparative quoted equity instruments as well as the absence of market data relating to historical correlation of unquoted equity instruments in similar industries and market related discounts.	The fair values of investment securities are based on net asset values which make use of the net movements in the assets and liabilities of investee entities. Net asset values have been verified by independent auditors, but are not observable from market data.	The estimated fair value would increase or 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. • Financial performance of the investee.

8. INVESTMENT SECURITIES (continued)

8.3 Investment Securities Measured At Fair Value

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$
2014				
GROUP				
Listed equity investments	3 494 988	-	-	3 494 988
Unlisted equity investments	-	-	5 078 667	5 078 667
Unit trust investments	533 077	-	-	533 077
	4 028 065	-	5 078 667	9 106 732
COMPANY				
Listed equity investments	83 042	-	-	83 042
Unlisted equity investments	-	-	634 726	634 726
	83 042	-	634 726	717 768

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
2013				
GROUP				
Listed equity investments	3 988 440	-	-	3 988 440
Unlisted equity investments	-	-	5 074 066	5 074 066
Unit trust investments	600 655	-	-	600 655
	4 589 095	-	5 074 066	9 663 161
COMPANY				
Listed equity investments	59 929	-	-	59 929
Unlisted equity investments	-	-	634 726	634 726
	59 929	-	634 726	694 655

The Group had no other financial assets and liabilities that were carried at fair value, as at 31 December 2014.

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	31 Dec 2014 US$	RESTATED GROUP 31 Dec 2013 US$
9. GROUP INVESTMENTS				
9.1 Investments in associates				
Restated balance at beginning of year	4 493 396	4 329 702	39 079 070	37 207 989
- as previously stated	-	1 363 486	-	14 171 551
- effect of change in accounting policy	-	2 966 216	-	23 036 438
Acquisitions	579 953	410 887	-	-
Disposals	(217 683)	-	(930 117)	(776 502)
Share of current year movement in revaluation reserves	-	-	-	78 138
Gain on recognizing Mashonaland Holdings at NAV	556 425	-	-	-
Share of current year profits / (loss) before tax	(70 887)	(247 193)	322 159	2 569 445
- as previously stated	-	-	-	1 148 051
- effect of change in accounting policy	-	(247 193)	-	1 421 394
Balance at end of year	5 341 204	4 493 396	38 471 112	39 079 070

The following are holdings representing investments by the Group in associate companies:- all equity accounted.

Name of company	2014 % Holding	2013 % Holding	Nature of Business
Alexander Forbes (Private) Limited	-	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%	Payments switch
Mashonaland Holdings Limited	34.72%	34.76%	Property
- Shareholder	19.31%	19.37%	
- Policyholders	15.41%	15.39%	

The 40% investment in Alexander Forbes (Private) Limited was disposed of on 31 Dcember, 2014.

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec2013 US$
Aggregated amounts relating to associate companies:				
Total assets	-	-	131 882 303	131 890 286
Total liabilities	-	-	20 919 054	20 229 163
Revenue	-	-	24 172 917	23 017 388
Profit	-	-	363 369	9 970 754
Share of profit after tax	-	-	322 159	2 569 445

9. GROUP INVESTMENTS (continued)

9.2 Investments in subsidiaries

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	31 Dec 2014 US$	RESTATED GROUP 31 Dec 2013 US$
Owned by ZB Financial Holdings Limited (Company):				
ZB Bank Limited - 100%	29 312 206	36 135 032	-	-
Scotfin Limited - 100%	306 500	306 500	-	-
ZB Holdings Limited - 100%	(4 524 545)	(1 498 511)	-	-
Intermarket Holdings Limited - 84.26%	25 536 677	24 252 392	-	-
ZB Securities (Private) Limited - 100%	(212 485)	451 155	-	-
ZB Transfer Secretaries – 100%	392 167	320 879	-	-
ZB Associated Services - 100%	(269 896)	(28 077)	-	-
Total investments in subsidiaries	50 540 624	59 939 370	-	-

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 which ceased operations during the year. 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:

	2014 % Holding	2013 % Holding	Nature of Business	Status
Owned by ZB Bank Limited:				
The Trustee Company of Central Africa (Private) Limited	100%	100%	Investment	Dormant
ZB Nominees (Private) Limited	100%	100%	Investment	Dormant
Syfrets Nominees (Private) Limited	100%	100%	Investment	Dormant
Barcelona Investments Limited	100%	100%	Property	Active
Owned by ZB Holdings Limited:				
ZB Capital (Private) Limited	100%	100%	Venture capital	Active
Data Centre (Private) Limited	100%	100%	Informationprocessing	Dormant
ZB Asset Management Company Limited	100%	100%	Funds management	Discontinued
Syfrets Trust and Executor Limited	100%	100%	Estates and trusts Administration	Dormant
Syfin Holdings Limited	100%	100%	Investment	Dormant
Syfrets Corporate Trustee Company (Private) Limited	100%	100%	Investment	Dormant

9. GROUP INVESTMENTS (continued)

9.2 Investments in subsidiaries (continued)

	2014 % Holding	2013 % Holding	Nature of Business	Status
Owned by Intermarket Holdings Limited:				
ZB Reinsurance Limited	100%	100%	Reinsurance	Active
First Mortgage Investments (Private) Limited	100%	100%	Investments	Dormant
Intermarket Banking Corporation Limited (IBCL)	96%	96%	Commercial bank	Passive
ZB Life Assurance Limited	64%	64%	Life assurance	Active
ZB Building Society	59%	59%	Building society	Active
Owned by ZB Building Society:				
Finsure Investments (Private) Limited	51%	51%	Property	Active
Wentspring Investments (Private) Limited	100%	100%	Investment	Active
Owned by ZB Life Assurance Limited:				
Intermarket Properties (Cinema) (Private) Limited	100%	100%	Property	Active
Original Investments (Private) Limited	42%	42%	Property	Active
Aasaculz (Private) Limited	100%	100%	Property	Active
Twirlton Investments (Private) Limited	26%	26%	Property	Active
Mashonaland Holdings Limited	32%	32%	Property	Active
Citiside (Private) limited	60%	60%	Leisure	Active
Checkweighers Farmers (Private) Limited	65%	65%	Property	Active

9.3 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 associated 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.

9. GROUP INVESTMENTS (continued)

9.4 Non-controlling interests (NCI)

31 December 2014

	ZBBS	ZB LIFE	IBCL	INTRA GROUP ELIMINATIONS	TOTAL
NCI Percentage	**50%**	**46%**	**19%**		
Non current assets	15 816 124	36 691 971	7 307 019		
Current assets	34 129 755	10 880 388	95 555		
Non current liabilities	(1 818 157)	(29 327 978)	(382 919)		
Current liabilities	(28 890 176)	(1 280 999)	(577 146)		
NCI recorded in subsidiaries	(4 055 379)	-	-		
Net assets	15 182 167	16 963 382	6 442 509		
Carrying amount of NCI	6 261 126	6 183 153	267 881	6 654 579	19 366 739
Revenue	8 835 043	5 029 105	17 780		
Profit	(867 693)	900 726	(76 874)		
OCI	145 851	-	-		
Total comprehensive income	(721 842)	900 726	(76 874)		
Profit allocated to NCI	69 662	-	-	385 246	454 908
OCI allocated to NCI	-	-	-	137 552	137 552
Cash flows from operating activities	1 664 808	744 191	(163 611)		
Cash flows from investment activities	(1 523 114)	(657 597)	11 911		
Cash flows from financing activities dividends to NCI	(58 616)	-	-		
Net increase in cash and cash equivalents	83 078	86 594	(151 700)		

9. GROUP INVESTMENTS (continued)

9.4 Non-controlling interests (NCI) (continued)

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%**	**4 6%**	**19%**		
Non current assets	15 738 767	37 551 251	7 395 734		
Current assets	24 995 712	10 809 291	791 279		
Non current liabilities	(1 913 047)	(31 019 734)	(332 206)		
Current liabilities	(18 803 428)	(1 257 938)	(1 335 423)		
NCI recorded in subsidiaries	(4 044 333)	-	-		
Net assets	15 973 671	16 082 770	6 519 384		
Carrying amount of NCI	8 065 080	6 183 153	1 254 668	(1 197 336)	14 305 565
Revenue	8 556 072	5 759 543	181 373		
Profit	2 098 542	(1 014 990)	(180 241)		
OCI	88 256	-	-		
Total comprehensive Income	2 186 798	(1 014 990)	(180 241)		
Profit allocated to NCI	1 059 550	-	(34 688)	(4 197 746)	(3 172 884)
OCI allocated to NCI	44 560	-	-	(66 220)	(21 660)
Cash flows from operating activities	(3 911 868)	884 453	(18 897)		
Cash flows from investment activities	(1 769 556)	(972 184)	2 748		
Cash flows from financing activities (dividends to NCI	(57 187)	-	-		
Net increase (decrease) in cash and cash equivalents	(5 738 611)	(87 731)	(16 149)		

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
10. INVENTORIES, TRADE AND OTHER RECEIVABLES				
10.1 Inventories				
Inventories	-	-	2 305 136	1 682 321
10.2 Trade and other receivables				
Items in transit	-	-	1 955 890	435 473
Prepayments	2 000 000	2 000 000	4 015 151	920 671
Sundry receivables	5 081 060	4 157 180	5 605 056	625 393
Total	7 081 060	6 157 180	13 881 233	3 663 858
11. INVESTMENT PROPERTIES				
11.1 Reconciliation of carrying amount				
Carrying amount at beginning of year	-	-	16 633 934	16 780 703
Fair value adjustment	-	-	530 195	53 987
Transfer to inventories	-	-	-	(105 770)
Disposals	-	-	-	(94 986)
Balance at end of year	-	-	17 164 129	16 633 934

The properties are leased out under operating lease to various tenants. The initial contracts are for a minimum period of one year after which they may be extended as negotiated. Rental income generated from investment properties amounted to US$1 644 855 [2013: US$1 756 070]. Repairs and maintenance costs of investment properties that generated investment income amount to US$39 374 [2013: US$583 153].

11.2 Measurement of fair value

The fair value of the Group's investment properties as at 31 December, 2014 has been arrived at on the basis of valuations carried out by independent professional valuers, Edwin Property Group (EPG Global) (2013 - 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. INVESTMENT PROPERTIES (continued)

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 EPG Global 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 15%	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)

12. PROPERTY AND EQUIPMENT

	Freehold properties US$	Leasehold improvements US$	Equipment furniture & fittings US$	Computer equipment US$	Motor vehicles US$	Total US$
GROUP						
Cost or valuation						
Balance at 1 January 2014	34 235 751	4 266 399	5 196 382	5 042 865	5 826 594	54 567 991
Surplus on revaluation	506 462	-	-	-	(45 150)	461 312
Additions	-	949 382	326 115	615 845	437 665	2 329 007
Disposals	-	(6 915)	(59 173)	(41 461)	(879 275)	(986 824)
Balance at 31 December 2014	34 742 213	5 208 866	5 463 324	5 617 249	5 339 834	56 371 486
Accumulated depreciation						
Balance at beginning of year	697 858	1 446 316	1 555 080	3 245 891	3 243 857	10 189 002
Recognised in profit or loss	68 527	453 367	487 722	735 466	763 034	2 508 116
Disposals	-	(6 915)	(24 551)	(28 096)	(785 990)	(845 552)
Balance at the 31 December 2014	766 385	1 892 768	2 018 251	3 953 261	3 220 901	11 851 566
Carrying value at 31 December 2014	33 975 828	3 316 098	3 445 073	1 663 988	2 118 933	44 519 920
Carrying value at 31 December 2013	33 537 893	2 820 083	3 641 302	1 796 974	2 582 737	44 378 989

Immovable properties were revalued as at 31 December 2014 on the basis of valuations carried out by independent and professional valuers, EPG Global (2013 - 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.

	Freehold properties US$	Leasehold improvements US$	Equipment furniture & fittings US$	Computer equipment US$	Motor vehicles US$	Total US$
12. PROPERTY AND EQUIPMENT (continued)						
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	4 180 170
Disposals	-	-	(55 638)	(2 653)	(786 283)	(844 574)
Balance at 31 December 2013	34 235 751	4 266 399	5 196 382	5 042 865	5 826 594	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	2 740 748
Disposals	-	-	(16 188)	(1 050)	(628 648)	(645 886)
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	2 582 737	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

12. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements US$	Equipment furniture & fittings US$	Computer equipment US$	Motor vehicles US$	Total US$
COMPANY					
2014					
Cost or valuation					
Balance at 1 January 2014	2 045	433 778	136 855	-	572 678
Additions	16 100	2 173	4 440	-	22 713
Disposals	-	(2 467)	(4 484)	-	(6 951)
Balance at 31 December 2014	18 145	433 484	136 811	-	588 440
Accumulated depreciation and impairment					
Balance at 1 January 2014	155	57 908	47 482	-	105 545
Recognised in profit or loss	1 825	59 109	45 737	-	106 671
Disposals	-	(526)	(3 128)	-	(3 654)
Balance at 31 December 2014	1 980	116 491	90 091	-	208 562
Carrying value at 31 December 2014	16 165	316 993	46 720	-	379 878
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	47 482	-	105 545
Carrying value at 31 December 2013	1 890	375 870	89 373	-	467 133

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
13. INTANGIBLE ASSETS				
Computer software				
Carrying amount at beginning of year	8 080	10 609	8 734 237	9 718 994
Additions at cost	106 904	-	1 870 128	1 164 816
Amortisation	(5 753)	(2 529)	(2 096 979)	(2 099 562)
Impairment	-	-	-	(50 011)
Balance at end of year	109 231	8 080	8 507 386	8 734 237
14. DEPOSITS AND OTHER ACCOUNTS				
14.1 Summary of deposits by type				
Balances of banks	-	-	9 162 305	11 832 083
Current accounts	-	-	29 003 661	21 596 976
Savings and call accounts	-	-	96 871 509	78 551 958
Fixed deposits	-	-	108 690 581	106 050 393
Term deposits	-	-	89 728	571 872
Other	-	-	552	12 706
	-	-	243 818 336	218 615 988

Group properties worth US$6 251 000 (2013: US$11 175 000) 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 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
14.2 Maturity analysis				
On demand	-	-	126 049 356	100 161 078
Within 1 month	-	-	80 215 113	82 189 974
Between 1 and 6 months	-	-	26 846 412	29 635 471
Between 6 and 12 months	-	-	134 000	-
After 12 months	-	-	10 573 455	6 629 465
	-	-	243 818 336	218 615 988

	COMPANY		GROUP	
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
14. DEPOSITS AND OTHER ACCOUNTS (continued)				
14.3 Deposit concentration				
Private individuals	-	-	48 939 526	41 576 240
Agriculture	-	-	7 453 146	7 040 086
Mining	-	-	1 106 412	1 778 338
Manufacturing	-	-	13 213 673	7 579 056
Distribution	-	-	5 501 147	6 006 253
Construction	-	-	2 673 469	2 686 962
Transport	-	-	3 156 801	1 803 316
Services	-	-	51 109 654	37 379 626
Financial	-	-	84 698 008	81 643 754
Other	-	-	25 966 500	31 122 357
	-	-	243 818 336	218 615 988
15. SHORT TERM BORROWINGS				
Agrobills	10 729 752	-	10 729 752	-
Offshore borrowings	-	-	2 000 000	3 750 000
Overdraft	-	3 314 513	-	-
	10 729 752	3 314 513	12 729 752	3 750 000

Agrobills were issued by the Holding Company to raise funds for the Group's farming clients. Interest is applicable at 10% per annum whilst the bills carried a maximum tenor of two years.

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		GROUP	
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
16. TRADE AND OTHER PAYABLES				
Unearned premium reserve	-	-	1 427 356	1 687 288
Incurred but not yet reported claims reserve	-	-	1 783 449	2 163 962
Income received in advance	-	-	1 297 359	1 215 356
Interest accrued on deposits	-	-	807 697	1 626 188
Items in transit	4 078 540	4 079 472	634 437	237 835
Accrued expenses and provisions	-	-	3 769 828	2 746 132
Policyholders claims intimated but not paid	-	-	377 282	199 772
Trade payables	16 141 233	7 885 951	15 638 746	3 386 385
	20 219 773	11 965 423	25 736 1534	13 262 918

	COMPANY		GROUP	
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
17. CURRENT TAX LIABILITIES				
Balance at beginning of year	-	-	470 646	757 460
Recognised in profit or loss	-	-	837 224	1 187 621
Tax from discontinued operations	-	-	(423 447)	-
Tax payments	-	-	(639 229)	(1 474 435)
	-	-	245 194	470 646
18. DEFERRED TAXES				
18.1 Deferred tax				
Deferred tax asset	(967 920)	(582 233)	(3 394 513)	(1 914 252)
Deferred tax liability	-	-	3 314 186	4 351 529
Net deferred tax	(967 920)	(582 233)	(80 327)	2 437 277

18.2. DEFERRED TAX

	Balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December
GROUP				
2014				
Property and equipment	3 230 800	(143 960)	13 697	3 100 537
Provisions and deferred income	(852 124)	852 124	-	-
Fair value adjustments to financial assets	1 511 625	1 244 649	-	2 756 274
Assessed loss	(1 914 252)	(3 082 343)	-	(4 996 595)
Other	461 228	(1 401 771)	-	(940 543)
	2 437 277	(2 531 301)	13 697	(80 327)
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	2 339 401	(827 776)	-	1 511 625
Assessed loss	(929 155)	(985 097)	-	(1 914 252)
Other	(238 073)	699 301	-	461 228
	4 455 221	(2 022 639)	4 695	2 437 277
COMPANY				
2014				
Property and equipment	120 287	5 659	-	125 946
Fair value adjustments to financial assets	28 127	(20 950)	-	7 177
Assessed loss	(730 647)	(370 396)	-	(1 101 043)
	(582 233)	(385 687)	-	(967 920)
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)

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	RESTATED GROUP 31 Dec 2013 US$
19. LIFE ASSURANCE FUNDS				
Balance at beginning of year	-	-	29 953 043	25 493 223
- as previously stated	-	-	-	24 467 521
- effect of change in accounting policy	-	-	-	1 025 702
Changes in policyholders' liabilities	-	-	(1 414 529)	4 459 820
- Premium income	-	-	8 260 544	7 358 605
- Investment and other income	-	-	(3 009 113)	5 201 108
- Benefits paid and surrenders	-	-	(3 166 019)	(2 880 004)
- Marketing and administration expenses	-	-	(5 622 306)	(4 953 029)
- Surplus distribution	-	-	2 122 365	(266 860)
Balance at end of year	-	-	28 538 514	29 953 043

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.

19. LIFE ASSURANCE FUNDS (continued)

Life fund liabilities are supported by the following net assets:

	COMPANY		GROUP	
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
Listed equities	-	-	1 332 315	1 273 640
Unlisted equities	-	-	2 603 126	3 570 794
Gold fund	-	-	413 327	406 497
Government and public utilities stock	-	-	1 150 653	268 567
Investment properties	-	-	2 033 498	2 780 736
Funds on deposit	-	-	8 367 132	8 397 825
Investment in associates	-	-	13 090 201	13 994 724
Gross assets	-	-	28 990 252	30 692 783
Less: Deferred tax liabilities	-	-	(172 566)	(353 958)
Trade and other payables	-	-	(291 596)	(389 934)
Income tax payable	-	-	12 424	4 152
Net assets	-	-	28 538 514	29 953 043

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 the cost of administering the insurance business exceeded the expense allowances generated by business. The EOR was reviewed and re-set with reference to the projected under recovery of expenses. The reserve decreased from that set at the end of 2013 mainly because reduced expense overruns due to cost cutting strategies introduced in 2014.

It was assumed that expense overruns will continue for the next two years. If this assumption is borne out, the relevant portion of the reserve will be released in each of the next two 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 two 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.

19. LIFE ASSURANCE FUNDS (continued)

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

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
At 1 January	-	-	29 953 043	25 493 223
- as previously stated	-	-	-	24 467 521
- effect of change in accounting policy	-	-	-	1 025 702
Changes to policyholder liabilities	-	-	(1 414 529)	4 459 820
Expense overrun reserve movement	-	-	(783 500)	425 500
Transfer (to) from shareholder	-	-	(631 029)	3 635 367
Change in Mashonaland investment Accounting	-	-	-	398 953
At 31 December	-	-	28 538 514	29 953 043

20. EQUITY AND RESERVES

20.1 Issued capital

Company:

	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
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
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)	(16 845 154)	(16 845 154)	(16 845 154)
Net trading shares	158 345 488	158 345 488	158 345 488	158 345 488

20. EQUITY AND RESERVES (continued)

20.1 Issued capital (continued)

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

2014	COMPANY US$ Share capital	COMPANY US$ Share premium	GROUP US$ Share capital	GROUP US$ Share premium
Balance at beginning of year	1 751 906	27 081 696	1 751 906	27 081 696
Balance at end of year	1 751 906	27 081 696	1 751 906	27 081 696

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	27 081 696	1 751 906	27 081 696
Balance at end of year	1 751 906	27 081 696	1 751 906	27 081 696

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

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
20.3 Other components of equity				
General reserve (see note 20.3.1 below)	-	-	22 380 522	2 374 301
Properties and equipment revaluation reserve (see note 20.3.2 below)	-	-	14 432 643	14 122 580
	-	-	36 813 165	16 496 881
20.3.1 General reserves				
Balance at beginning of year	-	-	2 374 301	2 824 790
Regulatory reserve in respect doubtful debts	-	-	14 787 685	(132 739)
Investment fluctuation reserves	-	-	5 218 536	(317 750)
Balance at end of year	-	-	22 380 522	2 374 301

20. EQUITY AND RESERVES (continued)

20.3.1 General reserves (continued)

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 investment fluctuation reserve caters for unforeseen movements in the value of assets which make up the capital in the life assurance business. It also caters for differences in the intrinsic values of the assets in relation to their short term trading values.

		COMPANY		GROUP
	US$	US$	US$	US$
2014	Share capital	Share premium	Share capital	Share premium
20.3.2 Property and equipment revaluation reserve				
Balance at beginning of year	-	-	14 122 580	13 933 576
Increase on revaluation of properties	-	-	461 312	93 901
Share of associate companies' revaluation reserve	-	-	-	78 138
Transfer (to) / from non-controlling interests	-	-	(137 552)	21 660
Deferred tax liability arising on revaluation	-	-	(13 697)	(4 695)
Balance at end of year	-	-	14 432 643	14 122 580

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.

20. EQUITY AND RESERVES (continued)

20.4 Retained income

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
Balance at beginning of year	28 228 509	30 214 660	18 232 496	15 164 948
- as previously stated	-	22 164 618	-	11 272 600
- effect of change in accounting policy	-	8 050 042	-	3 892 348
Profit / (loss) attributable to equity holders of parent	(9 807 953)	(1 731 869)	(10 261 724)	2 846 228
Transfer (to) / from general reserves in respect of regulatory reserve for doubtful debts	-	-	(14 787 685)	182 759
Movements arising from investments fluctuation reserves	-	-	(9 745 866)	500 000
- Transfer (to) / from general reserves	-	-	(5 218 536)	317 750
- Transfer (to) / from NCI	-	-	(4 527 330)	182 250
Dividend paid	-	(254 282)	-	(461 439)
Balance at end of year	18 420 556	28 228 509	(16 562 779)	18 232 496

20.5 Non-controlling interest

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
Balance at beginning of year	-	-	14 305 565	17 789 566
- as previously stated	-	-	-	10 100 845
- effect of change in accounting policy	-	-	-	7 688 721
Profit / (loss) attributable to non-controlling interest	-	-	454 908	(3 172 884)
(Increase)/ decrease on revaluation of property	-	-	137 552	(21 660)
Transfer from general reserve in respect of investment fluctuation reserves	-	-	-	(182 250)
Transfer to general reserves in respect of regulatory reserve f or doubtful debts	-	-	-	(50 020)
Transfer from retained income	-	-	4 527 330	-
Dividends paid	-	-	(58 616)	(57 187)
Balance at end of year	-	-	19 366 739	14 305 565

20. EQUITY AND RESERVES (continued)

20.6 Tax effect relating to each component of other comprehensive income

GROUP

	Before tax amount US$	Tax (expense) benefit US$	Net of tax amount US$
2014			
Gains on property revaluation	461 312	(13 697)	447 615
2013			
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

21. SHARE BASED PAYMENTS

There 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 2014 US$	COMPANY 2013 US$	GROUP 2014 US$	GROUP 2013 US$
22. NET INTEREST INCOME				
22.1 Interest income				
Interest income comprises - interest on:				
Advances	-	-	22 912 877	26 471 355
Mortgage	-	-	1 148 279	640 507
Overdraft accounts	-	-	4 500 825	5 828 945
Cash and short-term funds	-	-	1 071 807	1 657 065
Loans to other banks	-	-	1 111 517	693 601
Treasury bills	-	-	1 042 435	-
Other	-	-	323 715	728 957
Total interest income	-	-	32 111 455	36 020 430

	COMPANY		GROUP	
	2014 US$	2013 US$	2014 US$	2013 US$
22. NET INTEREST INCOME (continued)				
22.2 Interest expense				
Interest expense comprises interest on:				
Retail deposits	-	-	495 603	105 338
Fixed deposits	-	-	10 805 475	12 492 901
Short-term funds	-	-	67 405	289 782
Other interest payable categories	-	-	1 170 917	1 522 057
Total interest expense	-	-	12 539 400	14 410 078
Net interest income	-	-	19 572 055	21 610 352
23. NET INSURANCE PREMIUM INCOME				
23.1 Gross insurance premium income				
Reinsurance business				
Gross premium written	-	-	17 289 661	18 686 410
Retrocessions commission	-	-	2 205 450	1 648 532
Retrocessions claims	-	-	1 225 671	215 994
	-	-	20 720 782	20 550 936
Life assurance business				
Premium – single	-	-	370 959	333 515
Premium – recurrent	-	-	8 427 790	7 025 090
	-	-	8 798 749	7 358 605
Gross insurance premium income	-	-	29 519 531	27 909 541
23.2 Insurance expenses				
Reinsurance business				
Gross premium retroceded	-	-	8 357 032	5 658 784
Movement in provision for unexpired risk	-	-	-	240 374
Movement in provision for outstanding claims	-	-	(347 895)	198 900
Net claims paid	-	-	5 522 446	6 924 517
Commissions and fees	-	-	3 698 929	3 975 994
	-	-	17 230 512	16 998 569

	COMPANY 2014 US$	COMPANY 2013 US$	GROUP 2014 US$	GROUP 2013 US$
23. NET INSURANCE PREMIUM INCOME (continued)				
23.2 Insurance expenses (continued)				
Life assurance business				
Death and disability benefits	-	-	1 426 726	1 309 019
Maturities	-	-	330 543	151 318
Annuities	-	-	115 934	114 459
Surrenders and Group pension withdrawals	-	-	1 292 816	725 853
Reassurance premium cost	-	-	538 205	579 355
	-	-	3 704 224	2 880 004
Total insurance expenses	-	-	20 934 736	19 878 573
Net insurance premium income	-	-	8 584 795	8 030 968
24. OTHER OPERATING INCOME				
Commission and fees	-	-	32 467 239	26 383 410
Dealing income	-	-	-	186 557
Exchange income	-	-	790 483	201 368
Dividends from investment securities	2 721	1 862 817	202 748	590 838
(Loss) / profit on disposal of property and equipment	-	(3 149)	57 094	(61 019)
(Loss) / profit on disposal of investments	-	-	(638 197)	106 260
Rent received	-	-	1 644 855	1 756 070
Cost recovery for shared services	6 984 304	5 610 560	-	-
Management fees	812 470	871 102	-	-
Loss on disposal of associate company	-	-	57 682	-
Other	517 334	-	2 986 496	2 154 304
	8 316 829	8 341 330	37 568 400	31 317 788
25. FAIR VALUE ADJUSTMENTS				
On financial instruments	(23 143)	21 303	(1 291 094)	571 668
On investment properties	-	-	530 195	53 987
On investment in subsidiaries	(9 398 747)	(1 717 139)	-	-
	(9 421 890)	(1 695 836)	(760 899)	625 655

	COMPANY 2014 US$	COMPANY 2013 US$	GROUP 2014 US$	GROUP 2013 US$
26. OPERATING EXPENSES				
Commission and fees	-	-	956 891	669 311
Staff expenses	3 008 852	3 809 723	29 431 924	29 241 170
Communication expenses	131 949	114 509	1 275 763	1 307 535
National Social Security Authority expenses	63 752	62 612	200 778	192 604
Pension fund expenses	189 509	205 546	1 706 709	1 782 478
Computers and information technology expenses	217 432	212 364	2 812 224	2 589 202
Occupation expenses	679 036	750 484	5 700 965	6 140 914
Transport expenses	324 520	460 240	1 528 687	1 718 240
Travelling expenses	258 327	243 004	824 657	909 556
Depreciation of property and equipment	106 671	106 117	2 508 116	2 740 748
Amortisation of intangible assets	5 753	2 529	2 096 979	2 099 562
Administration expenses	2 104 914	2 741 239	7 374 216	7 527 174
Directors fees	57 371	53 400	538 070	813 796
Impairment on intangible assets	-	-	-	50 011
	7 148 086	8 761 767	56 955 979	57 782 301
Included in administration expenses are the following:				
Auditors' remuneration	25 212	48 605	377 157	539 603
- for current year audit	25 212	48 605	355 089	504 828
- for half year review	-	-	22 068	34 775

	COMPANY		GROUP	
	2014 US$	2013 US$	2014 US$	2013 US$
27. INCOME TAX CREDIT / (EXPENSE)				
Current income tax	-	-	837 224	1 187 621
Deferred tax	(385 687)	(631 597)	(2 531 3001)	(985 866)
Deferred tax reversal from discontinued operations	-	-	(423 447)	-
	(385 687)	(631 597)	(2 117 524)	201 755

Zimbabwean corporation tax is calculated at an effective rate of 25.75 per cent (2013: 25.75 per cent) of the estimated taxable profit for the year.

	COMPANY		GROUP	
	2014 US$	2013 US$	2014 US$	2013 US$
Reconciliation of current income tax				
(Loss) / profit before taxation	(10 193 640)	(2 363 466)	(10 722 720)	177 386
Current tax on profits at basic rates	(2 624 862)	(608 592)	(2 761 100)	45 677
Increase / (reduction) arising from:				
- Exempt income	701	479 675	1 414 520	1 944 824
- Expenditure not allowed	295 035	206 064	553 245	350 769
- General provisions and deferred income	-	-	1 853 163	600 111
- Capital allowances in excess of depreciation	28 949	25 460	2 318 514	2 200 424
- Prepaid expenses	-	-	(973)	(63 517)
- Fair value adjustments	2 300 177	(102 607)	(2 540 145)	(3 890 667)
	-	-	837 224	1 187 621

28 DISCONTINUED OPERATIONS

The Board of Directors of ZB Financial Holdings Limited has reviewed the Group's business portfolio in an effort to reduce losses that have been incurred by subsidiaries that were not performing to expectations. ZB Asset Management Company and ZB Securities (Private) Limited were not significant players in their sectors and were identified for disposal in an effort to ensure that the scarce resources of the Group were directed to areas where the Group has critical mass. ZB Asset and ZB Securities were not a discontinued operations or classified as held for sale at 31 December 2013 and the comparative consolidated statement of comprehensive income has been restated to show the discontinued operations separately from continuing operations.

28 DISCONTINUED OPERATIONS (continued)

Results of discontinued operation

	31 Dec 2014 US$	31 Dec 2013 US$
Revenue	395 313	1 043 536
Expenses	(1 173 486)	(1 453 436)
Results from operating activities	(778 173)	(409 900)
Income tax expense	(423 447)	107 613
Results from operating activities, net of tax	(1 201 620)	(302 287)

The loss from discontinued operation of US$1 201 620 (2013: loss of US$302 287) is attributable entirely to the owners of the Company.

	31 Dec 2014 US$
Cash flows from (used in) discontinued operation	
Net cash used in operating activities	(345 564)
Net cash from investing activities	244 783
Net cash flows for the period	(100 781)
Effect of disposal on the financial position of the Group	
Property plant and equipment	23 148
Investment properties	357 000
Investment securities	43 162
Trade and other receivables	32 217
Cash and cash equivalents	16 935
Trade and other payables	(523 587)
Net assets and liabilities	(51 125)
Cash and cash equivalents disposed of	(16 935)
Projected cash outflow	(68 060)

29. EARNINGS PER SHARE

GROUP

Basic and fully diluted earnings per share

The calculation of basic and fully diluted loss per share for the year ended 31 December 2014 of US$0.065 (2013:profit of US$0.018) is based on the attributable loss after tax of US$10 261 724 (2013: profit of US$2 846 228) and weighted average number of shares of 158 345 488 (2013: 159 166 075).

	COMPANY		GROUP	
	2014 US$	2013 US$	2014 US$	2013 US$
30. CASH GENERATED FROM OPERATING ACTIVITIES				
Net cash from operating activities				
(Loss) / profit before taxation	(10 193 640)	(2 363 466)	(10 722 720)	177 386
Non cash items:				
-Fair value adjustments on investments	9 421 890	1 695 836	1 291 094	(571 668)
-Fair value adjustments on investments properties	-	-	(530 195)	(53 987)
-Depreciation of property and equipment	112 424	106 117	2 508 116	2 740 748
-Interest received	-	-	(32 111 455)	(36 020 430)
-Interest paid	-	-	12 539 400	14 410 078
-Dividend received	-	-	(202 748)	(255 960)
-Amortisation of intangible assets	-	2 529	2 096 979	2 099 562
-Exchange gain on investment	-	-	2 607	(955)
-Impairment loss on intangible assets	-	-	-	50 011
-Profit/(loss) on disposal of equipment	-	3 149	(57 094)	61 019
-Gain on disposal of investments	(556 425)	-	638 197	165 349
-Share of associate companies profits	70 887	247 193	(322 159)	(2 569 445)
-Loss on disposal of associate	-	-	57 682	-
Operating cash flows before changes in working capital funds	(1 144 864)	(308 642)	(24 812 296)	(19 768 292)

	COMPANY 2014 US$	COMPANY 2013 US$	GROUP 2014 US$	GROUP 2013 US$
30. CASH GENERATED FROM OPERATING ACTIVITIES (continued)				
Operating cash flows before changes in working capital funds	(1 144 864)	(308 642)	(24 812 296)	(19 768 292)
Changes in working funds:				
Increase / (decrease) in short term borrowing	10 729 752	-	8 979 752	(2 966 657)
Increase in money markets instruments	-	-	3 511 668	(2 412 825)
(Decrease)/increase in other assets	(1 286 152)	(3 343 073)	(9 324 607)	1 517 301
Increase / (decrease) in advances and other accounts	-	-	(12 350 153)	2 390 561
Decrease in deposits and other accounts	-	-	25 202 348	1 888 044
Increase in amounts clearing to other banks	-	-	41 353	41 767
(Decrease) / increase in other financial assets	-	-	(1 382 086)	134 392
Iincrease in other liabilities	8 254 350	3 835 653	12 473 237	777 148
(Decrease) / increase in life assurance funds	-	-	(1 414 529)	4 459 820
Effects of exchange gains	-	-	790 483	201 368
Discontinued operations	-	-	(1 201 620)	(302 287)
Cash generated from operating activities	16 553 086	183 938	513 550	(14 039 660)

31. 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 2014 US$	COMPANY 2013 US$	GROUP 2014 US$	GROUP 2013 US$
31.1 Funds under management				
Investors' funds in ZB Investments Nominees (Private) Limited	-	-	-	54 018 723
Investors' funds in ZB Unit Trust Funds	-	-	-	2 160 430
	-	-	-	56 179 153
Represented by:				
Investments in money market instruments	-	-	-	23 781 319
Investments in listed instruments	-	-	-	22 701 119
Investments in unlisted instruments	-	-	-	3 849 402
Property investments	-	-	-	5 847 313
	-	-	-	56 179 153

31.2 Custodial services

Additionally, the Group undertakes custodial services for scrip and other security documents for a fee.

	COMPANY 2014 US$	COMPANY 2013 US$	GROUP 2014 US$	GROUP 2013 US$
Assets under safe custody	-	-	29 065 480	42 916 289

32. 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.

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

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
32.1.1 Balances with fellow subsidiaries	10 439 474	11 027 824	-	-
32.1.2 Short term investments with ZB Bank Limited	10 729 752	-	-	-
32.1.3 Income received from fellow subsidiaries	7 796 774	7 280 151	-	-

32.1.4 There were fixed deposits in favour of related parties as at the reported date.

Balances with Old Mutual	-	-	14 298 535	11 847 149
Balances with NSSA	-	-	1 352 255	3 860 734
Balances with ZBFH Pension Fund	-	-	6 846 949	2 779 735

32.1.5 Lending to other related parties

Also included in advances and other accounts is the following exposures to directors and employees:				
Loans to employees	-	-	6 230 698	6 020 538

Loans to directors and employees are carried at amortised cost, at interest rates from 6% to 18% p.a, 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.

32 RELATED PARTY TRANSACTIONS (continued)

32.2 Remuneration of key management personnel

The remuneration of the key management personnel which comprise of directors and executive management of the Group, is set out below:

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
Directors' remuneration				
- fees by the Holding Company	57 371	53 400	56 298	53 400
- fees by subsidiaries	-	-	481 772	760 396
Other emoluments	-	-	3 227 302	3 495 275
	57 371	53 400	3 765 372	4 309 071

33. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

33.1 Contingent liabilities

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
In respect of treasury bills held in trust held on behalf of customers (see note 6.2)	-	-	5 130 167	-
In respect of guarantees (see note 7.1)	-	-	21 623 909	23 832 413
	-	-	26 754 076	23 832 413

33.2 Capital commitments

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
In respect of expenditure authorised and contracted	-	-	920 700	945 700
In respect of expenditure authorised but not contracted	-	-	3 901 092	3 342 128
	-	-	4 821 792	4 287 828

Capital commitments will be funded from operating cashflows.Material litigation cases are indicated under note 40.

34 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 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec 2013 US$
No later than 1 year	-	-	250 527	59 892
Later than 1 year and no later than 5 years	-	-	5 062 093	5 541 826

35. 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:

35.1 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 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
Total expense recognised in profit or loss	189 509	205 546	1 706 709	1 782 478

35.2 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 (2013: 4%) per month per employee. Contributions by the Group amounted to US$200 778 for the year ended 31 December 2014 (2013: US$192 604).

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments held by the Group are analysed as per notes 6 to 9.

36.1 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.
- 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.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.1 Capital risk management (continued)

The banking 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.

36.2 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.

36.2 Financial risk management (continued)

36.2.1 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.

31 December 2014		CARRYING AMOUNT					FAIR VALUE			
	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	3 494 988	-	-	-	3 494 988	3494 988	-	-	3 494 988
Government public utility stock		-	1 650 653	-	-	1 650 653	1 650 653	-	-	1 650 653
Total		3 494 988	1 650 653	-	-	5 145 641				
Financial assets not measured at fair value										
Trade and other receivables	10	-	-	13 881 233	-	13 881 233				
Cash and cash equivalents	5	-	-	82 586 310	-	82 586 310				
Total		-	-	96 467 543	-	96 467 543				
Financial liabilities not measured at fair value										
Short term borrowings	15	-	-	-	(12 729 752)	(12 729 752)	-	(12 729 752)	-	(12 729 752)
Trade and other payables	16	-	-	-	(25 736 153)	(25 736 153)				
Total		-	-	-	(38 465 905)	(38 465 905)				

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.2 Financial risk management (continued)

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

31 December 2014		CARRYING AMOUNT					FAIR VALUE			
	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	3 988 440	-	-	-	3 988 440	3 988 440	-	-	3 988 440
Government public utility stock		-	268 567	-	-	268 567	268 567	-	-	268 567
Total		3 988 440	268 567	-	-	4 257 007				
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		-	-	72 824 104	-	72 824 104				
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	-	-	-	(13 262 918)	(13 262 918)				
Total		-	-	-	(17 012 918)	(17 012 918)				

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.3 Other business risks (continued)

36.3.2 Legal, reputational and compliance risks (continued)

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 high in the view of the diminished capital position within banking operations which have fallen below regulatory levels.

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 and all staff members adhere to the system.

36.3.3 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.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.2 Financial risk management (continued)

36.2.2 Definition of financial risk

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

36.2.2.1 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 (ALCO).

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.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

LIQUIDITY GAP ANALYSIS AS AT 31 DECEMBER 2014

	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	76 662 206	478 204	-	-	77 140 410	82 586 310
Money market investments	-	15 098 128	-	-	15 098 128	12 093 522
Advances and other accounts	70 342 652	34 847 153	15 942 841	15 390 111	136 522 757	146 155 282
Investment securities	-	-	-	7 529 073	7 529 073	7 529 073
Investment in associates	-	-	-	38 471 112	38 471 112	38 471 112
	147 004 858	50 423 485	15 942 841	61 390 296	274 761 480	286 835 299
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(172 102 366)	(63 755 766)	(2 014)	(7 049)	(235 867 195)	(243 818 336)
Short term borrowings	-	(1 916 344)	(2 008 444)	(2 190 107)	(6 114 895)	(12 729 752)
	(172 102 366)	(65 672 110)	(2 010 458)	(2 197 156)	(241 982 090)	(256 548 088)
Period gap	(25 097 508)	(15 248 625)	13 932 383	59 193 140	32 779 390	30 287 211
Cumulative gap	(25 097 508)	(40 346 133)	(26 413 750)	32 779 390	-	-

36. 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	-	-	-	15 465 823	15 465 823	15 465 823
Investment in associates	-	-	-	39 079 070	39 079 070	39 079 070
	149 076 998	47 795 819	16 794 447	76 691 934	290 359 198	273 115 457
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	67 117 886	53 600 104	50 749 469
Cumulative gap	(31 500 654)	(28 598 909)	(13 517 782)	53 600 104	-	-

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	COMPANY 31 Dec 2014 US$	COMPANY 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	GROUP 31 Dec2013 US$
Liquidity ratios				
Total liquid assets	-	-	92 140 410	84 765 436
Total liabilities to the public	-	-	243 818 336	218 615 988
Liquidity ratio	-	-	37.79%	38.77%
Average for the year	-	-	40%	38%
Maximum for the year	-	-	45%	43%
Minimum for the year	-	-	37%	32%
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 2014 US$	31 Dec 2013 US$
ZB Bank Limited	38%	36%
ZB Building Society	49%	57%

36.2.3 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.

36.2.3.1Interest 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.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued

INTEREST RATE GAP ANALYSIS AS AT 31 DECEMBER 2014

	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	5 863 960	53 512	-	-	5 917 472
Money market investments	-	15 000 000	-	-	15 000 000
Advances and other accounts	70 257 389	34 266 517	15 941 915	13 537 176	134 002 997
	76 121 349	49 320 029	15 941 915	13 537 176	154 920 469
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(171 662 698)	(63 313 324)	(2 000)	(7 000)	(234 985 022)
Offshore borrowings	-	(1 750 000)	-	(2 000 000)	(3 750 000)
	(171 662 698)	(65 063 324)	(2 000)	(2 007 000)	(238 735 022)
Period gap	(95 541 349)	(15 743 295)	15 939 915	11 530 176	(83 814 553)
Cumulative gap	(95 541 349)	(111 284 644)	(95 344 729)	(83 814 553)	-

36. 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)	-

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.2 Financial risk management (continued)

36.2.3.1 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$23 006 (2013: US$41 101) and the total assets in the statement of financial position being increased or decreased by US$3.1 million (2013: US$5.1 million) using an average margin of 1% per annum.

A 2% change in the rate sensitive liabilities would result in the reported profits being increased or decreased by US$35 452 (2013: US$34 736) and the total liabilities in the statement of financial position being increased or decreased by US$4.8 million (2013: US$4.4 million) using an average margin of 1% per annum.

36.2.3.2 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.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.2 Financial risk management (continued)

36.2.3.3 Foreign currency position

The carrying amount of the Group's non United States dollar monetary assets and liabilities as at 31 December 2014 were as follows:

	COMPANY		GROUP	
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
Botswana pula	-	-	539 583	438 397
British pound	-	-	431 178	284 661
Japanese yen	-	-	31 812	39 986
Malawian kwacha	-	-	739	801
Euro	-	-	1 384 919	1 596 556
South African rand	-	-	7 709 955	5 680 895
Zambian kwacha	-	-	565	993
Total assets	-	-	10 098 751	8 042 289
Botswana pula	-	-	(122 183)	(110 251)
British pound	-	-	(77 557)	(103 853)
Euro	-	-	(80 320)	(96 368)
South African rand	-	-	(3 941 673)	(3 941 674)
Total liabilities	-	-	(4 221 733)	(4 252 146)
Net foreign currency position	-	-	5 877 018	3 790 143

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$436 369 [2013: US$281 418] and equity being reduced or increased by US$587 702 [2013: US$379 014].

36.2.3.4 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.

Measurement methods

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.2 Financial risk management (continued)

36.2.3.4 Equity price risk (continued)

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 2014 would result in an increase / decrease of US$842 521 to the reported Group's profit and an increase / decrease of US$834 095 in equity.

36.2.4 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 high due to increased market wide company failures as well as apparently increased debt burden on individuals due to the 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 delegated to management 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.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.2.4 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 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$21 623 909 (2013: US$23 832 413).

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$7 372 654 (2013: US$7 970 688) and the total assets in the statement of financial position reducing by US$10 669 542 (2013: US$11 535 003).

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

	COMPANY 31 Dec 2014 US$	 31 Dec 2013 US$	GROUP 31 Dec 2014 US$	 31 Dec 2013 US$
Classification				
Good	-	-	122 143 828	141 536 522
Sub-standard	-	-	11 753 382	298 582
Doubtful	-	-	17 370 566	6 077 435
Loss	-	-	19 661 283	22 127 145
Total	-	-	170 929 059	170 039 684

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.2.4 Credit risk (continued)

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

	Loans and advances to customers		Investment securities	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	US$	US$	US$	US$
Carrying amount	146 155 282	133 805 128	6 673 404	6 783 507
Assets at amortised cost				
Non-performing				
- individually impaired				
Grade 8: Impaired	4 238 382	298 582	-	-
Grade 9: Impaired	17 370 566	1 253 407	-	-
Grade 10: Impaired	19 661 283	26 202 925	-	-
Gross amount	41 270 231	27 754 914	-	-
Allowance for:				
Impairment	(1 201 627)	(2 035 367)	-	-
Interest reserve	(603 307)	(7 466 251)	-	-
Carrying amount	39 465 297	18 253 296	-	-
Individually impaired:				
Grade 5: Impaired	3 127 613	1 628 084	-	-
Grade 6: Impaired	403 927	1 213 552	-	-
Grade 7: Impaired	234 438	1 268 347	-	-
Gross amount	3 765 978	4 109 983	-	-
Allowance for:				
Impairment	(734 145)	(256 796)	-	-
Interest reserve	(1 099 708)	(628 525)	-	-
Carrying amount	1 932 125	3 224 662	-	-
Collectively impaired:				
Grades 1-4: Low– fair risk	105 215 643	112 816 489	-	-
Gross amount	105 215 643	112 816 489	-	-
Allowance for:				
Impairment	(457 783)	(489 319)	-	-
Carrying amount	104 757 860	112 327 170	-	-
Neither past due nor impaired:				
Grades 1-4: low– fair risk	-	-	5 534 250	5 536 856
	-	-	5 534 250	5 536 856

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.2.4 Credit risk (continued)

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

	Loans and advances to customers		Investment securities	
	31 Dec 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
Total carrying amount at armortised cost	146 155 282	133 805 128	5 534 250	5 536 856
Assets at fair value through profit and loss:				
Neither past due nor impaired:				
Grades 1-4: low–fair risk	-	-	1 139 154	1 246 651
Carrying amount – fair value	-	-	1 139 154	1 246 651
Total carrying amount	146 155 282	133 805 128	6 673 404	6 783 507

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.3 Other business risks

36.3.1 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.

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.

36.3.2 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.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.3 Other business risks (continued)

36.3.3 Technological risk (continued)

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.

36.3.4 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.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.3 Other business risks (continued)

36.3.5 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 (2013: 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.

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 2014 US$	31 Dec 2013 US$	31 Dec 2014 US$	31 Dec 2013 US$
Total insurance risk before retrocession	-	-	6 000 000	6 000 000
Retroceded risk	-	-	(5 000 000)	(5 000 000)
Insurance risk after reinsurance	-	-	1 000 000	1 000 000

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.4 Risk rating

36.4.1 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 9th December, 2014 using data as at 30 September 2014.

ZB Bank Limited and ZB Building Society were assessed using the Risk Assessment System (RAS) and the CAMELS rating model.

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

CAMELS	Latest Rating	
	ZB Bank	ZB Building Society
Capital Adequacy	4	4
Asset Quality	4	2
Management	3	3
Earnings	4	3
Liquidity and Funds Under Management	2	2
Sensitivity to Market Risk	2	2
Composite rating	4	3

Key: 1 = Strong; 2 = Satisfactory; 3 = Fair; 4 = Weak; 5 = Critical

Summary of Risk Assessment

RAS Component	Latest Rating	
	ZB Bank	ZB Building Society
Aggregate inherent risk	High	Moderate
Quality of aggregate risk management systems	Acceptable	Acceptable
Overall composite risk	High	Moderate
Direction of overall composite risk	**Increasing**	**Stable**

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.4 Risk rating (continued)

Overall Risk Matrix – ZB Bank Limited

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

Overall Risk Matrix – ZB Building Society

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

36.4 Risk rating (continued)

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 policies 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 a low 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 in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organization.

High - risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result in a financial loss that would have a significant impact on the 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.

36.4.2 External credit ratings

Some of the Group's significant trading companies subscribe to an internationally recognised rating agency, Global Credit Rating Group (GCR) and the ratings for the last four (4) years were as follows:

Long-term debt rating scale:

Entity	2015	2014	2013	2012
ZB Bank Limited	B+	BBB+	BBB+	BBB+
ZB Building Society	BB	BBB-	BBB-	BBB-
ZB Reinsurance Company	BBB+	BBB+	BBB+	BBB+

The ratings for ZB Bank Limited and ZB Building Society expire in August 2015, whilst the rating for ZB Reinsurance expires in May 2015.

37. COMPLIANCE WITH REGULATIONS

37.1 Insurance Operations

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 2014, 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.

37.2 Banking Operations

Commercial banks and building societies in Zimbabwe were required to maintain a minimum capital level of US$25 million and US$20 million respectively as at 31 December 2012. Intermarket Banking Corporation Limited (IBCL), ZB Bank Limited and ZB Building Society (ZBBS) did not meet these requirements during the year under review with their regulatory capital having been assessed at US$6.4 million for IBCL, US$9.0 million for ZB Bank Limited and US$14.8 million for ZB Building Society.

The Group has adopted a strategic position to merge IBCL, ZBBS and ZB Bank Limited which obviates the need for a further capital injection for purposes of meeting the prescribed minimum capital level applicable curently. 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.

38 SUBSEQUENT EVENTS

There were no material subsequent events after the reporting period.

39 GOING CONCERN

The Group posted a loss in 2014. This is largely attributed to the rationalisation of overheads and the balance sheet clean up undertaken during the year.

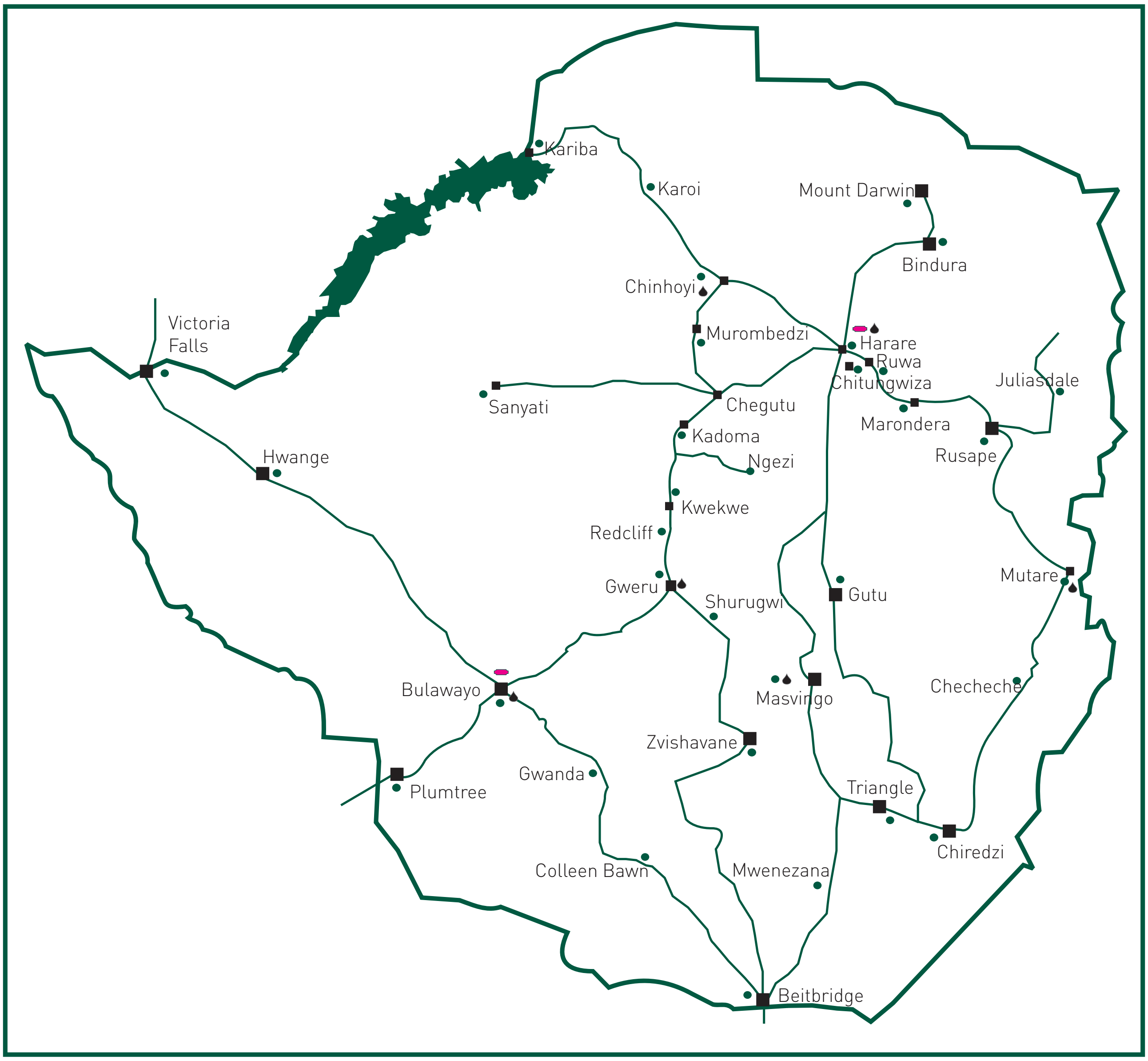
The Board has reviewed the budgets for 2015 and beyond and the cashflow projections for the Group. The Board does not have any reason to conclude that the Group will not be a going concern.

The going concern assumption has therefore been applied in the preparation of the financial statements.

40 LITIGATION

The case in which Transnational Holdings Limited (THL) and some other minority shareholders in Intermarket Holdings Limited (IHL) are challenging the acquisition of the majority shareholding in IHL by the Group is still to be finalised at the Supreme Court of Zimbabwe.

ZB FINANCIAL HOLDINGS GROUP FOOTPRINT
As at 31 December 2014



KEY

- Banking operations
- ZB Reinsurance
- ZB Life Assurance

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

ZB FINANCIAL HOLDINGS GROUP FOOTPRINT
As at 31 December 2014

ZB FINANCIAL HOLDINGS HEAD OFFICE AND REGISTERED OFFICE
10th Floor ZB House
46 Speke Avenue
PO Box 3198
Harare
Telephone: 751168/75,757539/43
Fax: 251029
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

ZB BANK UNITS

Managing Director's Office
12 th Floor ZB Centre
Corner First Street / Kwame Nkrumah Ave
P O Box 3198
Harare
Telephone: 796841/49
Fax: 759663
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

Head Corporate and Investment Banking
11 th Floor ZB Centre
Corner First Street / Kwame Nkrumah Ave
P O Box 3198
Harare
Telephone: 796841/49
Fax: 759663
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

Credit Services Bulawayo
Cnr Fife Street and 10th Avenue
PO Box 849
Bulawayo
Telephone: (09) 888501/5, 75031/9
Fax: (09)75030,76032
E-mail: info@zbco.zw
Web address: www.zb.co.zw

Agribusiness
4 th floor Rotten Row Complex
Kaguvi St/Kwameh Nkrumah Avenue
P O Box 1374
Harare
Tel: 774281/9, 774303/9
Fax: (04) 774281 Ext 6012

Head Treasury
5th Floor ZB House
46 Speke Avenue
POBox 3198
Harare
Telephone: 751168/75,757539/43
Fax: 757514,754261
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

Investment Banking
3rd Floor ZB Life Towers
Sam Nujoma Street /Jason Moyo Avenue
P O Box 969
Harare
Telephone: 708801/09
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

Head Retail Banking
12th Floor ZB Centre
Corner First Street / Kwame Nkrumah Ave
POBox3198
Harare
Telephone: 781236/74, 796842/3
Fax: 759667
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

International Business and Trade

Finance
Upper 1 Floor, ZB House
46 Speke Avenue
P O Box 2520
Harare
Telephone: 751168/75, 757539/43
Fax: 751168/74,754859
E-mail: info@zb.co.zw
Web address: www.zb.co.zw

Electronic Banking
Cnr Robert Mugabe Road/Chinhoyi Street
P O Box 3198
Harare
Tel: (04) 781361/6
Fax: (04) 751869

RETAIL BANKING UNITS

Airport Branch
Harare International Airport
P O Box 4189
Harare
Telefax: 575364

Chiredzi
350 Chilonga Drive
Chiredzi
Tel: (031) 3116 / 2746
Cell: 0772 405 649

Hwange
Coronation Drive
Hwange
P. O. Box 191
Tel: (0281) 23208 / 22444 / 23587
Cell: 0774 144 281

ZB FINANCIAL HOLDINGS GROUP FOOTPRINT
As at 31 December 2014

Avondale Branch
No. 8 Cambitzis Building
King George Way
P O Box A92
Avondale
Harare
Tel: (04) 334281/4
Fax: (04) 302798

Borrowdale Branch
34 Sam Levy Village
P O Box BW480
Borrowdale
Tel: (04) 885686/8
Fax:- (04) 883262

Chisipite Branch
2 Hind House
P Box CH 233
Chisipite
Harare
Tel: (04) 495145/61
Fax: (04) 495161

Colleen Bawn Branch
Stand No. 90
P O Box 40
Colleen Bawn
Tel: (0284) 24445/6
Fax: (0284) 24445

Gwanda Branch
Shop No. 8, NSSA Complex,
P O Box 371
Gwanda

Douglas Road Branch
Lytton/Douglas Roads
P O Box ST491
Southerton
Harare
Tel: (04) 772181/772182
Fax: (04) 772183

First Street Branch
46 Speke Avenue
ZB House
P O Box 3198
Harare
Tel: (04) 757471/9 757535/40
Fax: (04) 752211

Graniteside Branch
27B, Cripps Road
Graniteside
Harare
Tel: (04) 772062/5
Tel/Fax: (04) 772062/5

Private Banking
10th Floor, ZB Centre
Cnr Kwameh Nkrumah/First Street
P O Box 3198
Harare
Tel: (04) 796841/4
Fax: (04) 759667

Rotten Row Branch
Kaguvi St/Kwameh Nkrumah Avenue
P O Box 1374
Harare
Tel: 774281/9, 774303/9
Fax: (04) 774281 Ext 6012

Westend Branch
Cnr Robert Mugabe Road/Chinhoyi
Street
P O Box 3198
Harare
Tel: (04) 781361/6
Fax: (04) 751869

Msasa Branch
Colonade Complex Beverley West
P O Box AY160
Amby
Tel: (04) 486427/9
Fax: (04) 486427/9

Beitbridge Branch
Bloomfield Centre
P O Box 250
Beitbridge
Tel: (0286) 22641
Fax: (0286) 22817

Belmont Branch
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 FOOTPRINT
As at 31 December 2014

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

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

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

Bindura
28 Robert Mugabe Road
Bindura
Tel: (0271) 6373 / 6870
Cell: 0772 990 266

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

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 FOOTPRINT
As at 31 December 2014

Chitungwiza
Shop No. 5
Old Mutual Complex
Chitungwiza
Tel: (0270) 22281
Cell: 0772 606 905
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 CAPITAL (PRIVATE) LIMITED
3rd Floor ZB Life Towers
Sam Nujoma Street /Jason Moyo
Avenue
P O Box 969
Harare
Telephone: 708801/09
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

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 29 May 2015, 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 2014.			
2	Ordinary	i) In terms of Article 68 of the Company's Articles of Association, Mr Tendai Mafunda retires by rotation, and being eligible, offers himself for re-election at the meeting. ii) Mr Bothwell P Nyajeka the then Board Chairman resigned from the board on 1 July 2014. iii) Mr Thamsanqa P B Mpofu was elected Chairman of the Board on 24 July 2014.			
3	Ordinary	To approve the remuneration of the Directors for the past financial year.			
4	Ordinary	4.1To 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. 4.2To note the retirement in compliance with Section 41 (4) of the Banking Act (Charter 24:20) of KPMG Chartered Accountants (Zimbabwe) as Auditors of the Company.			

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.			

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 ....2015.

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.