Since 1951

ZB FINANCIAL HOLDINGS

Annual Report 2015

CONTENTS

CORPORATE INFORMATION

ZB FINANCIAL HOLDINGS LIMITED
Registered Office
21 Natal Road
Avondale
Harare
Telephone: +263 (0) 867 700 2001
E-mail: zb@zb.co.zw
Facsimile: +263 - 4 - 251029
Web address: www.zb.co.zw

Company Registration Number
1278/89

Date of Incorporation
29 May 1989

Group Company Secretary
C. T Kathemba

Auditors
Deloitte & Touche Zimbabwe
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
P O Box 267
Harare
Zimbabwe
Tel: +263 (0) 867 700 0261
Fax: +263 - 4 - 852130
Web address: www.deloitte.com

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

VISION, MISSION AND VALUES

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-Seventh Annual General Meeting of the shareholders of ZB Financial Holdings Limited will be held in the Board Room, Ground Floor, 21 Natal Road, Avondale, Harare, on Friday 27 May 2016, 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 2015.

2. **Dividend**
   To confirm the final dividend of 0.54 cents per Ordinary Share as recommended by directors.

3. **Directorate**
   To elect directors for the Company:-
   i) In terms of Article 68 of the Company's Articles of Association, Mr Thamsanqa P B Mpofu and Mr Elliot Munemo retire by rotation, and being eligible, offer themselves for re-election at the meeting.
   ii) Mr Peter B Nyoni was appointed to the Board after the last general meeting and being eligible, offers himself for election at the meeting.
   iii) Mr Tendai Mafunda resigned from the Board on 19 August 2015.

4. **Remuneration of Directors**
   To approve the remuneration of Directors for the past financial year.

5. **External Auditors**
   5.1 To ratify the appointment of Deloitte & Touche (Zimbabwe) as the Auditors of the Company for the year 2015.
   5.2 To approve the remuneration to Deloitte & Touche (Zimbabwe) for the past financial year's audit, in terms of Article 112 of the Articles of the Company.
   5.3 To re-appoint them as the Company's auditors for the ensuing year.

6. **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

CT Kathemba
Group Secretary

23 March 2016
First Floor, 21 Natal Road
Avondale
HARARE

Shareholder Information

ANALYSIS OF SHAREHOLDERS as at 31 December 2015				
Shares held	Number	% Spread	Shares Held	% Holding
1 - 500	231	16.08	48 341	0.02
501 - 1 000	477	33.19	275 184	0.11
1 001 - 10 000	365	25.40	1 519 488	0.62
10 001 - 20 000	214	14.89	3 016 618	1.22
20 001 - 50 000	81	5.64	2 150 838	0.87
50 001 - 100 000	13	0.90	892 429	0.36
100 001 - 500 000	35	2.44	7 029 030	2.85
500 001 - 10 0000 000	17	1.18	35 217 693	14.29
10 000 001 - 1 000 000 000	4	0.28	125 041 021	79.66
Totals	1 437	100.00	175 190 642	100.00

ANALYSIS BY CATEGORY				
Shareholders	Number	% Spread	Shares Held	% Holding
Companies	140	9.74	75 987 318	43.37
FCDA Resident and New Non Resident	11	0.77	38 000	0.02
Individuals	1 206	83.92	8 837 947	5.04
Insurance Companies	8	0.56	10 429 325	5.95
Investment, Trust And Property Companies	12	0.84	7 931 298	4.53
Nominee Company	22	1.53	2 819 227	1.61
Non Resident Transferable	20	1.39	155 537	0.09
Pension Funds	18	1.25	68 991 990	39.39
Totals	1 437	100.00	175 190 642	100.00

TOP 10 SHAREHOLDERS		
Holder Name	Shares Held	% Holding
National Social Security Authority	66 196 080	37.80
Government Of Zimbabwe	41 177 201	23.50
ZB Financial Holdings Limited	17 667 740	10.08
Old Mutual Life Assurance Company Zimbabwe Limited	9 525 866	5.44
Mashonaland Holdings Limited	5 281 975	3.01
ZBFH Group Staff Trust	5 273 438	3.01
Guramatunhu Family Trust	2 633 917	1.50
Ministry Of Finance	2 009 157	1.15
Baobab Reinsurance (Private) Limited	1 893 798	1.08
ZB Financial Holdings Pension Fund	1 105 396	0.63
Total Holding Of Top 10 Shareholders	152 764 568	87.20
Remaining Holding	22 426 074	12.80
Total Issued Shares	175 190 642	100.00

Rome wasn't built in a day.

Group Corporate Structure

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

ZB FINANCIAL HOLDINGS LIMITED

Key Business Areas	Banking Operations	Insurance Operations	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 1951.

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

Retail Banking
- Savings accounts
- Current accounts
- Call banking
- Bancassurance
- Personal loans
- Mortgage loans, and
- Home improvement loans

Micro-banking
- Micro business loans
- Savings accounts
- Advisory

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

Corporate & Investment Banking
- Agricultural financing
- Loans
- Overdrafts
- Advisory services
- Corporate savings accounts
- Corporate current accounts
- Asset finance
- Premium finance
- Corporate mortgages

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

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

ZB Building Society

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

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

Company and Product Profile (continued)

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

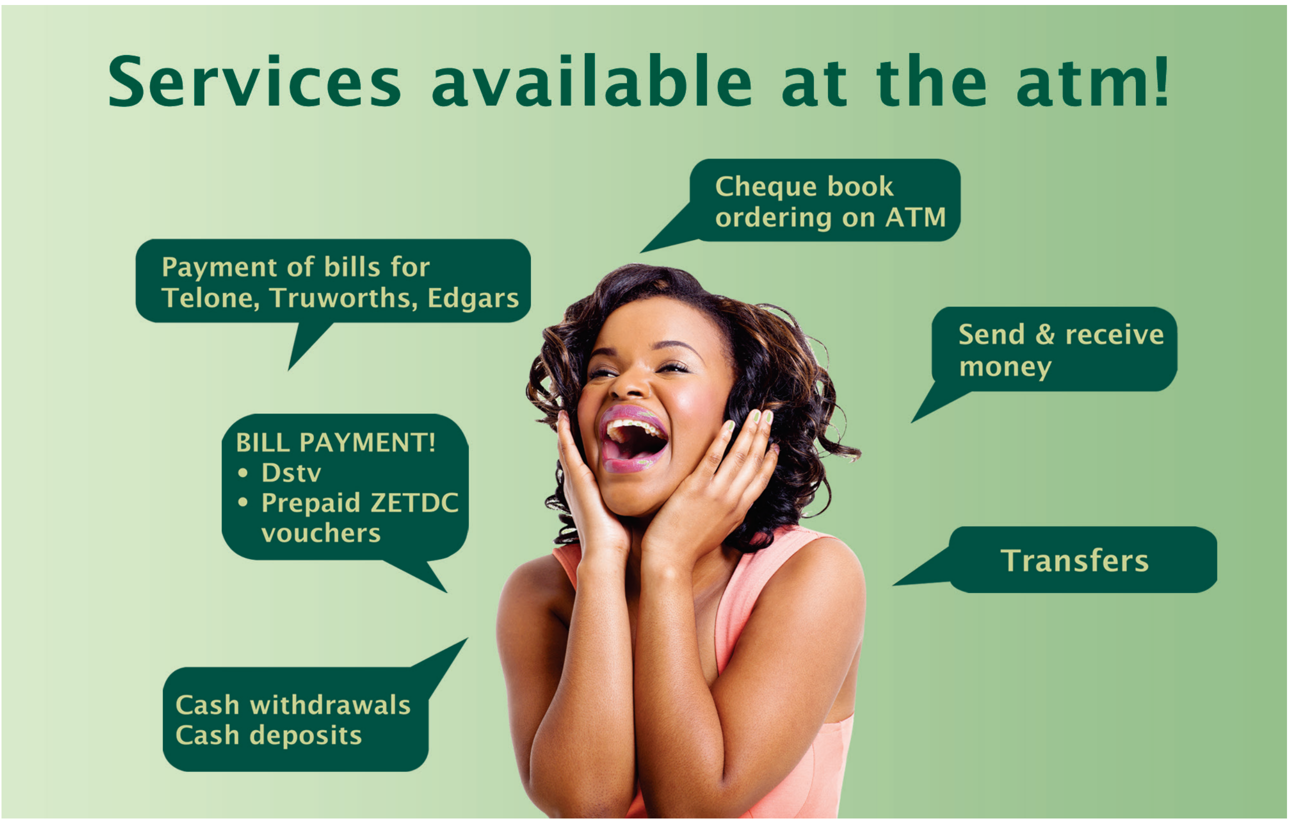
- Flexi mortgages plan
- Flexi corporate plan
- Individual mortgage plan
- Corporate mortgage plan
- Flexi mortgage account

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



Company and Product Profile (continued)

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.

Company and Product Profile (continued)

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 include:

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

Associate Companies

Mashonaland Holdings Limited (Mash)

Mash is a listed company in which the Group controls 34.72% which is held between the life fund and proprietors of the business. Mash was incorporated in 1966 and its services include:-

- Property research and development:-
  The company has undertaken landmark developments which include significant residential, commercial and industrial projects.

- Property management:-
  The company is involved in the letting and maintenance of an owned portfolio of rental units.

Cell Insurance Company (Private) Limited (Cell)

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

Cell 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


Banking made easy
on your cellphone.

Corporate Governance Report

ZB Financial Holdings Limited (ZBFH) is listed on the Zimbabwe Stock Exchange (ZSE) and endeavors at all times to upholds principles of good corporate practice and conduct as enunciated in the Zimbabwean National Code on Corporate Governance which was launched on the 9th of April, 2015. Hitherto, the Group's conduct and practices were modeled around the King III Report on Corporate Governance of South Africa, which was then considered a suitable framework for the Group's activities.

The Group also complies at all material times with the Continued Listing Requirements of the ZSE, the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Building Society Act (Chapter 24:02), the Insurance Act (Chapter 24:07), any regulations made under these acts, general laws governing trade in Zimbabwe, and the provisions of its Memorandum and Articles of Association.

THE BOARD OF DIRECTORS

The Composition of the Board

The Board of Directors comprised two executive directors and four 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 officers, 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 Tendai Mafunda resigned from the Board on 19 August 2015.

The Board's Role and Responsibilities

The Company has a Board Charter which governs the Board's roles and responsibilities. The Charter includes the following as part of the 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;

Corporate Governance Report (continued)

Induction and Evaluation of Directors

New directors go through an induction process that covers their fiduciary duties and responsibilities to the Company, conducted 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, on 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 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 that they present a balanced and understandable assessment of the position, performance and prospects of the Group;
- To review the external auditor's proposed audit report;
- 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 auditor and to deal with any issues of material or significant concern.

Corporate Governance Report (continued)

The 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 four 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.

Corporate Governance Report (continued)

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 financial services sector generally, for purposes of comparison with the Group'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.
- To review the effectiveness of ZBFH's implementation of its risk management system and internal control framework.

Corporate Governance Report (continued)

BOARD ATTENDANCES DURING THE YEAR

ZB Financial Holdings Limited (ZBFH) Board	
Total meetings	8
Name	Meetings attended
T P B Mpofu	8
R Mutandagayi	7
E Hamandishe	7
*T Mafunda	5
F Kapanje	8
E Munemo	8
T I Chirisa	8

*Mr T Mafunda resigned from the Board on 19 August 2015.

ZB Bank Board	
Total meetings	8
Name	Meetings attended
S A Sibanda	7
R Mutandagayi	7
P M Matupire	8
C Mandizvidza	8
C Nyachowe	8
G N Mahlangu	6
V B Sibanda	8
G Chikomo	7
G Nheweyembwa	7

ZB Life Assurance Board	
Total meetings	6
Name	Meetings attended
R C Mandizvidza	4
R Mutandagayi	4
C Makoni	5
A G Chinembiri	6
E T Z Chidzonga	5
M Mkushi	4
L Mawire	5

ZB Building Society Board	
Total meetings	5
Name	Meetings attended
S A Sibanda	5
S K Chiganze	3
R Mutandagayi	3
T P B Mpofu	5
C Makoni	5
M T Sachak	3
C Sandura	5
E Munemo	5
E Mungoni	3

ZB Reinsurance Company Board	
Total meetings	5
Name	Meetings attended
R Mutandagayi	4
B Shumba	4
F B Chirimuuta	3
C Nyachowe	5
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)

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)

Corporate Social Investment 2015

The Group continues to be guided by the need to be a responsible corporate citizen in spite of the prevailing economic challenges. To us at ZB, corporate social responsibility is an important way in which we live our purpose, by helping make positive change to the lives of members of communities in which we serve. Our Corporate Social Engagement and Investment in the communities in which we operate is tied very closely to and is to some extent hinged on the business we conduct with our customers and clients in those communities.

The foregoing is amply demonstrated by the fact that the Group, through ZB Bank, was the first financial institution in Zimbabwe to establish presence and offer financial services in the informal markets such as Siyaso, Gazaland and Glenview. The Bank launched lending activities in green markets and commenced provision of free banking for senior citizens, informal traders and students.

Broadly the ZB corporate social responsibility thrust continues to focus on improving Education, Sports, Health and Social Welfare, Arts and Culture and enhancing broad based Economic Development, and, in that sense, aligns well with the aspirational goals of the 2030 Agenda for Sustainable Development as resolved by the United Nations.

The following are some of the initiatives undertaken by the Group during the year under review:

Donations towards Education and Sports

The Group continued to support schools, colleges and universities in their efforts to elicit talent from students, particularly the underprivileged, through education and sport development, to enable the students to realise their full potential.

The Group launched an Education Assistance Program where 12 students have been identified for school fees support from grade 7 right up to university level. This is over and above the usual support to a significant number of school children and college students in respect of prizes for exceptional annual academic performances as well as graduations.

Various other initiatives were also undertaken, which offered cash prizes for early payment of schools fees and schools' deposits. These initiatives promoted resource mobilisation and good stewardship of schools' funds, thus creating capacity for greater investment in education.

The Group donated sports kits to several stakeholders, including the Zimbabwe Republic Police, towards their participation in Annual Regional sporting activities.

Corporate Social Investment 2015 (continued)

Donations towards Health and Social Welfare

The Group supported local authorities in the different cities and towns that it operates and contributed to the Mayors' Cheer Funds mobilised by city authorities in order to provide relief to disadvantaged communities during festive periods. The Group also supported the campaign by the Ministry of Health and Child Care in the eradication of Malaria in the country.

Donation towards Arts and Culture

The Group's participation in the annual Harare International Festival of the Arts (HIFA), over the years, has enhanced its brand's visibility. Through this sponsorship, a sizeable number of underprivileged children received exposure to the world of theatre, dance and music.

The Group also continued with its annual sponsorship of Reps Theatre to ensure sustenance of arts and culture as a way to inform, educate and entertain the public.

Economic Development

The Group supported a number of platformsin which wide ranging economic dialogue was held with a view to finding viable solutions to the capacity underutilisation in the productive sector and the Country's general lack of competitiveness in relation to its trading partners. This was achieved through support for, and participation in the following conferences:

- Zimbabwe Chamber of Mines
- Zimbabwe Association of Pension Funds
- Zimbabwe National Chamber of Commerce
- Institute of Chartered Accountants of Zimbabwe
- Mining Indaba
- Buy Zimbabwe
- Retailer's Association Conference
- Confederation of Zimbabwe Industries Conference

Corporate Social Investment 2015 (continued)

Mr Ron Mutandagayi GCEO for ZB Financial Holdings(sitting 3rd from left) representing ZBFH at the donation made to Catholic University

Mabvuku High Prize Giving Day

Donation to Fletcher High

Donation to Airforce Thornhill Secondary

Handover of $20 000 won from the Schools Balance Promotion to Roosevelt School.

Bindura University of Science Education Sports Day

Investing in the community for a brighter future.

Chairman's Statement

Thamsanqa. P. B. Mpofu
Chairman

Operating Environment:

The economy remained in a fragile state during 2015. This was made worse by weakened terms of trade following the depreciation of the South African Rand, a major trading currency. Adverse weather conditions and depressed levels of capacity utilization in the productive sector, reported at about 34% during the year, compounded the situation.

The Zimbabwean economy is estimated to have grown by 1.5% in 2015, slowing down from the 3.2% recorded in 2014. Deflationary pressures continued to persist with year-on-year inflation as at 31 December, 2015 being reported at -2.47%.

In aggregate, the Zimbabwe Stock Exchange market capitalization dropped from $4.3 billion in December 2014 to close at $3 billion at 31 December, 2015, thus underlining reduced market competitiveness.

Financial Performance:

The Group recorded a full year profit of $8.9 million, an improvement from a loss of $8.6 million posted in 2014. The financial performance is discussed in more detail in the Group Chief Executive's report.

Dividends:

The Board has declared a dividend amounting to 0.54 cents per share for the period under review. Whilst capital preservation and growth remain as priority areas, the Board has considered the need to provide an investment return to shareholders in a harsh economy as key in making this declaration.

Outlook:

At the macro-level, economic fortunes are hinged on an aggressive arrears clearance strategy in respect of the country's external debt which is expected to unlock new funding. Despite its continued listing on the United States sanctions list, the ZB Group will position itself to take advantage of any opportunities that will arise as the implementation of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) gathers momentum. The recent recapitalization of the Banking Operations by the injection of $20 million through treasury bills during the year has strengthened overall underwriting capacity which the Group will leverage on, going forward.

Directorate:

Mr. T Mafunda resigned from the Board with effect from the 19th of August, 2015. On behalf of the Board, I would like to thank him for the contribution he made to the affairs of the Group during his term. I wish him success in his future endeavours.

Conclusion:

I would like to thank all our stakeholders, particularly our clients, for their contribution to the results achieved during 2015.

T. P. B. Mpofu
Chairman
23 March 2016

Group Chief Executive's Report

Ron Mutandagayi
Group Chief Executive

Background:

Despite significant constraints on revenue expansion which were exacerbated by weakened credit quality across the market, the Group posted a profit of $8.9 million for the year ended 31 December, 2015.

Cost rationalization measures implemented over the last 24 months have assisted in sustaining a profitable trend during 2015.

Operating Results:

Net revenue reduced by 1% to $56.7 million in 2015 compared to $57.3 million in 2014. This was largely as a result of a higher fair value loss on investment properties and stocks which amounted to $2.7 million in 2015 compared to $0.8 million in 2014, an increase of 251%.

Notwithstanding the 13% reduction in net interest income, aggregate earnings from lending and trading activities increased from $11.9 million to $13.7 million. This positive outturn was achieved as a result of a $10.9 million recovery from previously written off debts. Gross loan impairment charges during the year increased by 80% from $7.7 million in 2014 to $13.8 million in 2015. The depressed net interest income is a result of a reduced credit portfolio and a general weakening of rates as credit absorption capacity on the market continued to deteriorate.

Despite the firming up of business in both the life assurance and the short-term reinsurance businesses (aggregate 5% growth in gross premiums), net insurance premium income reduced marginally by 1%. This is attributed to an increase in the aggregate claims and related expenses which went up by 8% from $20.9 million to $22.5 million. In spite of this increase, the risks underwritten by the Group remained profitable during the year.

Recurring operating expenses reduced by $10.7 million (19%) from $57.0 million in 2014 to $46.3 million in 2015. Cost optimization remains a key strategic matter for the Group. Total assets for the Group increased by 12% from $379.8 million in 2014 to close the year 2015 at $424.1 million. A rebalancing of the asset mix was undertaken during the year, and saw an 871% increase in money market investments ($117.5 million) being achieved against a 32% reduction in credit instruments ($99.6 million). Whilst credit creation receded in response to amplified default risk, money market instruments, largely treasury instruments, were chosen for their mild impact on capital adequacy measurements.

Deposits increased by 5% to close the year at $269.7 million. However, deposits remained transitory and very sensitive to short-term market dynamics.

To augment its resources, the Group negotiated a long-term loan facility amounting to $20 million in the form of treasury bills during the year. This was utilized in the recapitalisation of the Banking Operations.

Group Chief Executive's Report (continued)

Business Update:

In responding to customer needs and changing dynamics in the environment, the following initiatives were completed during the year 2015:-

1. The Group relocated its Head Office to a new complex in Avondale structured on an open-plan basis. The new environment has assisted greatly in improving team dynamics as well as general productivity whilst achieving a reduced cost of occupation.

2. The ZB Brand was launched on Social Media. This has been a useful platform for interaction with our customers.

3. In a continued effort to rationalize its operations and improve overall profitability, branches in Redcliff and Checheche were closed during the period. Two new state of the art branches were opened at the Head Office as well as at Riverside Walk Shopping Mall in Avondale, Harare.

4. In order to augment branch activities, 15 new Automated Teller Machines (ATM) and 5 Automated Teller Safes (ATS) were deployed during the year whilst a network of agents was mobilized to offer limited services.

5. A new Card Management system was deployed in the last quarter of 2015; full benefit of this investment will be enjoyed by the customers starting from 2016.

6. A bouquet of new products was launched during the year in response to customer demands. These include the following:-
   - ZB Smart Connect – to assist customers to acquire electronic gadgets for personal and home use.
   - ZB Education Plan – to assist parents in planning for the education requirements of their children.

Internal Environment and Outlook:

The Group was able to maintain cordial industrial relations throughout the year with stability having been fully achieved after a staff realignment program. Increased investment in talent development and technologies will remain at the core of the Group's strategic thrust.

Acknowledgements:

I am thankful to our valued customers for their continued support. My gratitude also goes to the Board, management and staff for their efforts during the year.

R. Mutandagayi
Group Chief Executive
23 March 2016

What if your advisor knew that investing was about more than just money?

Economic Overview

WORLD ECONOMY

Global economic activity remained subdued in 2015. Modest recovery continued in advanced economies, while growth in emerging markets and developing economies declined for the fifth consecutive year. However, growth in emerging markets and developing economies still accounted for over 70% of global growth.

Global economic growth, which is estimated at 3.1% for 2015, is projected at 3.4% in 2016 and 3.6% in 2017. Growth in advanced economies is projected to rise by 0.2 percentage points in 2016 to 2.1%, and hold steady in 2017. In the Euro area, stronger private consumption, supported by lower oil prices and conducive financial conditions, has tended to outweigh a weakening in net exports. Growth in emerging markets and developing economies is projected to increase from 4% in 2015, the lowest since the 2008-09 financial crisis, to 4.3% and 4.7% in 2016 and 2017, respectively.

Growth in China is expected to slow to 6.3% in 2016 and 6.0% in 2017, primarily reflecting weaker investment growth as the economy continues to rebalance. India and the rest of emerging Asia are generally projected to continue growing at a robust pace, with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weaknesses. Aggregate Gross Domestic Product (GDP) in Latin America and the Caribbean is now projected to contract in 2016 as well, albeit at a smaller pace than in 2015, despite positive growth in most countries in the region. This reflects the recession in Brazil and other countries in economic distress. Higher growth is projected for the Middle East, but lower oil prices, and in some cases geopolitical tensions and domestic strife, continue to weigh on the outlook.

Most countries in sub-Saharan Africa will realise a gradual rise in growth, but with lower commodity prices, to rates that are lower than those seen over the past decade. This mainly reflects the continued adjustment to lower commodity prices and higher borrowing costs, which are weighing heavily on the performance of some of the region's largest economies namely Angola, Nigeria, and South Africa, as well as a number of smaller commodity exporters.

The global economic outlook hinges on the following three key factors:

- the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services.
- lower prices for energy and other commodities
- a gradual tightening in monetary policy in the United States in the context of a resilient domestic recovery, as several other major advanced economies' central banks continue to ease monetary policy.

DOMESTIC ECONOMY

1.1 Economic Growth

Growth in the domestic economy remained depressed in 2015, held back by deteriorating terms of trade, occasioned by the depreciation of the South African Rand, the currency of Zimbabwe's main trading partner, adverse weather and continued political uncertainty. Economic growth softened progressively from 4.5% in 2013 to 3.2% in 2014 and to 1.5% in 2015. The balance of payments deficit remained above 20% of GDP, hampered by softening minerals prices and the impact of uneven rains on agricultural output. The economy remained in deflation during the year 2015, and expectations are that inflation will remain in the negative in 2016, driven largely by the sustained appreciation of the US Dollar, particularly against the Rand.

The Ministry of Finance is projecting the Zimbabwean economy to grow by 2.7% in 2016. However, the World Bank, in February 2016, revised its initial 2016 growth projection of 2.5% for Zimbabwe (given in its Global Economist Prospects for June 2015) to 1.5%, on the back of falling international commodity prices, local deflation persisting and the effects of the El-Nino induced drought. The World Bank's prediction is further premised on the fact that, despite efforts at re-engaging global lenders, and initiatives to clear the US$1.8 billion arrears with multi-lateral creditors, namely the International Monetary Fund (IMF), the World Bank and the African Development Bank (AfDB), the country remains unable to access international lines of credit. The World Bank expects Zimbabwe's growth to rebound to around 3% in 2017, but warns that power shortages, a further decline in mineral prices or an economic shock in South Africa could jeopardise the recovery prospects.

Economic Overview (continued)

1.2 REAL SECTORS

1.2.1. Agriculture Sector

In the 2015/16 agricultural season, Zimbabwe is set to experience one of the worst droughts since Independence in 1980, owing to the effects of the El-Nino weather patterns prevalent across Southern Africa. In fact, the United Nations World Food Programme (WFP) estimates that as many as 49 million people in Southern Africa could be affected by a drought that has been worsened by "the most severe and longest" El Nino weather pattern in 35 years. The WFP, which has previously estimated that 14 million people would face hunger in the region, revealed that the El Nino conditions had caused the lowest recorded rainfall between October and December 2015 since 1981. The drought has hit much of the region, including the maize belt in South Africa, the continent's top producer of the staple grain. In Zimbabwe, Lesotho, Swaziland, and Zambia planting was delayed by two months or more and this is expected to severely affect maize yields. The Government of Zimbabwe has declared a "state of disaster" amid estimates that about US$1.5 billion will be required for food aid. As a result of the below-normal rainfall and poor rainfall distribution, the hectarage put under maize in Zimbabwe in the 2015/16 season declined by 49% as compared to the previous season, according to statistics availed by the Food and Agriculture Organisation (FAO). Zimbabwean farmers planted 744 426 hectares of maize in the 2015/16 season, as compared to 1 531 663 hectares in the 2014/15 season and 1 721 030 hectares in 2013/14.

Statistics from the Tobacco Industry and Marketing Board (TIMB) reveal that the country's tobacco exports for the 2014/15 season rose by 12.23% as compared to the 2013/2014 season, to US$867 million from US$772.5 million in the previous season. The 2014/15 season saw 151.9 million kilograms being exported, compared to 135.5 million kilograms in the 2013/14 season. However, there has been a reduction in the land under tobacco in the 2015/16 season, as the TIMB statistics show that farmers planted 92 160 hectares down from the 107 546 hectares planted in the previous season. The statistics also reveal that as at end of December 2015, 70 412 farmers had registered to grow tobacco for the 2015/16 season, a decline of 20% from the 88 536 who had registered during the comparative period in the 2014/15 season. A decline of 45% has also been recorded on new growers, with 9 025 new farmers having registered in the 2015/16 season compared to 16 516 farmers during the same period of the previous season. The TIMB is expecting a decline in tobacco production in the 2015/16 season, attributing the decline to the poor rainfall patterns in the current season, as well as depressed prices offered at the auction floors in the 2014/15 season.

The Government of Zimbabwe has moved to boost cotton production by providing free inputs to farmers, for the ensuing three seasons. The cotton industry, which used to comprise about 350 000 growers growing as much as 350 000 tons per year in the 1990s, has seen the number of growers falling to 200 000, and production declining to about 135 000 tons per annum. Due to depressed cotton prices on the international markets, many farmers abandoned the crop for other cash crops such as tobacco, which commanded competitive prices. In the 2015 cotton marketing season, the crop size further declined to 102 000 tonnes.

Statistics availed by the Ministry of Agriculture, Mechanisation and Irrigation Development show that the country has been importing an average 185 000 metric tons of wheat since 2009, against a national annual requirement of 400 000 metric tons. There has been a steady decline in the land under wheat since 2008, a development which is largely attributed to intermittent power supply, high cost of production and inadequate financial resources. An average area of 16 342 hectares has been under wheat over the past 7 years. Wheat production for the 2015 winter season was at 61 261 metric tons.

In the 2015/16 season, the agricultural sector is expected to grow by 1.8%. However, attainability of the projected growth rate is dependent on the ability to mitigate the impact of the El Nino induced weather conditions.

Economic Overview (continued)

1.2.2. Manufacturing Sector

According to the 2015 Confederation of Zimbabwe (CZI) Manufacturing Sector Survey, weighted industrial capacity utilisation declined further in 2015, shedding 2.2 percentage points from 36.5% in 2014 to 34.3% in 2015. On average, small companies (between 5 employees and 19 employees) operated at 26% capacity utilization while medium companies (between 20 and 99 employees) operated at 36.1%. The larger firms (100 and more employees) operated at 43.1%.

The major constraints to improving industrial capacity utilisation have remained largely unchanged since 2011, and these include:

- Depressed local aggregate demand
- High costs of capital and shortage of long-term financing
- Antiquated machinery and frequent machine breakdowns
- Competition from imports
- High cost of doing business
- High cost and shortage of raw materials
- Power and water shortages
- Drawbacks from current economic environment

In 2015, the manufacturing sector is estimated to have grown by 1.6%, just 0.1 percentage points less than the 1.7% growth which had been projected for the sector. The sector is expected to grow by 2.1% in 2016.

1.2.3. Mining Sector

The weakening international commodity prices have negatively affected the country's mining sector and the economy at large. The mining sector output has been recording negative growth over the past few years; mining output growth was -3.4% in 2014 and -2.5% in 2015. Commodity prices fell significantly, largely on account of declining Chinese demand, resulting in reduced earnings for mining houses and, consequently, their contribution to the fiscus. Capacity utilisation of the mining sector declined from 71% in 2014 to 60% in 2015. According to the 2015 State of the Mining Industry Survey Report by the Chamber of Mines of Zimbabwe, the country's mineral export revenue declined by 7.2% from US$1.95 billion in 2014 to US$1.81 billion in 2015.

In 2015 platinum output increased by 0.65%, from 12 483kg in 2014 to 12 564kg in 2015. The value of platinum production however fell by 23% from US$495 million in 2014 to US$381 million in 2015 after platinum prices slumped by approximately 24% in 2015, to around US$1 053/oz. The World Platinum Investment Council (WPIC) projects Zimbabwe's platinum output to rise by 12% in 2016, on the back of the completion of an expansion project at the country's biggest mine, Zimplats. In 2015, gold output rose by 30% to 20 tons (643 000 ounces). Gold production is forecast at 24 tons for 2016, buoyed mainly by expected increased output by small scale miners, who produced 7 tons of the commodity in 2015. Chrome output fell by 48% to 211 000 metric tons after the country's biggest miner, ZIMASCO, downsized operations at its Kwekwe-based ferrochrome smelter. Zimbabwe Alloys Ltd, the second-biggest chrome miner, also curtailed production, buying ore mainly from small-scale independent diggers. Coal output declined by 34% to 4.2 million tons, with the country's biggest producer, Hwange Colliery Co, recording reduced output as it battled debt and aging equipment challenges. Diamond production also fell by 30% to 3 360 carats.

The mining sector is projected to grow by 1.6% in 2016, on the back of "increased output" in gold, chrome, coal, nickel, platinum and diamonds.

1.2.4. Information, Communication and Technology (ICT) Sector

Zimbabwe's mobile penetration rate continued to improve, rising by 5.1 percentage points from 90.3% in 2014 to 95.4% in 2015. Active internet subscriptions rose to a total of 6 575 591, from 5 779 320 in 2014, and the national internet penetration rate resultantly rose to 48.1% in December 2015, from 45% in December 2014.

On the other hand, the number of total mobile subscribers rose by 10.4% from 17 639 550 in 2014 to 19 477 307 in 2015, while the number of active mobile subscribers rose by 8.1% from 11 798 652 in 2014 to 12 757 410 in 2015. Data from the National Payment Systems (NPS) shows that as at 31 December 2015, mobile transactions accounted for 89.19% of total payment transactions in volume terms.

The ICT sector's performance continues to be relatively stronger in comparison with most sectors, and is expected to register a positive growth of 2.8% in 2016, on the back of product development and innovation, considerable investment, grid expansion and upgrading.

Economic Overview (continued)

1.2.5. Tourism

Preliminary statistics from the Zimbabwe Tourism Authority (ZTA) show that there was a 9.39% year-on-year rise in tourist arrivals between 2014 and 2015, from 1 880 028 in 2014 to 2 056 588 in 2015. Tourists from the African continent dominated, contributing 85.9% of the visitors, followed by European visitors at 7.25%. Compared to 2014 figures, America increased its contribution by 14.9%, followed by Africa (10.4%), while the biggest losers were Middle East (-37.8%) and Asia (-18.2%). Globally, tourist arrivals grew by 4.4% to reach a record 1.184 billion, a growth of 0.6% percentage points above the United Nations World Tourism Organisation (UNWTO) long-term forecast. However, Africa recorded a 3% drop in tourist arrivals to 53 million arrivals in 2015. North Africa recorded the greatest drop at 8%, while Sub-Saharan Africa recorded a 1% decline in tourist arrivals in 2015.

In the outlook, the Zimbabwe Tourism Authority (ZTA) projects tourist arrivals to increase to 2.5 million in 2016, benefiting from vigorous destination marketing and promotional activities targeted at the international, as well as the domestic market. The UNWTO anticipates Africa to register a growth in tourist arrivals of between 2% and 5% in 2016.

1.2.6. Energy Sector

In 2015, energy shortfalls remained one of the biggest constraints to the viability and growth of industries across all sectors of the economy. Electricity power outages continued during the year, due to obsolete machinery and limited investment in the sector, exacerbated by the alarming deterioration of dam water levels on the Kariba Dam to unprecedented levels. Zimbabwe's electricity generation is estimated to be around 1 077 megawatts (MW), against a daily national requirement in excess of 2 200MW. In 2016, electricity generation is projected to grow further, on the back of the continued rehabilitation of Kariba South Expansion and Hwange Thermal Power Station.

In addition to the Government's power generation initiatives independent power producers are expected to become more prominent in the future.

1.3 MONETARY AND FISCAL DEVELOPMENTS

1.3.1. Money Supply Growth

According to the Reserve Bank of Zimbabwe (RBZ), the annual growth rate of broad money slowed down from 11.98% in December 2014 to 8.2% in December 2015. As at 31 December 2015, the stock of money stood at US$4.765 billion, from US$4.403 billion in December 2014.

In the outlook, money supply growth is expected to continue to be sluggish, in the absence of meaningful resuscitation of the productive sectors of the economy. The economy continues to incur leakages in money supply due to the high import bill, exacerbated by the absence of balance of payments support and the continued strengthening of the US Dollar against major currencies, particularly the Rand. Furthermore, the failure to attract foreign direct investment (FDI) and credit lines from donors and financiers has contributed to the decline of the growth in money supply. It is however commendable that the Government is working on instituting measures geared towards improving FDI inflows, among them being amendments to the Indigenisation Act, improving the ease of doing business and payment plans for the settling of the national debt with multilateral creditors.

1.3.2. Inflation

Zimbabwe's inflation has been in deflationary territory since October 2014, although the month- on-month rate rose noticeably during the final four months of the year under review, i.e. from -0.36% in September 2015 to -0.11% in December 2015. Inflation is however expected to remain in deflationary mode in the outlook, despite the slight rise in month-on-month inflation in the final four months of 2015. In fact, the year-on-year inflation maintained a downward trend from -1.28% recorded in January 2015 to -2.47% in December 2015. During the period under review, year-on-year inflation averaged -2.41% while the month-on-month average inflation stood at -0.18%.

Ongoing Rand weakness and soft commodity prices will be the key drivers of inflation dynamics in the short term, with only a moderate risk of a spike in corn prices following a region-wide drought. Furthermore, adverse inflationary pressures have remained subdued on the back of depressed aggregate demand and low disposable incomes exacerbated by continued company closures and job losses. The World Bank has forecast Zimbabwe's year-on-year inflation to average -1.7% in 2016, compared to -2.41% in 2015.

Economic Overview (continued)

1.3.3. Exchange Rates

Pursuant to the adoption of the multi-currency regime in 2009, the country remains unable to institute any exchange rate management initiatives, with the only intervention that the RBZ has been able to do to-date being the introduction of bond coins intended to improve the availability of 'change' in the absence of small denomination US Dollar units in the domestic trading market. In 2015, the US Dollar was on a bull run, strengthening against 15 out of the 16 most-traded currencies, only weakening by a marginal 0.06% against the Hong Kong Dollar. The Dollar gained the most against the Argentine Peso (52.9%), Brazilian Real (49.1%), South African Rand (34.2%), Russian Ruble (21.4%) and Canadian Dollar (19.2%).

Due to widespread weak domestic demand in many advanced economies and emerging markets in 2015, policymakers increasingly resorted to boosting economic growth and employment by going for export led-growth. This requires a weak currency, and conventional and unconventional monetary policies to bring about the required depreciation. Since January 2015, more than 20 Central Banks around the world have eased monetary policy, following the lead of the European Central Bank and the Bank of Japan. In the Euro zone, countries on the periphery needed currency weakness to reduce their external deficits and start growth. Even China briefly allowed its currency to weaken against the Dollar in 2014, and slowing output growth may tempt the Government of China to let the Renminbi weaken even more. As a result, the US has effectively joined the "currency war" to prevent further dollar appreciation by hiking the interest rates in mid December 2015.

Going forward, the US Dollar is expected to continue appreciating against major currencies, with further interest rate hikes by the Federal Reserve being anticipated in 2016.

1.3.4. Money Market and Interest Rates

Following resumption of the inter-bank market and the Central Bank's 'lender of last resort' function, albeit on a relatively lower scale than ideal, activity on the money market improved quite significantly in 2015, with trade in Treasury Bills (TBs) picking up.

Meanwhile, commercial banks' weighted average lending rates fell largely as a result of the RBZ directive for banks to charge a maximum of 18% across all borrowings effective October 2015.

1.3.5. Equities Market

For the greater part of 2015, the Zimbabwe Stock Exchange (ZSE) continued to under-perform with the market capitalisation falling from US$4.365 billion in January 2015 to US$3.804 billion by June 2015, before rising marginally by 0.23% to US$3.073 billion as at 31 December, 2015, thus shedding off 29.6% of value.

Both the mainstream industrial index and the mining index fell during the year: the industrial index fell 30.4% from 164.9 in January 2015 to 114.85 in December 2015, while the resources index tumbled 59.2% from 58.13 in January 2015 to 23.72 in December 2015. The performance of the stock market is an economic barometer which broadly mirrors the economy's performance and, therefore, its freefall during 2015 was reflective of the subdued performance of the domestic economy during the year.

In the short-to-medium term, the performance of the ZSE will most likely remain bearish, dependent as it is on, among others, FDI inflows, local liquidity levels and disposable incomes, none of which has been improving lately.

1.3.6. Financial Sector

During the period under review, the quantum of deposits held by the banking sector improved substantially relative to inflation, registering an annual growth of 8.22%, from US$4.403 billion in December 2014 to US$4.765 billion in December 2015. The banking sector's ratio of non-performing loans (NPLs) to total loans improved significantly from a peak of 20.45% as at 30 September 2014 to 10.87% at 31 December 2015. The marked improvement in the level of NPLs in the banking sector is to a large extent attributable to the disposal of qualifying loans to Zimbabwe Asset Management Corporation ZAMCO.

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.

Economic Overview (continued)

1.3.7. Public Finance

The year 2015 was characterised by a myriad of challenges which affected economic performance, chief among them being the progressive reduction in industrial capacity utilisation (from around 39.6% in 2013 to 36.3% in 2014 and 34.4% in 2015), liquidity constraints, limited external lines of credit, erratic supply and high cost of energy, retrenchments and company closures. The formal sector continued to shrink, and despite a thriving informal sector, the benefits to public sector finance were not apparent, since the latter sector does not significantly contribute to revenue collections. In the face of a shrinking tax base, the Zimbabwe Revenue Authority (ZIMRA) failed to meet the set target for 2015. According to the Zimbabwe Revenue Authority (ZIMRA), total gross collections for 2015 amounted to US$3.88 billion against a target of US$3.96 billion, resulting in a negative variance of 2%. Net collections for the year 2015 amounted to US$3.5 billion, against a target of US$3.76 billion, resulting in a negative variance of US$262 million (6.96%). Net collections for 2015 were a 2.93% decline from the US$3.6 billion collected in 2014. In terms of revenue heads, Individual Tax contributed the most to revenue collected in 2015, contributing 22%, followed by Excise Duty (20%), VAT on Local Sales (16%), VAT on Imports (13%) and Company Tax (12%). In the outlook, Government's revenue target is US$4 billion, of which US$3.85 billion is expected to be earned from taxes. Going forward, revenues will continue to be suppressed owing to the continued subdued performance of the economy, owing to the afore-mentioned economic challenges.

1.4 EXTERNAL SECTOR

Trade Account

Zimbabwe's balance of trade has remained in negative territory for a considerable length of time, fuelled by economic decline that has hit on productivity while promoting imports, and exacerbated by the sustained appreciation of the US Dollar against major currencies, particularly the Rand, the currency of the country's major trading partner. In 2015, the country's merchandise imports amounted to US$6 billion, against merchandise exports worth US$2.7 billion, resulting in a trade deficit of US$3.29 billion. The trade deficit was a marginal drop (-0.3%) from the US$3.3 billion recorded for 2014. The subdued export performance was to a large extent occasioned by the sustained decline in international commodity prices, given that the mining and agriculture sectors contribute significantly to the country's export base. Furthermore, the country's export competitiveness continued to be adversely affected by the strengthening of the United States Dollar against the currencies of Zimbabwe's major trading partners, worsened by the fact that, in the absence of monetary autonomy, the country cannot utilise the tools of Monetary Policy to stabilise the situation.

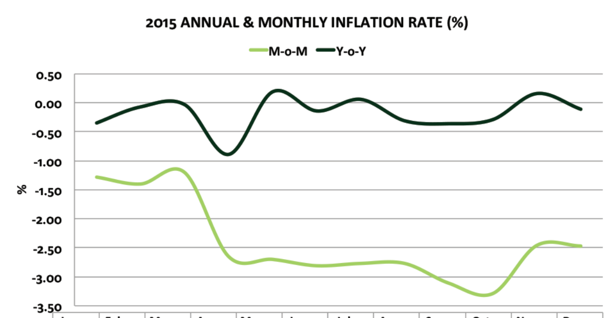
Going forward, the overall strength of the recovery of the export sector will continue to be driven by the foreign exchange rate movements between the US Dollar and the country's major trading partners' currencies, as well as the movements in international commodity prices, among others.

1.5 ECONOMIC OUTLOOK

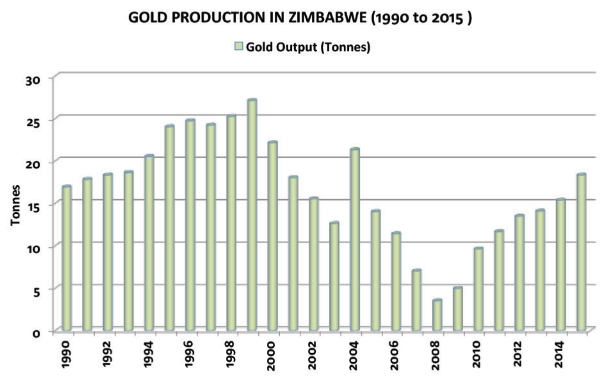
In the outlook, the country's economy will remain stagnant or even decline as the much-needed foreign investment inflows continue to remain elusive. The successful execution of some of the measures contemplated under the Zimbabwe Agenda for Socio-Economic Transformation (ZIMASSET) will negative pressure on the economy.

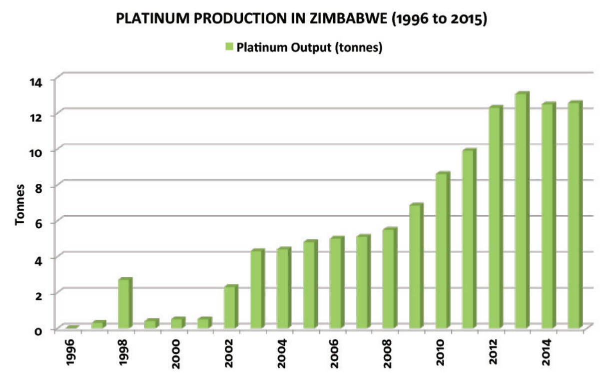
Economic Overview (continued)

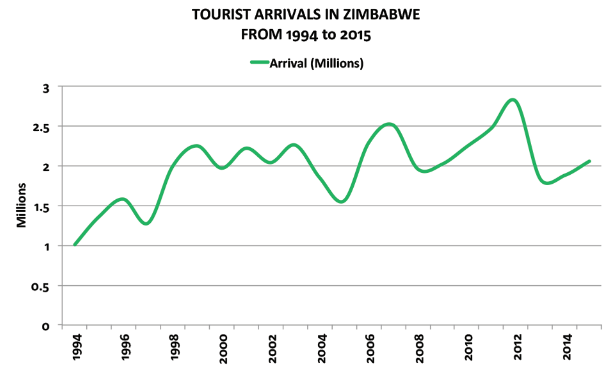
Graphs

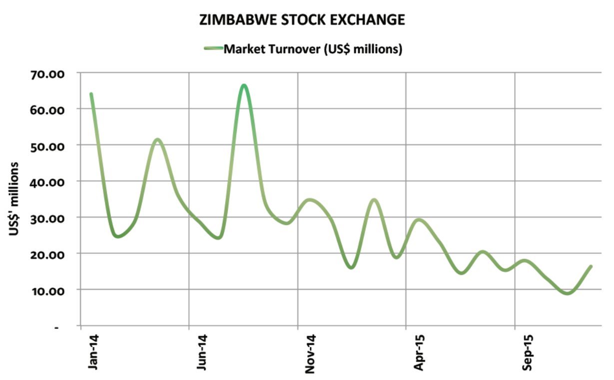


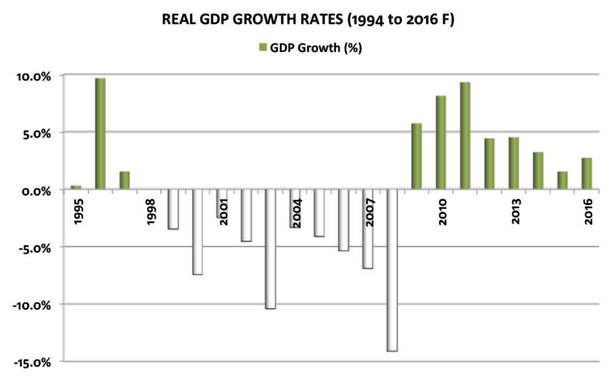
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
M-o-M	-1.28	-1.40	-1.20	-2.65	-2.70	-2.81	-2.77	-2.77	-3.11	-3.29	-2.46	-2.47
Y-o-Y	-0.34	-0.07	-0.03	-0.89	0.19	-0.14	0.06	-0.31	-0.36	-0.29	0.16	-0.11

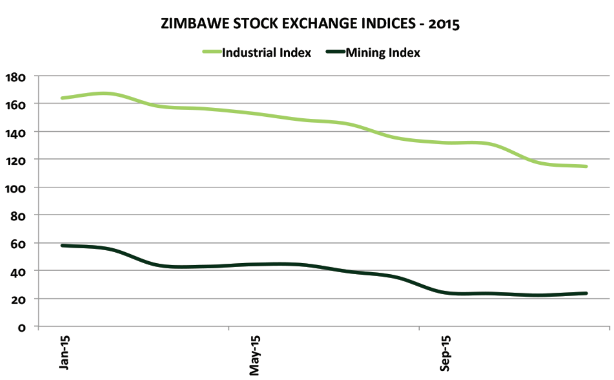


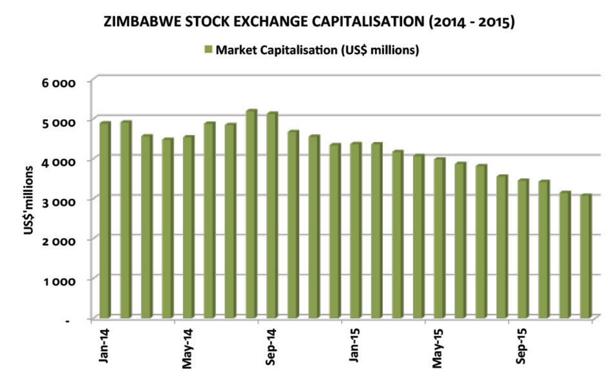




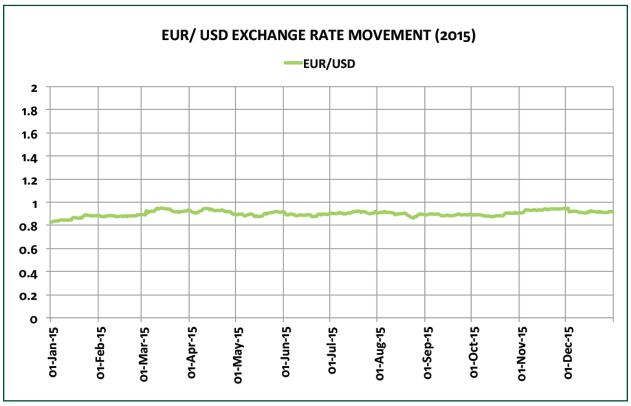


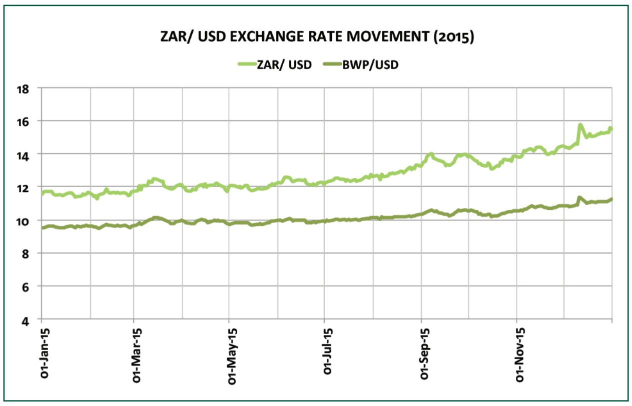


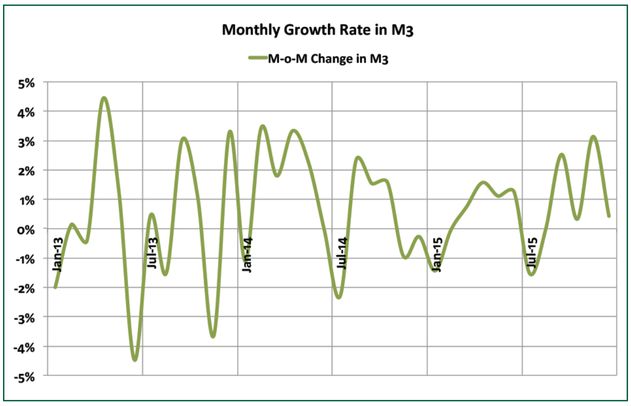


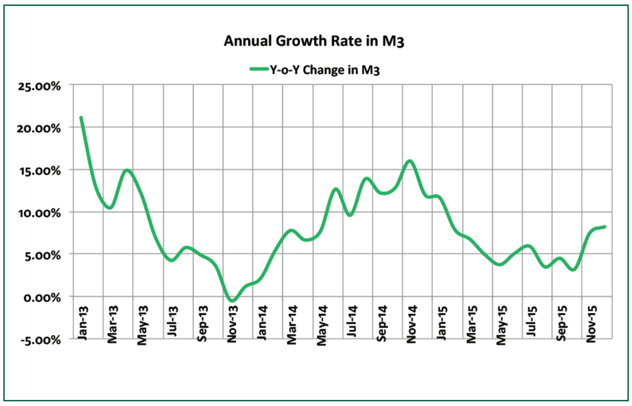


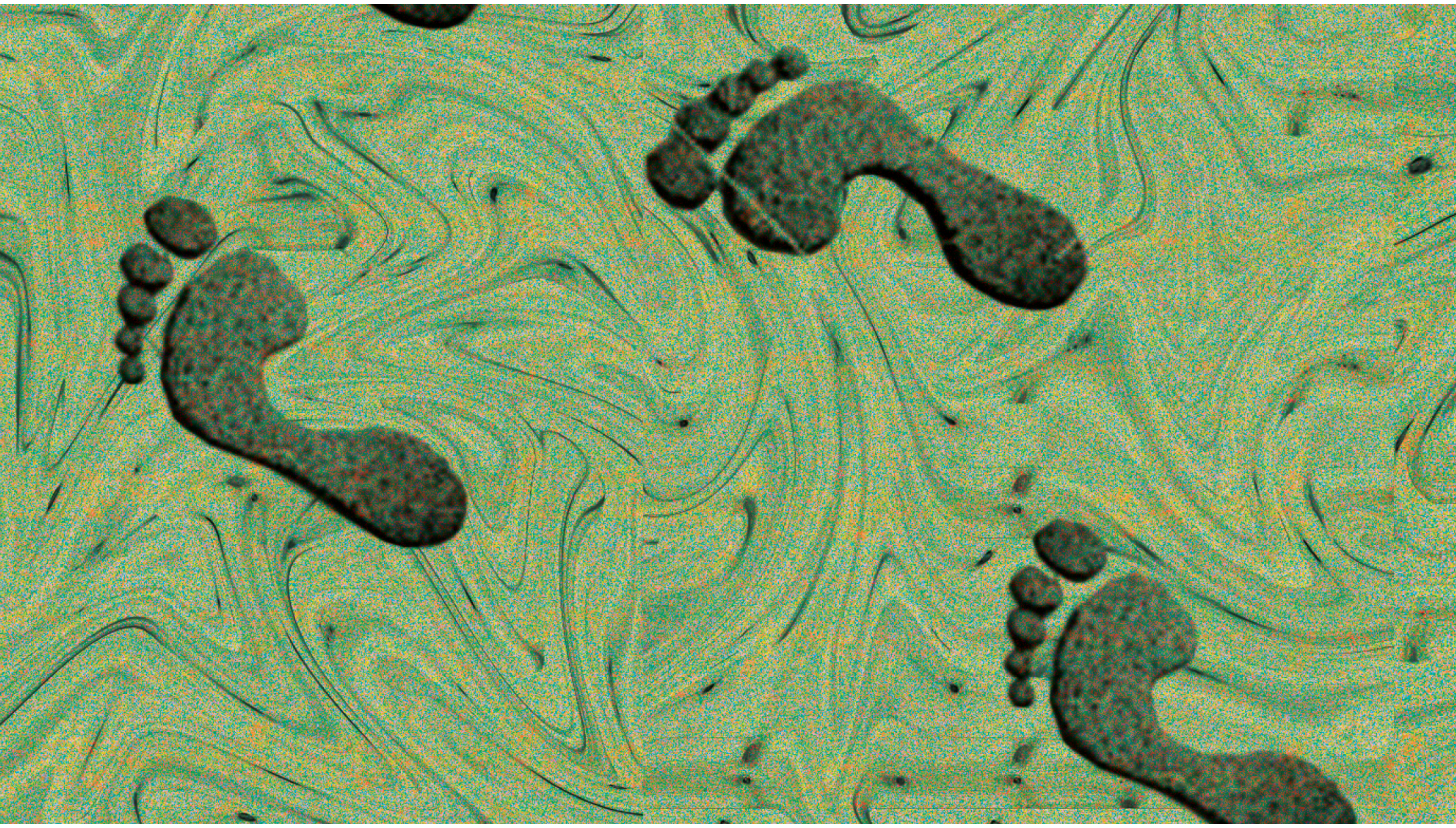
Economic Overview (continued)











CONTENTS

Financial Statements

Six Year Financial Review
For the year ended 31 December 2015

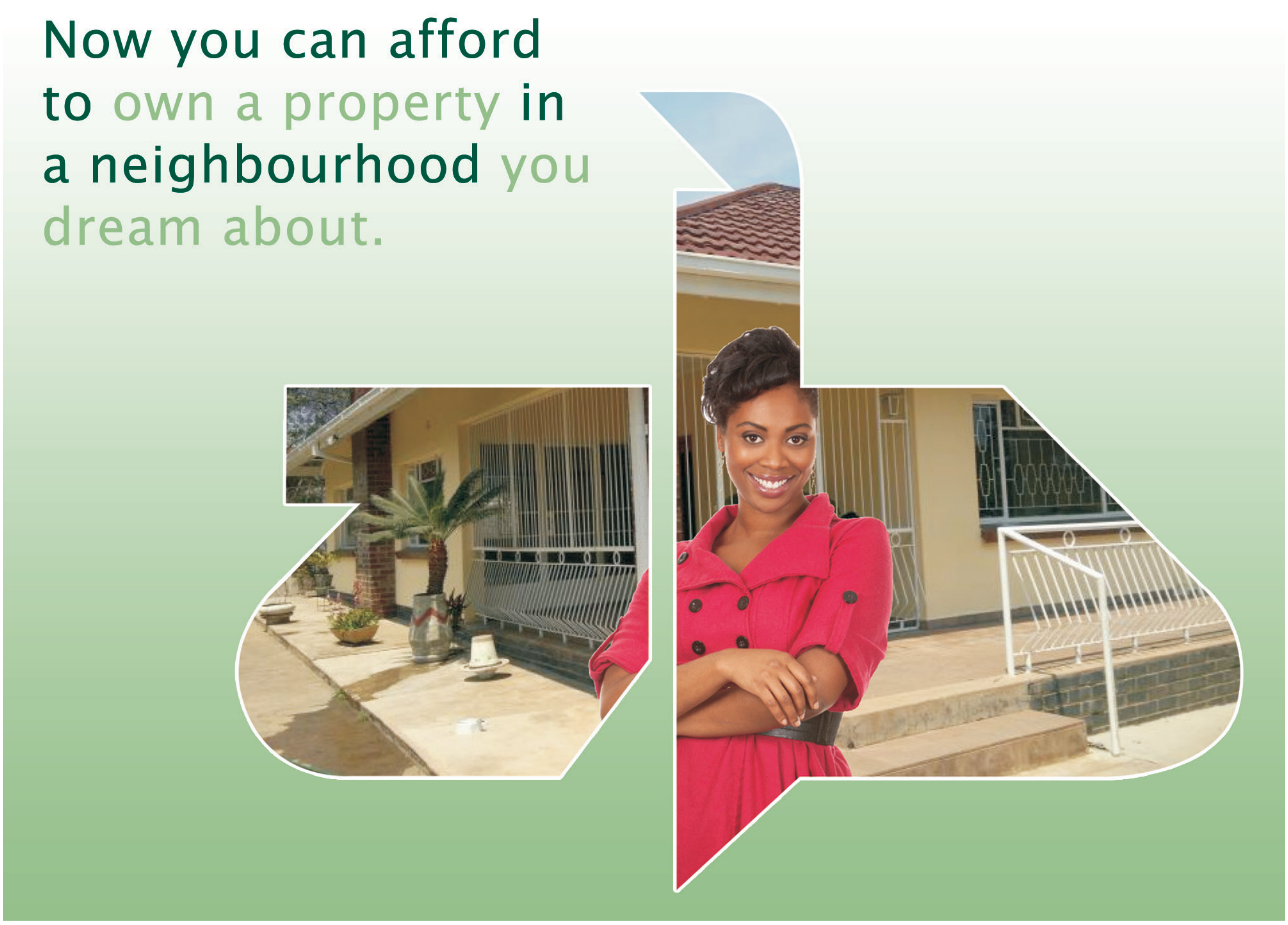
in US$	2015	2014	Restated 2013	Restated 2012	Restated 2011	Restated 2010
Income Statement						
Total income	56 705 446	57 261 655	59 850 062	68 962 093	62 942 188	39 831 532
Specific and portfolio risk provision	2 933 841	7 702 696	1 734 701	1 750 174	3 115 231	1 045 681
Net income after tax	8 935 958	(9 806 816)	(326 656)	10 859 001	7 029 667	(2 602 080)
Attributable income	8 566 035	(10 261 724)	2 846 228	8 988 464	5 800 787	(1 037 669)
Balance Sheet						
Issued share capital	1 751 906	1 751 906	1 751 906	1 751 906	1 751 906	1 751 906
Shareholders' funds	62 011 473	49 083 988	63 562 979	60 879 398	45 810 739	36 995 420
Total equity	81 573 372	68 450 727	77 868 544	78 668 964	52 741 284	46 017 046
Deposits and other accounts	269 697 449	256 548 088	218 615 988	216 727 944	169 179 024	115 572 635
Cash and short term funds	55 789 139	82 586 310	69 160 246	69 726 565	51 954 400	41 475 536
Advances and other accounts	99 578 547	146 155 282	133 805 128	136 195 690	117 857 764	77 058 151
Risk provisions	9 153 069	3 735 495	4 128 278	6 100 941	4 350 193	1 235 536
Total assets	424 083 583	379 748 424	348 440 727	345 414 590	270 864 449	198 558 221
Statistics						
Number of shares at year end (net of treasury shares)	157 522 902	157 522 902	158 345 488	158 956 499	160 132 437	165 487 316
Weighted average number of shares	157 522 902	157 522 902	158 345 488	158 956 499	162 809 877	170 337 829
Earnings per share (US cents)	0.05438	(0.0632)	0.0180	0.0565	0.0356	(0.0061)
Net book asset value per share (US cents)	51.79	43.45	49.18	49.68	32.39	27.02
Share price at year end (US cents)	3.5	3.00	11.10	8.00	20.00	14.00
Number of employees at year end	923	1,042	1,005	1,029	1,419	1,315
Ratios (%)						
Return on average shareholders' funds	15.42%	-13.40%	-0.42%	16.85%	14.01%	-2.79%
Return on average assets	2.13%	-2.81%	0.82%	2.92%	2.47%	-0.64%
Non interest income to total income	76%	79%	67%	69%	68%	71%
Operating expenses to total income	78%	99%	97%	87%	81%	85%

Financial Highlights

For the year ended 31 December 2015

	TOTAL ASSETS	TOTAL CAPITAL AND RESERVES	RETURN ON EQUITY	LIQUIDITY RATIO (GROUP)	NET PROFIT/ (LOSS) AFTER TAXATION	COST EFFICIENCY RATIO (RECURRING)*
	Up 12%	Up 26%	Up 215%	Up 70%	Up 191%	Down 22%
2015:	US$424.1m	US$62m	15.42%	60.02%	US$8.9m	77.67%
2014:	US$379.7m	US$49.1m	(13.40%)	37.79%	(US$9.8m)	99.47%

** Cost efficiency ratio is calculated as total expenses divided by total income excluding allowance for loan impairments*



Report of the Directors

For the year ended 31 December 2015

The directors have pleasure in presenting their report to shareholders for the year ended 31 December 2015.

Share capital

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

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

Financial results

The Group posted a profit for the year amounting to US$8 935 958 (2014: loss of US$9 806 816), with a profit of US$8 566 035 (2014: loss of US$10 261 724) being attributable to the equity holders of the parent company.

The net increase in equity arising from other comprehensive income amounted to US$4 222 283 (2014: restated US$447 615).

Total assets as at 31 December 2015 amounted to US$424 083 583 (31 December 2014: US$379 748 424).

Dividends

The Board of directors has recommended a dividend equivalent to 0.54 cents per share for the year ended 31 December 2015.

Going concern

The directors have reviewed the operational and capital budgets as well as cash flows to the year ending 31 December 2016. 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

Mr T Mafunda resigned from the Board on 19 August 2015. The Board is grateful for the contribution he made during his term and wishes him success in his future endeavours.

In terms of Article 68 of the Company's Articles of Association, Mr Thamsanqa P B Mpofu and Mr Elliot Munemo retire by rotation, and being eligible, offer themselves for re-election at the meeting.

None of the directors held any shares, directly or indirectly, in the company as at 31 December 2015.

Report of the Directors (continued)

For the year ended 31 December 2015

Auditors

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. Messrs KPMG Chartered Accountants (Zimbabwe) retired at the last General meeting, having served the Group for a period of five years.

Messrs Deloitte & Touche (Zimbabwe) were selected to provide audit services to the Group and have met the Banking Act requirements for the provision of those services. Shareholders will be requested to confirm their appointment in respect of the audit for the year ended 31 December, 2015 and to approve their remuneration for that period.

Shareholders will also be requested to re-appoint Messrs Deloitte & Touche (Zimbabwe) as the Group's auditors for the ensuing period.

By order of the Board

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

HARARE
23 March 2016

BOARD OF DIRECTORS

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

Directors' Statement of Responsibility

For the year ended 31 December 2015

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 Building Society Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and the relevant statutory instruments (SI33/99 and SI62/96).

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 43 to 136, were approved by the Board on 17 March 2016.

The Group's independent external auditor, Deloitte & Touche (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
23 March 2016

Extract from the Report of the Actuary

For the year ended 31 December 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 2015

exceeds the amount of the liabilities in respect of those classes of insurance business by US$ 15 900 790.

I wish to note that the reported excess assets mainly relates to the accounting basis ZB Life Assurance Limited adopted for investments in associate entities.

LE van As FASSA FIA
Consulting Actuary
Independent Actuaries & Consultants (Pty) Ltd
3 March 2016

www.iac.co.za

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

Extract from the Report of the Actuary

For the year ended 31 December 2015

INDEPENDENT ACTUARIES & CONSULTANTS

CERTIFICATE OF THE CONSULTING ACTUARY

To the Directors,

ZB LIFE ASSURANCE LIMITED

Actuarial liabilities at 31 December 2015

I certify that the actuarial liabilities of ZB Life Assurance Limited at 31 December 2015 were as follows:

Type of Business	**US$**
Life Assurance Business	5 615 927
Retirement Annuity Pensions, Group Pensions, Immediate and Deferred Annuities	22 156 619
Total	27 772 546

LE van As FASSA FIA
Consulting Actuary
Independent Actuaries & Consultants (Pty) Ltd
3 March 2016

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REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF ZB FINANCIAL HOLDINGS LIMITED
For the year ended 31 December 2015

We have audited the consolidated and company financial statements of ZB Financial Holdings Limited set out on pages 43 to 136, which comprise the consolidated and company statement of financial position as at 31 December 2015, and the consolidated and company statement of profit and loss and other comprehensive income, the consolidated and company statement of changes in equity and the consolidated and company statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ZB Financial Holdings Limited as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to footnote 4 on note 6.3, which discusses measurement complexities in relation to the accounting for a $20 million loan mobilized by the Company from the Government of Zimbabwe. The loan consideration was in the form of a ten-year zero coupon treasury bill, which was in turn used to recapitalise the banking subsidiary of the Company, ZB Bank Limited.

Fair valuation of the treasury bill presented challenges in the absence of an active market, or proxy thereof, for that type of instrument, with a wide range of valuation possibilities arising depending on the assumptions made as indicated in the note. In the circumstances, the Group has accounted for the treasury bill and the loan instrument at par value.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Harare, Zimbabwe

23 March 2016

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	31 Dec 2015 US$	31 Dec 2014 US$
ASSETS			
Cash and cash equivalents	5	55 789 139	82 586 310
Money market investments	6	117 484 011	12 093 522
Mortgages and other advances	7	99 578 547	146 155 282
Investment securities	8	18 407 802	16 289 203
Investments in associates	9.1	36 701 892	38 471 112
Inventories, trade and other receivables	10	25 300 775	13 881 233
Investment properties	11	14 996 099	17 164 129
Property and equipment	12	44 243 798	44 519 920
Intangible assets	13	9 641 612	8 507 386
Deferred tax	20.1	639 908	80 327
Non-current assets held for sale	14	1 300 000	-
Total assets		424 083 583	379 748 424
LIABILITIES			
Deposits and other accounts	15	269 697 449	256 548 088
Amounts due to other banks		606 211	229 747
Trade and other payables	18	23 980 121	25 736 154
Current tax liabilities	19	453 884	245 194
Long term borrowings	17	20 000 000	-
Life assurance funds	21	27 772 546	28 538 514
Total liabilities		342 510 211	311 297 697
EQUITY			
Share capital	22.1	1 751 906	1 751 906
Share premium	22.2	27 081 696	27 081 696
Other components of equity	22.3	29 392 816	36 813 165
Retained income	22.4	3 785 055	(16 562 779)
Attributable to equity holders of parent		62 011 473	49 083 988
Non-controlling interests	22.5	19 561 899	19 366 739
Total equity		81 573 372	68 450 727
Total equity and liabilities		424 083 583	379 748 424

For and on behalf of the Board

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

23 March 2016

Company Statement of Financial Position

As at 31 December 2015

	Notes	31 Dec 2015 US$	31 Dec 2014 US$
ASSETS			
Cash and cash equivalents	5	-	2 336 246
Investment securities	8	15 697 371	11 447 520
Investments in associates	9.1	825 139	5 341 204
Investments in subsidiaries	9.2	85 405 021	50 540 624
Inventories, trade and other receivables	10.2	5 645 303	7 081 060
Investment properties	11	342 000	-
Property and equipment	12	631 048	379 878
Intangible assets	13	92 083	109 231
Deferred tax	20.1	2 164 485	967 920
Total assets		110 802 450	78 203 683
LIABILITIES			
Deposits and other accounts	15	15 037 638	10 729 752
Trade and other payables	18	14 172 241	20 219 773
Short term borrowings	16	1 455 911	-
Long term borrowings	17	20 000 000	-
Total liabilities		50 665 790	30 949 525
EQUITY			
Share capital	22.1	1 751 906	1 751 906
Share premium	22.2	27 081 696	27 081 696
Retained income	22.4	31 303 058	18 420 556
Total equity and reserves		60 136 660	47 254 158
Total equity and liabilities		110 802 450	78 203 683

For and on behalf of the Board

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

23 March 2016

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

		COMPANY		GROUP	
		2015	2014	2015	2014
	Notes	US$	US$	US$	US$
Interest income	24.1	-	-	27 810 755	32 111 455
Interest expense	24.2	-	-	(11 123 864)	(12 539 400)
Net interest income		-	-	16 686 891	19 572 055
Allowance for loan impairments	7.5	-	-	(2 933 841)	(7 702 696)
Net income from lending activities		-	-	13 753 050	11 869 359
Gross insurance premium income	25.1	-	-	31 007 492	29 519 531
Insurance expenses	25.2	-	-	(22 525 382)	(20 934 736)
Net insurance premium income		-	-	8 482 110	8 584 795
Other operating income	26	10 098 358	8 316 829	37 142 219	37 568 400
Fair value adjustments	27	9 181 483	(9 421 890)	(2 671 933)	(760 899)
Total income		19 279 841	(1 105 061)	56 705 446	57 261 655
Operating expenses	28	(8 080 133)	(7 148 086)	(46 321 502)	(56 955 979)
Profit / (loss) from ordinary activities		11 199 708	(8 253 147)	10 383 944	305 676
Staff retrenchment costs		-	(1 869 606)	-	(12 765 084)
Operating income / (loss) before taxation		11 199 708	(10 122 753)	10 383 944	(12 459 408)
Transfer from life assurance funds	21	-	-	765 968	1 414 529
Share of associate companies' profits / (losses) net of tax	9.1	486 229	(70 887)	(1 769 220)	322 159
Profit / (loss) before taxation		11 685 937	(10 193 640)	9 380 692	(10 722 720)
Income tax (expense) / credit	29	1 196 565	385 687	(444 734)	2 117 524
Profit / (loss) for the year from continuing operations		12 882 502	(9 807 953)	8 935 958	(8 605 196)
Discontinued operations					
Loss from discontinued operations, net of tax	30	-	-	-	(1 201 620)
Net profit / (loss) for the year		12 882 502	(9 807 953)	8 935 958	(9 806 816)

Statements of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 December 2015

		COMPANY		GROUP	
		2015	2014	2015	2014
	Notes	US$	US$	US$	US$
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Gains / (losses) on property revaluation	22.3.2	-	-	(957 345)	461 312
Available for sale financial assets		-	-	5 137 235	-
Income tax relating to components of other comprehensive income	22.6	-	-	42 393	(13 697)
Other comprehensive income for the year net of tax		-	-	4 222 283	447 615
Total comprehensive income / (loss) for the year		12 882 502	(9 807 953)	13 158 241	(9 359 201)
Profit / (loss) attributable to:					
Owners of parent from continuing operations		12 882 502	(9 807 953)	8 566 035	(9 060 104)
Owners of parent from discontinued operations		-	-	-	(1 201 620)
Non-controlling interest		-	-	369 923	454 908
Profit / (loss) for the year		12 882 502	(9 807 953)	8 935 958	(9 806 816)
Total comprehensive income / (loss) attributable to:					
Owners of parent from continuing operations		12 882 502	(9 807 953)	12 836 598	(8 750 041)
Owners of parent from discontinued operations		-	-	-	(1 201 620)
Non-controlling interests		-	-	321 643	592 460
Total comprehensive income / (loss) for the year		12 882 502	(9 807 953)	13 158 241	(9 359 201)
Earnings per share					
Basic and fully diluted earnings / (loss) per share (cents) from continuing operations	31	-	-	5.44	(5.56)
Basic and fully diluted loss per share (cents) from discontinued operations	31	-	-	-	(0.76)
Basic and fully diluted earnings / (loss) per share (cents)	31	-	-	5.44	(6.32)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2015

	Share capital	Share premium	General reserve	Properties revaluation reserve	Available for sale financial assets	Retained income	Attributable to equity holders of parent	Non controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$
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	-
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
Changes in equity for 2015									
Profit or loss									
Profit for the year	-	-	-	-	-	8 566 035	8 566 035	369 923	8 935 958
Other comprehensive income, net of tax									
Revaluation of property	-	-	-	(866 672)	-	-	(866 672)	(48 280)	(914 952)
Available for sale financial assets	-	-	-	-	5 137 235	-	5 137 235	-	5 137 235
Transaction with owners of the parent									
Distributions									
Dividends paid	-	-	-	-	-	-	-	(35 596)	(35 596)
Other movements									
Regulatory reserve in respect of doubtful debts	-	-	(11 137 396)	-	-	11 137 396	-	-	-
Transfer to retained income	-	-	(486 472)	(67 044)	-	644 403	90 887	(90 887)	-
Balance at 31 December 2015	1 751 906	27 081 696	10 756 654	13 498 927	5 137 235	3 785 055	62 011 473	19 561 899	81 573 372

Company Statement of Changes in Equity

For the year ended 31 December 2015

	Ordinary shares	Share premium	Accumulated profit	Total
	US$	US$	US$	US$
Balance at 1 January 2014	1 751 906	27 081 696	28 228 509	57 062 111
Changes in equity for 2014				
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
Changes in equity for 2015:				
Profit for the year	-	-	12 882 502	12 882 502
Balance at 31 December 2015	1 751 906	27 081 696	31 303 058	60 136 660

Statements of Cash Flows

For the year ended 31 December 2015

		COMPANY		GROUP	
		2015	2014	2015	2014
	Notes	US$	US$	US$	US$
Cash flows from operating activities	32	(8 411 793)	16 553 086	(33 283 894)	513 550
Interest received		-	-	27 810 755	32 111 455
Dividends received		-	-	332 888	202 748
Interest paid		-	-	(11 123 864)	(12 539 400)
Income tax paid		-	-	(753 232)	(639 229)
Net cash (used in) / generated from operating activities		(8 411 793)	16 553 086	(17 017 347)	19 649 124
Cash flows from investing activities					
Proceeds on disposal of investment property		-	-	140 000	-
Purchase of intangible assets		-	(106 904)	(2 967 936)	(1 870 128)
Purchase of property and equipment		(166 686)	(22 713)	(3 213 057)	(2 329 002)
Proceeds on disposal of property and equipment		71 254	3 298	133 158	198 360
Purchase of investment securities		(287 226)	(11 099 371)	(4 213 412)	(12 363 532)
Proceeds on disposal of investment securities		5 002 294	323 363	129 880	10 990 341
Net cash generated from / (used in) investing activities		4 619 636	(10 902 327)	(9 991 367)	(5 373 961)
Cash flows from financing activities					
Dividends paid		-	-	(35 596)	(58 616)
Net cash used in financing activities		-	-	(35 596)	(58 616)
Net (decrease) / increase in cash and cash equivalents		(3 792 157)	5 650 759	(27 044 310)	14 216 547
Cash and cash equivalents at beginning of year		2 336 246	(3 314 513)	82 586 310	69 160 246
Effects of exchange rates fluctuating on cash and cash equivalents		-	-	247 139	(790 483)
Cash and cash equivalents at end of year		(1 455 911)	2 336 246	55 789 139	82 586 310
Cash and cash equivalents comprise:					
Cash		(1 455 911)	2 336 246	38 869 816	59 672 917
Local bank accounts		-	-	13 788 805	17 896 729
Foreign bank accounts		-	-	3 130 518	5 016 664
		(1 455 911)	2 336 246	55 789 139	82 586 310

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

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 21 Natal Road Avondale, Harare, Zimbabwe.

The Company is registered under registration number 1278/89.

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

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

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

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

New standard	Effective date	Major requirements
Amendments to 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 early-adopted 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, was equity accounted for in terms of 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

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 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.

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.
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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

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

New standard	Effective date	Major requirements
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 as part of IFRS 9 Financial Instruments (2013). The new standard removed the 1 January 2015 effective date of IFRS 9.
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	1 Jan 2016	The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value. The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves. Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries. Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

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, the directors have 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$151 231 886 (2014:US$142 227 495) whilst non-cash monetary assets amounted to US$272 851 697 (2014: 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 a modified Price Earnings Ratio derived from a comparable 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 carried in the separate financial statements of the holding company has been based on the net asset values of the investee companies.

2.2.2.2 Fair value adjustments for financial liabilities

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

2.2.2.3 Valuation of treasury bills used for the recapitalisation of the Bank

The treasury bills were issued for the capitalisation of the Bank against a long term loan at the Holding Company. The bills carry a zero coupon and mature in ten years. The bills and the corresponding loan have been accounted for at par value as the determination of fair value was impossible in the absence of an active market or reasonable proxy. The valuation of the instruments is highly sensitive to the level of discount rate applied when a Discounted Cash Flow (DCF) valuation method is used (see note 6.3).

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

2.2.2.4 Valuation of property and equipment and investment properties

In the current year properties were revalued as at 31 December 2015 on the basis of a valuation done by Edinview Property Group (EPG Global) (2014 – EPG Global) 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$5 – US$6	8% - 11%
Retail	US$7 – US$8	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.

The financial effect of the revaluation exercise is indicated below:

	31 Dec 2015 US$	31 Dec 2014 US$
Fair value adjustment on investment properties	(711 500)	530 195
Revaluation adjustment on property and equipment	(957 345)	461 312
Total uplift in property values	(1 668 845)	991 507

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

2.2.2.5 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 2015	31 Dec 2014
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.

2.2.2.6 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$1 851 712 (2014: US$1 783 449).

2.2.2.7 Valuation of the life fund

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

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

	Factor	
Key assumption area	31 Dec 2015	31 Dec 2014
Valuation discount rates (taxed)	6%	8%
Valuation discount rates (untaxed)	6%	8%
Expense inflation rate	2.5%	4.5%
Expected real yield rate	3.5%	3.5%

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

2.2.2.7 Valuation of the life fund (continued)

Actuarial liabilities are shown in the Group's statement of financial position as "life assurance funds" and the balance as at 31 December 2015 is made up as follows:

	31 Dec 2015	31 Dec 2014
	US$	US$
Value of total liability	22 156 619	21 959 500
Distribution of surplus in the fund	5 615 927	6 579 014
	27 772 546	28 538 514

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

A total of US$712 600 (2014 – US$1 491 100) 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 (2014: three year) period of continued expense under-recovery before a break-even level is achieved. An improved business outlook and general expense stabilization will result in a reduction of the reserve.

2.2.2.8 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$812 746 (2014: US$2 297 230).

2.2.2.9 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

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$), which is the Group's functional currency. All information presented has been rounded to the nearest dollar.

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 and have been prepared in accordance with International Financial Reporting Standards (IFRSs), promulgated by the international Accounting Standards Board (IASB) which includes standards and interpretations approved by IASB, the International Financial Reporting Interpretations Committee (IFRIC) interpretations, and in the manner required by the Companies Act (Chapter 24:03), the Banking Act (Chapter 24.20), the Building Society Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and the relevant regulations made thereunder.

The consolidated and separate financial statements were authorised for issue by the board of directors on 23 March 2016.

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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.2 Basis of consolidation

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.

3.2.2 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.3 Revenue recognition

3.3.1 Net interest income

3.3.1.1 Interest income

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

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

3.3.1.2 Interest expense

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

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

3.3.1.3 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.3.4 Premiums

In respect of life and pension assurance services:-

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

In respect of reinsurance services:-

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

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

3.3.5 Services rendered

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

3.3.6 Dividends

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

3.4 Financial instruments

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

3.4.1 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.4.1 Financial assets (continued)

Financial assets are classified into the following specified categories:

- financial assets 'at fair value through profit or loss' (FVTPL) and within this category as
    - o held for trading or
    - o designated at fair value through profit or loss,
- financial assets at fair value through other comprehensive income (FVTOCI) and
- financial assets at amortised cost

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 amortised 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.

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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.4.1.2 Financial assets at FVTOCI

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 in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. 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 extent that these have been designated as at FVTPL.

The fair value of monetary assets at FVTOCI denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

3.4.1.3 Financial assets at amortised cost

This includes loans and other receivables, 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. Investments are recorded using the effective interest method less any impairments with revenue being recognised on an effective yield basis.

3.4.1.4 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.

3.4.1.5 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.4.1.5 Impairment of financial assets (continued)

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

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

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

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

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.

3.4.1.6 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.4.2 Financial liabilities and equity instruments issued by the Group

3.4.2.1 Classification as debt or equity

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

3.4.2.2 Equity instruments

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

3.4.2.3 Compound instruments

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

3.4.2.4 Treasury shares

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

3.4.2.5 Financial guarantee contract liabilities

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

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

3.4.2.6 Financial liabilities

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

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

3.4.2.7 Financial liabilities at FVTPL

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

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

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

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

3.4.2.8 Borrowings, including preference shares

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

3.4.2.9 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.4.2.10 Other financial liabilities

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

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

3.4.2.11 Financial liabilities under insurance and investment contracts

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

3.4.2.12 Claims and policyholder benefits

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

3.4.2.13 Derecognition of financial liabilities

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

3.4.3 Offsetting financial instruments

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

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

3.4.4 Fair values of financial instruments

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

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

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

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

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.4.4 Fair values of financial instruments (continued)

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.

3.8 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.8 Property and equipment (continued)

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.

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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.9 Foreign currency transactions (continued)

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

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

3.10 Taxation

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

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

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

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

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

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

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.

3.12.2 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".

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

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;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- the Group intends to, and has sufficient resources to complete development and to use or sell the asset.

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

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

3.17 Impairment of tangible and intangible assets excluding goodwill

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

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

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

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.17 Impairment of tangible and intangible assets excluding goodwill (continued)

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

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

3.18 Investment property

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

3.19 Reinsurance contracts

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

3.19.1 Outstanding claims reserve

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

3.19.2 Insurance liabilities

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

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

3.19.3 Commissions

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

3.19.4 Reinsurance held

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

3.19.5 Reinsurance assets

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

3.20 Borrowing costs

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

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

4. SEGMENT INFORMATION

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

a) Banking Operations

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.

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For the year ended 31 December 2015

4. SEGMENT INFORMATION (continued)

b) Insurance Operations

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.

c) Other Strategic Investments

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

- The Group's shared services - this houses 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 includes 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 2014 the fund management segment was discontinued. This comprised of the Group's Asset Management Company as well as the Stockbroking operations.

Notes to Consolidated and Separate Financial Statements

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4. SEGMENT INFORMATION

4.1 31 December 2015

	Banking operations	Insurance operations	Other strategic investments[1]	Total
	US$	US$	US$	US$
External revenue				
Net interest income	12 715 664	1 037 386	-	13 753 050
Net fee and commission income	34 410 328	8 502 055	(1 428 530)	41 483 853
Other revenue	2 732 360	(1 035 766)	(228 051)	1 468 543
Total segment revenue	49 858 352	8 503 675	(1 656 581)	56 705 446
Other material non-cash items:				
Depreciation	2 096 121	137 714	160 351	2 394 186
Amortisation of intangible assets	1 759 497	21 319	28 224	1 809 040
Fair value adjustments	(401 843)	(1 619 747)	(650 343)	(2 671 933)
Reportable segment profit before taxation	6 180 476	191 921	3 008 295	9 380 692
Reportable segment assets	386 651 925	60 681 923	(23 250 265)	424 083 583
Reportable segment liabilities	301 900 545	35 348 123	5 261 543	342 510 211

[1]. Include consolidation journals.

Notes to Consolidated and Separate Financial Statements

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4. SEGMENT INFORMATION (continued)

4.1 31 December 2014

	Banking operations	Insurance operations	Other strategic investments[1]	Total
	US$	US$	US$	US$
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
Other revenue	5 252 879	(434 442)	(478 175)	4 340 262
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
Amortisation of intangible assets	1 957 419	128 979	10 581	2 096 979
Fair value adjustments	446 690	(484 056)	(723 533)	(760 899)
Reportable segment (loss) / profit before taxation	(10 252 388)	2 619 312	(3 089 644)	(10 722 720)
Reportable segment assets	348 815 144	61 105 362	(30 172 082)	379 748 424
Reportable segment liabilities	293 823 087	35 680 422	(18 205 812)	311 297 697

[1]. Include discontinued operations and consolidation journals.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

		COMPANY		GROUP	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
5.	**CASH AND CASH EQUIVALENTS**				
5.1	Balances with the Reserve Bank of Zimbabwe	-	-	17 331 436	21 894 034
5.2	Balance with other banks and cash current, nostro accounts and cash	-	2 336 246	38 457 703	60 692 276
	Total cash and cash equivalents	-	2 336 246	55 789 139	82 586 310
6.	**MONEY MARKET INVESTMENTS**				
	Money market instruments include:				
6.1	Assets classified as 'at fair value through profit or loss':				
	Fixed deposits[1]	-	-	11 093 782	4 093 522
	Short term treasury bills[2]	-	-	4 152 036	8 000 000
6.2	Assets classified as 'at fair value through other comprehensive income':				
	Medium term treasury bills acquired from the market[3]	-	-	68 541 222	-
6.3	Assets classified as 'loans and receivables':	-	-	33 696 971	-
	Treasury bills issued for the recapitalization of a subsidiary[4]	-	-	20 000 000	-
	Treasury bills issued as substitution for debt instruments[5]	-	-	13 696 371	-
		-	-	117 484 011	12 093 522

1. The Group invested in money market placements which had maturities ranging from 7 days to 180 days and average interest rates ranging from 3% to 7%.
2. The Group invested in short term treasury bills issued by the RBZ over a period of 180 days at a rate of 8.5%.
3. The Group purchased treasury bills from the secondary market. These treasury bills have coupon rates ranging from 2% to 5% with maturity periods ranging from 1 year to 4 years.
4. These bills were issued against a long term loan at the Holding Company. The bills carry a zero coupon and mature in ten years.

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6. MONEY MARKET INVESTMENTS (continued)

The bills and the corresponding loan have been accounted for at par as the determination of fair value was impossible in the absence of an active market or reasonable proxy. The valuation of the instruments is highly sensitive to the level of discount rate applied when a Discounted Cash Flow (DCF) valuation method is used. The table below indicates the sensitivity on the capital position of the Group's Banking Operations assuming the treasury bills to have been revalued at different rates.

Basis for Rate	Reasoning	Computed Rate	Reduction in Banking Capital
1. 10 Year Federal Reserve rate	-TBs are US$ denominated -similar maturity profile -Issuer is a sovereign entity	2.2%	$3 593 034
2. RBZ short term paper	-Rates are "negotiated" -Same issuer -Local conditions apply -Best case as "base rate" despite period	8.75%	$11 355 551
3. Risk loaded rate	-Based on long-term rate+Country Risk of 10% -Factors can be independently verified	12.2%	$13 674 404

The Group has however been able to secure funding from the Reserve of Zimbabwe as a Lender of Last Resort (LOLR) on the back of the treasury bills at equivalent face value in a transaction which the Directors believe is more instructive of the value of the treasury bills than the technical computation derived from the DCF methods.

5. The Group received treasury bills as substitution for debt instruments from the Reserve Bank of Zimbabwe. The treasury bills have coupon rates ranging from 2% to 5%.

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
6.4 Contingent assets				
In respect of treasury bills held in trust on behalf of clients	-	-	4 309 625	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$6.1million with tenures ranging from 3 to 5 years at interest rates ranging from 2% to 3.5% p.a. US$1.8 million of these treasury bills had been passed on to customers as at 31 December 2015.

These treasury bills have been accounted for as off balance sheet assets as at 31 December 2015 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

		COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
7.	MORTGAGES AND OTHER ADVANCES				
7.1	Gross loan book				
	Mortgage advances	-	-	12 330 737	12 563 859
	Other advances:				
	Loans, overdraft and other accounts	-	-	85 867 444	101 829 655
	Finance leases	-	-	3 137 148	3 722 969
	Bills discounted	-	-	6 727 340	31 188 667
	Insurance advances	-	-	4 056 821	2 288 643
	Total other advances	-	-	99 788 753	139 029 934
	Gross advances	-	-	112 119 490	151 593 793
	Off balance sheet exposures				
	In respect of guarantees	-	-	7 194 422	21 623 909
	Gross credit exposure	-	-	119 313 912	173 217 702
	Gross advances	-	-	112 119 490	151 593 793
	Less: Allowance for loan impairments	-	-	(9 153 069)	(3 735 495)
	Less: interest reserved	-	-	(3 387 874)	(1 703 016)
	Net advances	-	-	99 578 547	146 155 282
7.2	Maturity analysis				
	On demand	-	-	39 156 270	33 566 383
	Within 1 month	-	-	2 257 658	32 549 387
	Between 1 and 6 months	-	-	13 845 562	18 947 603
	Between 6 and 12 months	-	-	16 522 194	16 271 679
	After 12 months	-	-	27 796 863	44 820 230
		-	-	99 578 547	146 155 282
7.3	Non-performing loans				
	Included in the above are the following;				
	Non-performing loans	-	-	23 948 042	48 785 231
	Less: Allowance for loan impairments	-	-	(9 153 069)	(3 735 495)
	Less: Interest reserved	-	-	(3 387 874)	(1 703 016)
	Value to be received from security held	-	-	11 407 099	43 346 720

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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$28 713 185 as at 31 December 2015 (2014: US$62 028 641).

		COMPANY		GROUP	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
7.4	**Sectoral analysis**				
	Private	-	-	54 060 579	54 868 774
	Agriculture	-	-	18 937 258	16 995 745
	Mining	-	-	6 326 861	26 236 152
	Manufacturing	-	-	7 599 677	17 532 263
	Distribution	-	-	6 545 098	9 389 200
	Construction	-	-	818 555	1 112 095
	Transport	-	-	1 805 641	1 411 078
	Services	-	-	12 384 109	20 734 403
	Financial	-	-	2 315 062	1 859 248
	Other	-	-	1 326 650	1 454 835
		-	-	112 119 490	151 593 793
	Less: Allowance for loan impairments	-	-	(9 153 069)	(3 735 495)
	Less: Interest reserved	-	-	(3 387 874)	(1 703 016)
		-	-	99 578 547	146 155 282
7.5	**Loan impairment**				
	Statement of financial position movement:				
	Balance at beginning of year	-	-	3 735 495	4 128 278
	Charge to profit or loss	-	-	13 830 132	7 702 696
	Write offs against provision	-	-	(8 412 558)	(8 095 479)
	Balance at end of year	-	-	9 153 069	3 735 495
	Comprising:				
	specific provision	-	-	8 340 323	1 438 265
	portfolio provision	-	-	812 746	2 297 230
		-	-	9 153 069	3 735 495
	Loan impairment charges for the year (net):				
	Charge to loan impairment allowance	-	-	(13 830 132)	(7 702 696)
	Recoveries during the year	-	-	10 896 291	-
		-	-	(2 933 841)	(7 702 696)

The above provisions have been established in terms of the accounting policy 3.4.1.6 in respect of payment of financial assets at 31 December 2015.

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7.6 Mortgage advances

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

	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
Type of property:-				
High density	-	-	1 119 534	1 035 447
Medium density	-	-	3 605 224	3 758 892
Low density	-	-	7 605 979	7 769 520
	-	-	12 330 737	12 563 859

7.7 Finance lease receivables

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

	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
Gross investment in finance leases:				
Less than 1 year	-	-	1 378 190	1 651 194
Between 1 and 5 years	-	-	2 282 266	2 901 858
Gross investment in finance leases	-	-	3 660 456	4 553 052
Unearned finance charges	-	-	(523 308)	(830 083)
Net investment in finance leases	-	-	3 137 148	3 722 969
Less than 1 year	-	-	1 246 393	1 502 411
Between 1 and 5 years	-	-	1 890 755	2 220 558
	-	-	3 137 148	3 722 969

7.8 Determination of carrying value

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

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		COMPANY		GROUP	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
8.	INVESTMENT SECURITIES				
8.1	Assets classified as "fair value-through profit or loss":				
	Unit Trusts	-	-	473 947	533 077
	Government and public utilities stock	-	-	3 755 907	1 650 653
	Listed equity investments	176 943	83 042	3 871 391	3 494 988
	Unlisted equity investments	304 291	634 726	4 509 715	5 078 667
		481 234	717 768	12 610 960	10 757 385
8.2	Held at amortised cost				
	Embargoed funds	-	-	5 796 842	5 531 818
	Short term investments	15 216 137	10 729 752	-	-
	Total investment securities	15 697 371	11 447 520	18 407 802	16 289 203
8.3	Movement of investment securities				
	Balance at beginning of year	11 447 520	694 655	16 289 203	15 465 823
	Additions during the year:	4 773 611	11 099 371	4 213 412	13 745 619
	- on listed equity investments	167 226	369 619	1 808 159	12 363 532
	- on unlisted equity investments	119 999	-	299 999	-
	- on Government and public utilities stock	-	-	2 105 254	1 382 087
	- on short term investments	4 486 386	10 729 752	-	-
	Disposals				
	- on listed equities	-	(323 363)	(129 880)	(11 551 162)
	- on unit trust investments	-	-	-	(77 376)
	Fair value adjustments	(523 760)	(23 143)	(1 960 433)	(1 291 094)
	- on listed equities	(73 326)	(23 143)	(1 211 260)	(1 396 508)
	- on unlisted equities	(450 434)	-	(690 044)	95 616
	- on unit trust investments	-	-	(59 129)	9 798
	Losses arising from disposal of Investments	-	-	(4 311)	-
	Exchange gain on bank balances	-	-	(189)	(2 607)
	Balance at end of year	15 697 371	11 447 520	18 407 802	16 289 203

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8.4 Investment Securities Measured At Fair Value

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

	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
2015				
GROUP				
Listed equity investments	3 871 391	-	-	3 871 391
Unlisted equity investments	-	-	4 509 715	4 509 715
Unit trust investments	-	473 947	-	473 947
Government and public utilities stock	-	-	3 755 907	3 755 907
	3 871 391	473 947	8 265 622	12 610 960
COMPANY				
Listed equity investments	176 943	-	-	176 943
Unlisted equity investments	-	-	304 291	304 291
	176 943	-	304 291	481 234
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
Government and public utilities stock	-	-	1 650 653	1 650 653
	3 494 988	533 077	6 729 320	10 757 385
COMPANY				
Listed equity investments	83 042	-	-	83 042
Unlisted equity investments	-	-	634 726	634 726
	83 042	-	634 726	717 768

The Group had no other financial assets and liabilities that were carried at fair value, as at 31 December 2015.

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For the year ended 31 December 2015

8.5 Valuation techniques and significant unobservable inputs

8.5.1 Level 1 valuation:-

Listed equity investments are valued in relation to prices ruling at the Zimbabwe Stock Exchange (ZSE) at the close of business on 31 December 2015.

8.5.2 Level 2 valuation:-

These investments are valued using inputs other than quoted prices which are observable for the asset.

8.5.3 Level 3 valuation:-

Unlisted investments are 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.

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	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
9. GROUP INVESTMENTS				
9.1 Investments in associates				
Balance at beginning of year	5 341 204	4 493 396	38 471 112	39 079 070
Acquisitions	-	579 953	-	-
Disposals	(5 002 294)	(217 683)	-	(930 117)
Gain on acquisition of shares in associate	-	556 425	-	-
Share of current year profits / (loss) after tax	486 229	(70 887)	(1 769 220)	322 159
Balance at end of year	825 139	5 341 204	36 701 892	38 471 112

The following represents the Group's investments in associate companies which have all been accounted for on the equity basis:-

	COMPANY		GROUP	
	2015	2014	2015	2014
Name of company	% Holding	% Holding	% Holding	% Holding
Cell Insurance (Private) Limited ❶	43.46%	43.46%	43.46%	43.46%
Credit Insurance Zimbabwe Limited ❷	42.10%	42.10%	42.10%	42.10%
Zimswitch Technologies (Private) Limited ❸	27.68%	27.68%	27.68%	27.68%
Mashonaland Holdings Limited ❹	-	4.75%	34.72%	34.72%
- Shareholder	-	4.75%	19.31%	19.31%
- Policyholders	-	-	15.41%	15.41%

Nature of Business

❶ Short-term insurance
❷ Short-term insurance
❸ Payments switch
❹ Property

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec2014
	US$	US$	US$	US$
Aggregated amounts relating to associate companies:				
Total assets	12 458 647	125 901 321	126 419 592	131 882 303
Total liabilities	10 486 140	19 043 068	21 275 196	20 919 054
Revenue	3 673 440	20 410 345	4 255 720	24 172 917
Profit	791 266	(382 054)	(4 924 469)	363 369
Share of profit after tax	486 229	(70 882)	(1 769 220)	322 159

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	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
9.2 Investments in subsidiaries				
Owned by ZB Financial Holdings Limited (Company):-				
ZB Bank Limited - 100%	57 665 429	29 312 206	-	-
Scotfin Limited - 100%	306 500	306 500	-	-
ZB Holdings Limited - 100%	359 410	(4 524 545)	-	-
Intermarket Holdings Limited - 84.26%	26 364 859	25 536 677	-	-
ZB Securities (Private) Limited - 100%	-	(212 485)	-	-
ZB Transfer Secretaries – 100%	510 831	392 167	-	-
ZB Associated Services - 100%	197 992	(269 896)	-	-
Total investments in subsidiaries	85 405 021	50 540 624	-	-

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 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:

	2015 % Holding	2014 % 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%	Technology	Dormant
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

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	2015 % Holding	2014 % Holding	Nature of Business	Status
9.2 Investments in subsidiaries (continued)				
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 done according to the unit of account i.e. level of aggregation of assets. However, the unit of account for an investment in an unlisted subsidiary or associate cannot be readily determined as it can either be the investment as a whole or the individual assets held within the entity concerned. Level 1, 2 and 3 inputs as described in note 3.4.4 cannot be effectively used unless the unit of account is specifically identified. At the time of approving the financial statements, the International Accounting Standards Board had not presented a conclusive position on the unit of account for an unlisted investment.

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

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9.4 Non-controlling interests (NCI)

31 December 2015

	ZBBS	ZB Life	IBCL	Intra Group Eliminations	Total
NCI Percentage	50%	46%	19%		
	US$	US$	US$	US$	US$
Non current assets	15 327 890	36 154 208	7 292 142		
Current assets	32 685 731	10 123 836	63 058		
Non current liabilities	(1 778 209)	(28 495 308)	(381 484)		
Current liabilities	(25 530 567)	(1 794 285)	(592 407)		
NCI recorded in subsidiaries	(4 104 197)	(87 663)	-		
Net assets	16 600 648	15 900 788	6 381 309		
Carrying amount of NCI	6 846 107	5 795 837	265 336	6 654 619	19 561 899
Revenue	7 755 967	4 879 685	(26 526)		
Profit / (loss)	1 619 487	(1 085 678)	(61 201)		
OCI	(116 590)	19 588	-		
Total comprehensive income	1 502 897	(1 066 090)	(61 201)		
Profit allocated to NCI	84 416	(1 062 592)	-	1 348 099	369 923
OCI allocated to NCI	-	(3 499)	-	(44 781)	(48 280)
Cash flows from operating activities	(1 506 455)	1 620 577	(11 063)		
Cash flows from investment activities	529 324	(1 636 636)	-		
Cash flows from financing activities (dividends to NCI)	(35 596)	-	-		
Net increase in cash and cash equivalents	(1 012 727)	(16 059)	(11 063)		

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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 2014

	ZBBS	ZB Life	IBCL	Intra Group Eliminations	Total
NCI Percentage	50%	46%	19%		
	US$	US$	US$	US$	US$
Non current assets	15 816 124	36 879 418	7 307 019		
Current assets	34 129 755	10 887 287	95 555		
Non current liabilities	(1 818 157)	(29 426 453)	(382 919)		
Current liabilities	(28 890 176)	(1 285 708)	(577 146)		
NCI recorded in subsidiaries	(4 055 379)	(91 162)	-		
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	5 088 429	17 780		
Profit	(867 693)	885 953	(76 874)		
OCI	145 851	(33 523)	-		
Total comprehensive income	(721 842)	852 430	(76 874)		
Profit allocated to NCI	69 662	880 612	-	(495 366)	454 908
OCI allocated to NCI	-	(28 182)	-	165 734	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)		

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		COMPANY			GROUP
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
10.	INVENTORIES, TRADE AND OTHER RECEIVABLES				
10.1	Inventories				
	Inventories	-	-	2 610 113	2 305 136
	Inventories are stated at the lower of cost and net realisable value. Average cost is used to determine the value of inventory.				
10.2	Trade and other receivables				
	Items in transit	-	-	13 636 504	1 955 890
	Prepayments	-	-	3 696 654	4 015 151
	Sundry receivables	5 645 303	7 081 060	5 357 504	5 605 056
	Total	5 645 303	7 081 060	25 300 775	13 881 233
11.	INVESTMENT PROPERTIES				
11.1	Reconciliation of carrying amount				
	Carrying amount at beginning of year	-	-	17 164 129	16 633 934
	Transfer to inventories	-	-	(16 530)	-
	Transfer from other subsidiaries	357 000	-	-	-
	Disposals	-	-	(140 000)	-
	Property reclassified as held for sale	-	-	(1 300 000)	-
	Fair value adjustment	(15 000)	-	(711 500)	530 195
	Balance at end of year	342 000	-	14 996 099	17 164 129

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$1 297 087 (2014: US$1 644 855). Repairs and maintenance costs of investment properties that generated investment income amount to US$21 721 (2014: US$39 374).

11.2 Measurement of fair value

The fair value of the Group's investment properties as at 31 December 2015 has been arrived at on the basis of valuations carried out by independent professional valuers, Edinview Property Group (EPG Global) (2014 - Edinview Property Group (EPG Global). 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.

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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$5 to US$8. 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)

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	Freehold properties	Leasehold improvements	Equipment furniture & fittings	Computer equipment	Motor vehicles	Total
	US$	US$	US$	US$	US$	US$
12. PROPERTY AND EQUIPMENT						
GROUP						
Cost or valuation						
Balance at 1 January 2015	34 742 213	5 397 593	5 287 749	5 604 097	5 339 834	56 371 486
Surplus on revaluation	(983 726)	-	-	-	26 381	(957 345)
Additions	-	1 030 275	499 347	1 583 646	99 789	3 213 057
Disposals	-	-	(28 745)	(23 797)	(268 465)	(321 007)
Balance at 31 December 2015	33 758 487	6 427 868	5 758 351	7 163 946	5 197 539	58 306 191
Accumulated depreciation						
Balance at beginning of year	766 385	1 972 188	1 939 446	3 952 646	3 220 901	11 851 566
Recognised in profit or loss	67 274	490 909	516 701	682 747	636 555	2 394 186
Disposals	-	-	(13 375)	(18 790)	(151 194)	(183 359)
Balance at the 31 December 2015	833 659	2 463 097	2 442 772	4 616 603	3 706 262	14 062 393
Carrying value at 31 December 2014	**33 975 828**	**3 425 405**	**3 348 303**	**1 651 451**	**2 118 933**	**44 519 920**
Carrying value at 31 December 2015	**32 924 828**	**3 964 771**	**3 315 579**	**2 547 343**	**1 491 277**	**44 243 798**

Immovable properties were revalued as at 31 December 2015 on the basis of valuations carried out by independent and professional valuers, EPG Global (2014 - EPG Global) 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.

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For the year ended 31 December 2015

	Freehold properties	Leasehold improvements	Equipment furniture & fittings	Computer equipment	Motor vehicles	Total
	US$	US$	US$	US$	US$	US$
12. PROPERTY AND EQUIPMENT (continued)						
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**

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	Leasehold improvements	Equipment furniture & fittings	Computer equipment	Motor vehicles	Total
	US$	US$	US$	US$	US$
12. PROPERTY AND EQUIPMENT (continued)					
COMPANY					
2015					
Cost or valuation					
Balance at 1 January 2015	18 145	433 484	136 811	-	588 440
Transfers	-	143 858	149 598	250 558	544 014
Additions	580	34 365	131 741	-	166 686
Disposals	-	(9 700)	(5 588)	(91 634)	(106 922)
Balance at 31 December 2015	18 725	602 007	412 562	158 924	1 192 218
Accumulated depreciation and impairment					
Balance at 1 January 2015	1 980	116 491	90 091	-	208 562
Transfers	-	56 283	82 601	102 729	241 613
Recognised in profit or loss	1 869	64 445	52 944	27 847	147 105
Disposals	-	(3 586)	(3 315)	(29 209)	(36 110)
Balance at 31 December 2015	3 849	233 633	222 321	101 367	561 170
Carrying value at 31 December 2015	**14 876**	**368 374**	**190 241**	**57 557**	**631 048**
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**

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For the year ended 31 December 2015

		COMPANY			GROUP
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
13.	INTANGIBLE ASSETS				
	Computer software				
	Carrying amount at beginning of year	109 231	8 080	8 507 386	8 734 237
	Additions at cost	-	106 904	2 967 936	1 870 128
	Transfers	7 090	-	-	-
	Amortisation	(23 797)	(5 753)	(1 809 040)	(2 096 979)
	Disposals	(441)	-	(441)	-
	Impairment	-	-	(24 229)	-
	Balance at end of year	92 083	109 231	9 641 612	8 507 386
14.	NON CURRENT ASSETS HELD FOR SALE	-	-	1 300 000	-

The Group intends to dispose its industrial property number 3 Hermes Road Southerton Harare, within the next 12 months. The Board of directors approved the disposal of the named asset. The building is currently vacant and the Group has already engaged an Estate Agent to look for buyers. The Group received an offer from a potential buyer and price offered less costs to sell is greater than the carrying amount of the asset.

		COMPANY			GROUP
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
15.	DEPOSITS AND OTHER ACCOUNTS				
15.1	Summary of deposits by type				
	Balances of banks	-	-	28 117 054	9 162 305
	Current accounts	-	-	35 814 094	29 003 661
	Savings and call accounts	-	-	83 046 523	96 871 509
	Fixed deposits	-	-	107 682 140	110 691 133
	Term deposits	-	-	-	89 728
	Agrobills	15 037 638	10 729 752	15 037 638	10 729 752
		15 037 638	10 729 752	269 697 449	256 548 088
	Group properties worth US$6 613 000(2014: US$6 251 000) were offered as security for certain deposits during the year. These assets are included in the assets in notes 11 and 12.				
15.2	Maturity analysis				
	On demand	-	-	118 602 857	126 049 356
	Within 1 month	-	-	99 435 392	80 215 113
	Between 1 and 6 months	-	-	25 305 793	26 846 412
	Between 6 and 12 months	-	-	326 145	134 000
	After 12 months	15 037 638	10 729 752	26 027 262	23 303 207
		15 037 638	10 729 752	269 697 449	256 548 088

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		COMPANY			GROUP
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
15.3	**Deposit concentration**				
	Private individuals	-	-	44 903 026	48 939 526
	Agriculture	-	-	6 196 126	7 453 146
	Mining	-	-	957 900	1 106 412
	Manufacturing	-	-	16 291 652	13 213 673
	Distribution	-	-	7 382 163	5 501 147
	Construction	-	-	2 694 563	2 673 469
	Transport	-	-	1 739 781	3 156 801
	Services	-	-	66 364 314	51 109 654
	Financial	15 037 638	10 729 752	98 381 375	95 427 760
	Other	-	-	24 786 549	27 966 500
		15 037 638	10 729 752	269 697 449	256 548 088
16.	**SHORT TERM BORROWINGS**				
	Overdraft	1 455 911	-	-	-
17.	**LONG TERM BORROWINGS**				
	Long term loan	20 000 000	-	20 000 000	-

This relates to a loan facility acquired from the Government of Zimbabwe which will be redeemed in full in 2025. The loan was issued at zero interest rate. The loan was used to recapitalise, ZB Bank Limited, a subsidiary of the holding company.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

		COMPANY			GROUP
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
18.	TRADE AND OTHER PAYABLES				
	Unearned premium reserve	-	-	1 562 523	1 427 356
	Incurred but not yet reported claims reserve	-	-	1 851 712	1 783 449
	Income received in advance	-	-	10 005 095	1 297 359
	Interest accrued on deposits	-	-	644 829	807 697
	Items in transit	4 077 791	4 078 540	3 079 692	634 437
	Accrued expenses and provisions	-	-	1 774 347	3 769 828
	Policyholders claims intimated but not paid	-	-	673 232	377 282
	Trade payables	10 094 450	16 141 233	4 388 691	15 638 746
		14 172 241	20 219 773	23 980 121	25 736 154
19.	CURRENT TAX LIABILITIES				
	Balance at beginning of year	-	-	245 194	470 646
	Recognised in profit or loss	-	-	961 922	837 224
	Tax from discontinued operations	-	-	-	(423 447)
	Tax payments	-	-	(753 232)	(639 229)
		-	-	453 884	245 194
20.	DEFERRED TAX				
20.1	Deferred tax				
	Deferred tax asset	(2 164 485)	(967 920)	(3 606 939)	(3 394 513)
	Deferred tax liability	-	-	2 967 031	3 314 186
	Net deferred tax	(2 164 485)	(967 920)	(639 908)	(80 327)

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For the year ended 31 December 2015

20.2. DEFERRED TAX (continued)

	Balance at 1 January US$	Recognised in profit or loss US$	Recognised in OCI US$	Balance at 31 December US$
GROUP				
2015				
Property and equipment	3 100 537	126 437	(42 393)	3 184 581
Fair value adjustments to financial assets	2 756 274	(2 038 278)	-	717 996
Assessed loss	(4 996 595)	733 023	-	(4 263 572)
Other	(940 543)	661 630	-	(278 913)
	(80 327)	(517 188)	(42 393)	(639 908)
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)
COMPANY				
2015				
Property and equipment	125 946	28 181	-	154 127
Fair value adjustments to financial assets	7 177	(2 365)	-	4 812
Assessed loss	(1 101 043)	(1 239 481)	-	(2 340 524)
Other	-	17 100	-	17 100
	(967 920)	(1 196 565)	-	(2 164 485)
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)

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	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	RESTATED GROUP 31 Dec 2015 US$	RESTATED GROUP 31 Dec 2014 US$
21. LIFE ASSURANCE FUNDS				
Balance at beginning of year	-	-	28 538 514	29 953 043
Changes in policyholders' liabilities	-	-	(765 968)	(1 414 529)
- Premium income	-	-	10 122 518	8 260 544
- Investment and other income	-	-	(147 825)	(3 009 113)
- Benefits paid and surrenders	-	-	(5 145 972)	(3 166 019)
- Marketing and administration expenses	-	-	(4 971 627)	(5 622 306)
- Surplus distribution	-	-	(623 062)	2 122 365
Balance at end of year	-	-	27 772 546	28 538 514

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.

Notes to Consolidated and Separate Financial Statements

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21. LIFE ASSURANCE FUNDS (continued)

Life fund liabilities are supported by the following net assets:

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
Listed equities	-	-	815 596	1 332 315
Unlisted equities	-	-	3 051 147	2 603 126
Gold fund	-	-	367 481	413 327
Government and public utilities stock	-	-	2 755 907	1 150 653
Investment properties	-	-	986 160	2 033 498
Funds on deposit	-	-	7 712 831	8 367 132
Equity accounted investments	-	-	11 922 029	13 090 201
Trade and other receivables	-	-	101 890	-
Non current assets held for sale	-	-	779 785	-
Gross assets	-	-	28 492 826	28 990 252
Less: Deferred tax liabilities	-	-	(124 527)	(172 566)
Trade and other payables	-	-	(571 954)	(291 596)
Income tax payable	-	-	(23 799)	12 424
Net assets	-	-	27 772 546	28 538 514

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 2014 on the back of sustained cost control measures implemented between 2014 and 2015.

The EOR is anticipated to be run-off in full during 2016 without any further reserves being created due to the expense relief arising from the combined effect of increased business and cost control measures.

The EOR amounted to US$712 600 as at 31 December, 2015 (US$1 491 100 as at 31 December, 2014).

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21. LIFE ASSURANCE FUNDS (continued)

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

	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
At 1 January	-	-	28 538 514	29 953 043
Changes to policyholder liabilities	-	-	(765 968)	(1 414 529)
Expense overrun reserve movement	-	-	(778 511)	(783 500)
Transfer (to) from shareholder	-	-	12 543	(631 029)
At 31 December	-	-	27 772 546	28 538 514

22. EQUITY AND RESERVES

22.1 Share capital

	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
Company:				
<u>Authorised:</u>				
1 000 000 000 ordinary shares of US$0.01 each	10 000 000	10 000 000	10 000 000	10 000 000
<u>Issued and fully paid:</u>				
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	(17 667 740)	(17 667 740)	(17 667 740)	(17 667 740)
Net trading shares	157 522 902	157 522 902	157 522 902	157 522 902

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.

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22.2 Fully paid ordinary shares and share premium

	COMPANY Share capital	COMPANY Share premium	GROUP Share capital	GROUP Share premium
	US$	US$	US$	US$
2015				
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
2014				
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 2015	COMPANY 31 Dec 2014	GROUP 31 Dec 2015	GROUP 31 Dec 2014
	US$	US$	US$	US$
22.3 Other components of equity				
General reserve (see note 22.3.1 below)	-	-	10 756 654	22 380 522
Properties and equipment revaluation reserve (see note 22.3.2 below)	-	-	13 498 927	14 432 643
Available for sale financial assets (see note 22.3.3)	-	-	5 137 235	-
	-	-	29 392 816	36 813 165
22.3.1 General reserves				
Balance at beginning of year	-	-	22 380 522	2 374 301
Regulatory reserve in respect of doubtful debts	-	-	(11 137 396)	14 787 685
Investment fluctuation reserves	-	-	-	5 218 536
Transfer to retained income	-	-	(486 472)	-
Balance at end of year	-	-	10 756 654	22 380 522

The general reserve is used to set aside capital to the extent of any excess that may arise out of general provisions computed in terms of prudential guidelines, and the application of discretionary security limits as established by supervisory authorities over any provisions computed in terms of International Financial Reporting Standards. Differences may arise as a result of:

a) application of predetermined provisioning rates for an asset class that may not correspond to observable cash flow patterns, and

b) application of discretionary discounts on, or complete exclusion of certain securities which may not be in line with demonstrable evidence of typical levels of security recovery values.

The general reserve is also used to reserve portions of capital to cater for short-term uncertainties relating to the valuation of items that may have a material impact on the income statement from year to year.

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.

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		COMPANY		GROUP	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
22.3.2	**Property and equipment revaluation reserve**				
	Balance at beginning of year	-	-	14 432 643	14 122 580
	(Decrease) / increase on revaluation of properties	-	-	(957 345)	461 312
	Transfer from / (to) non-controlling interests	-	-	48 280	(137 552)
	Deferred tax liability arising on revaluation	-	-	42 393	(13 697)
	Transfer to retained income	-	-	(67 044)	-
	Balance at end of year	-	-	13 498 927	14 432 643

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 3.8. 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.

		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
22.3.3	**Available for sale financial assets**				
	Arising from the medium term treasury bills	-	-	5 137 235	-

The Group purchased treasury bills from the secondary market. These treasury bills were assets classified as 'at fair value through other comprehensive income'. They have coupon rates ranging from 2% to 5% with maturity periods ranging from 1 year to 4 years.

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22.4 Retained earnings

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
Balance at beginning of year	18 420 556	28 228 509	(16 562 779)	18 232 496
Profit / (loss) attributable to equity holders of parent	12 882 502	(9 807 953)	8 566 035	(10 261 724)
Transfer from / (to) general reserves inrespect of regulatory reserve for doubtful debts	-	-	11 137 396	(14 787 685)
Movements arising from investments fluctuation reserves	-	-	-	(9 745 866)
- Transfer (to) / from general reserves	-	-	-	(5 218 536)
- Transfer (to) / from NCI	-	-	-	(4 527 330)
Transfer from other reserves	-	-	644 403	-
Balance at end of year	31 303 058	18 420 556	3 785 055	(16 562 779)

22.5 Non-controlling interest

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
Balance at beginning of year	-	-	19 366 739	14 305 565
Profit attributable to non controlling interest	-	-	369 923	454 908
(Increase)/ decrease on revaluation of property	-	-	(48 280)	137 552
Transfer (to) / from retained income	-	-	(90 887)	4 527 330
Dividends paid	-	-	(35 596)	(58 616)
Balance at end of year	-	-	19 561 899	19 366 739

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22.6 Tax effect relating to each component of other comprehensive income

GROUP

	Before tax amount US$	Tax (expense) benefit US$	Net of tax amount US$
2015			
Gains on property revaluation	(957 345)	42 393	(914 952)
2014			
Gains on property revaluation	461 312	(13 697)	447 615

23. 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 2015 US$	COMPANY 2014 US$	GROUP 2015 US$	GROUP 2014 US$
24. NET INTEREST INCOME				
24.1 Interest income				
Interest income comprises interest on:				
Advances	-	-	17 429 654	22 912 877
Mortgage	-	-	1 088 754	1 148 279
Overdraft accounts	-	-	1 884 313	4 500 825
Treasury bills	-	-	5 333 062	1 042 435
Cash and short-term funds	-	-	1 138 026	1 071 807
Loans to other banks	-	-	793 026	1 111 517
Other	-	-	143 920	323 715
Total interest income	-	-	27 810 755	32 111 455

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		COMPANY 2015 US$	COMPANY 2014 US$	GROUP 2015 US$	GROUP 2014 US$
24.2	Interest expense				
	Interest expense comprises interest on:				
	Retail deposits	-	-	509 941	495 603
	Fixed deposits	-	-	9 021 192	10 805 475
	Short-term funds	-	-	93 057	67 405
	Other interest payable categories	-	-	1 499 674	1 170 917
	Total interest expense	-	-	11 123 864	12 539 400
	Net interest income	-	-	16 686 891	19 572 055
25.	NET INSURANCE PREMIUM INCOME				
25.1	Gross insurance premium income				
	Reinsurance business				
	Gross premium written	-	-	18 478 774	17 289 661
	Retrocessions commission	-	-	2 013 944	2 205 450
	Retrocessions claims	-	-	392 256	1 225 671
		-	-	20 884 974	20 720 782
	Life assurance business				
	Premium – single	-	-	705 248	370 959
	Premium – recurrent	-	-	9 417 270	8 427 790
		-	-	10 122 518	8 798 749
	Gross insurance premium income	-	-	31 007 492	29 519 531
25.2	Insurance expenses				
	Reinsurance business				
	Gross premium retroceded	-	-	6 520 284	8 357 032
	Movement in provision for unexpired risk	-	-	(76 834)	(108 644)
	Movement in provision for outstanding claims	-	-	(82 384)	(239 251)
	Net claims paid	-	-	6 682 374	5 522 446
	Commissions and fees	-	-	4 335 970	3 698 929
		-	-	17 379 410	17 230 512

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		COMPANY			GROUP
		2015	2014	2015	2014
		US$	US$	US$	US$
25.2	Insurance expenses (continued)				
	Life assurance business				
	Death and disability benefits	-	-	1 982 795	1 426 726
	Maturities	-	-	172 622	330 543
	Annuities	-	-	124 698	115 934
	Surrenders and Group pension withdrawals	-	-	2 260 994	1 292 816
	Reassurance premium cost	-	-	430 835	538 205
	Profit share	-	-	174 028	-
		-	-	5 145 972	3 704 224
	Total insurance expenses	-	-	22 525 382	20 934 736
	Net insurance premium income	-	-	8 482 110	8 584 795
26.	OTHER OPERATING INCOME				
	Commission and fees	-	-	33 001 743	32 467 239
	Exchange (loss) / income	-	-	(247 139)	790 483
	Dividends from investment securities	3 790	2 721	332 888	202 748
	(Loss) / profit on disposal of property and equipment	-	-	(4 931)	57 094
	Loss on disposal of investments	-	-	(4 311)	(638 197)
	Rent received	-	-	1 297 087	1 644 855
	Cost recovery for shared services	9 250 336	6 984 304	-	-
	Management fees	844 232	812 470	-	-
	Loss on disposal of associate company	-	-	-	57 682
	Other	-	517 334	2 766 882	2 986 496
		10 098 358	8 316 829	37 142 219	37 568 400
27.	FAIR VALUE ADJUSTMENTS				
	On financial instruments	(523 760)	(23 143)	(1 960 433)	(1 291 094)
	On investment properties	(15 000)	-	(711 500)	530 195
	On investment in subsidiaries	9 720 243	(9 398 747)	-	-
		9 181 483	(9 421 890)	(2 671 933)	(760 899)

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

	COMPANY		GROUP	
	2015	2014	2015	2014
	US$	US$	US$	US$
28. OPERATING EXPENSES				
Commission and fees	-	-	799 317	956 891
Staff expenses	3 409 889	3 008 852	20 945 130	29 431 924
Communication expenses	114 056	131 949	695 740	1 275 763
National Social Security Authority expenses	67 359	63 752	274 628	200 778
Pension fund expenses	272 542	189 509	1 313 374	1 706 709
Computers and information technology expenses	429 932	217 432	2 192 984	2 812 224
Occupation expenses	1 063 779	679 036	5 320 443	5 700 965
Transport expenses	273 116	324 520	1 232 675	1 528 687
Travelling expenses	238 693	258 327	727 695	824 657
Depreciation of property and equipment	147 105	106 671	2 394 186	2 508 116
Amortisation of intangible assets	23 797	5 753	1 809 040	2 096 979
Administration expenses	1 986 638	2 104 914	8 214 445	7 374 216
Directors fees	53 227	57 371	401 845	538 070
	8 080 133	7 148 086	46 321 502	56 955 979
Included in administration expenses are the following:				
Auditors' remuneration	35 803	25 212	334 756	377 157
- for current year audit	27 178	25 212	277 256	355 089
- for half year review	8 625	-	67 500	22 068

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For the year ended 31 December 2015

	COMPANY 2015 US$	COMPANY 2014 US$	GROUP 2015 US$	GROUP 2014 US$
29. INCOME TAX (CREDIT) / EXPENSE				
Current income tax	-	-	961 922	837 224
Deferred tax	(1 196 565)	(385 687)	(517 188)	(2 531 301)
Deferred tax reversal from discontinued operations	-	-	-	(423 447)
	(1 196 565)	(385 687)	444 734	(2 117 524)
Zimbabwean corporation tax is calculated at an effective rate of 25.75 per cent (2014: 25.75 per cent) of the estimated taxable profit for the year.				
Reconciliation of current income tax				
Profit / (loss) before taxation	11 685 937	(10 193 640)	9 380 692	(10 722 720)
Expected tax on profits at basic rates	3 009 129	(2 624 862)	2 415 529	(2 761 100)
Increase / (reduction) arising from:				
- Exempt income	-	701	2 043 993	1 414 520
- Expenditure not allowed	173 970	295 035	382 560	553 245
- General provisions and deferred income	-	-	652 174	1 853 163
- Capital allowances in excess of depreciation	44 007	28 949	2 386 273	2 318 514
- Prepaid expenses	-	-	(31 821)	(973)
- Fair value adjustments	(3 227 106)	2 300 177	(7 403 974)	(5 494 893)
	-	-	444 734	(2 117 524)

30. DISCONTINUED OPERATIONS

During 2014, the Board of Directors of ZB Financial Holdings Limited reviewed the Group's business portfolio in an effort to reduce losses that had previously 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

	31 Dec 2015 US$	31 Dec 2014 US$
30. DISCONTINUED OPERATIONS (continued)		
Results of discontinued operation		
Revenue	-	395 313
Expenses	-	(1 173 486)
Results from operating activities	-	(778 173)
Income tax expense	-	(423 447)
Results from operating activities, net of tax	-	(1 201 620)
The loss from discontinued operation of US$NIL (2014: loss of US$1 201 620) is attributable entirely to the owners of the Company.		
Cash flows generated from / (used in) discontinued operations		
Net cash used in operating activities	-	(345 564)
Net cash generated 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	-	(51 125)
Cash and cash equivalents disposed of	-	(16 935)
Projected cash outflow	-	(68 060)

31. EARNINGS PER SHARE

GROUP

Basic and fully diluted earnings per share

The calculation of basic and fully diluted profit per share for the year ended 31 December 2015 of US5.44 cents (2014:loss of US6.32 cents) is based on the attributable profit after tax of US$8 566 035 (2014: loss of US$10 261 724) and weighted average number of shares of 157 522 902 (2014: 157 522 902).

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For the year ended 31 December 2015

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
32. CASH GENERATED FROM OPERATING ACTIVITIES				
Net cash from operating activities				
Profit / (loss) before taxation	11 685 937	(10 193 640)	9 380 692	(10 722 720)
Non cash items:				
-Fair value adjustments on investments	(9 196 483)	9 421 890	1 960 433	1 291 094
-Fair value adjustments on investments properties	15 000	-	711 500	(530 195)
-Impairment of investments	(5 144 155)	-	189	-
-Depreciation of property and equipment	147 105	112 424	2 394 186	2 508 116
-Interest received	-	-	(27 810 755)	(32 111 455)
-Interest paid	-	-	11 123 864	12 539 400
-Dividend received	-	-	(332 888)	(202 748)
-Amortisation of intangible assets	23 797	-	1 809 040	2 096 979
-Exchange gain on investment	-	-	-	2 607
-Impairment of intangible assets	-	-	24 229	-
-(Loss) / profit on disposal of equipment	-	-	4 931	(57 094)
-(Loss) / profit on disposal of investments	-	(556 425)	4 311	638 197
-Share of associate companies (loss) / profit	(486 229)	70 887	1 769 220	(322 159)
-Loss on disposal of associate	-	-	-	57 682
Operating cash flows before changes in working capital funds	(2 955 028)	(1 144 864)	1 038 952	(24 812 296)
Changes in working funds:				
Increase in short term borrowing	4 307 886	10 729 752	-	8 979 752
(Increase)/ decrease in money markets instruments	-	-	(80 253 253)	3 511 668
Decrease/ (increase) in other assets	1 126 266	(1 286 152)	(11 403 015)	(9 324 607)
(Increase) / decrease in advances and other accounts	-	-	46 576 735	(12 350 153)
Increase in deposits and other accounts	-	-	13 149 361	25 202 348
(Decrease) / increase in amounts clearing to other banks	-	-	376 464	41 353
Increase in other financial assets	(4 486 386)	-	-	(1 382 086)
(Decrease) / increase in other liabilities	(6 404 531)	8 254 350	(1 756 031)	12 473 237
Decrease in life assurance funds	-	-	(765 968)	(1 414 529)
Effects of exchange (losses) / gains	-	-	(247 139)	790 483
Discontinued operations	-	-	-	(1 201 620)
Net cash (used in)/ generated from operating activities	(8 411 793)	16 553 086	(33 283 894)	513 550

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

33 CUSTODIAL SERVICES

The Group used to provide trust services to individuals and institutions by holding assets (mainly share certificates) on behalf of customers. The business was transfered to CBZ Limited on 31 October 2015. Assets under safe custody at the date of transfer were US$54 997 245.

	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
Assets under safe custody	-	-	-	29 065 480

34. 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.

34.1 Lending to related parties

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

		COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
34.1.1	Balances with fellow subsidiaries	15 120 866	10 439 474	-	-
34.1.2	Short term investments with ZB Bank Limited	15 037 638	10 729 752	-	-
34.1.3	Income received from fellow subsidiaries	10 015 328	7 796 774	-	-
34.1.4	There were fixed deposits in favour of related parties as at the reported date.				
	Balances with National Social Security Authority (NSSA)	-	-	3 267 570	1 352 255
	Balances with ZBFH Pension Fund	-	-	3 740 922	6 846 949

NSSA is identified as a related party to the Group in the sense that it owns a significant shareholding (37.79%) in the issued share capital of the Holding company.

The ZBFH Pension Fund is considered a related party due to the fact that it is a post employment benefit plan for the benefit of the Group's employees and its activities are administered under the same common control as the Group".

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
34.1.5 Lending to other related parties				
Also included in advances and other accounts is the following exposures to directors and employees:				
Loans to employees	-	-	5 462 483	6 230 698

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.

34.2 Remuneration of key management personnel

The remuneration of the key management personnel of the Group, is set out below:

	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
Directors' remuneration				
- fees by the Holding Company	53 227	57 371	53 227	56 298
- fees by subsidiaries	-	-	348 618	481 772
Other emoluments	-	-	2 995 074	3 227 302
	53 227	57 371	3 396 919	3 765 372

	COMPANY 31 Dec 2015 US$	COMPANY 31 Dec 2014 US$	GROUP 31 Dec 2015 US$	GROUP 31 Dec 2014 US$
35. CONTINGENT LIABILITIESAND CAPITAL COMMITMENTS				
35.1 Contingent liabilities				
In respect of treasury bills held in trust held on behalf of customers (see note 6.4)	-	-	4 309 625	5 130 167
In respect of guarantees (see note 7.1)	-	-	7 194 422	21 623 909
	-	-	11 504 047	26 754 076

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
35.2 Capital commitments				
In respect of expenditure authorised and contracted	-	-	2 764 320	920 700
In respect of expenditure authorised but not contracted	-	-	3 478 607	3 901 092
	-	-	6 242 927	4 821 792

Capital commitments will be funded from operating cashflows.

36. 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		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
No later than 1 year	343 200	-	1 933 539	250 527
Later than 1 year and no later than 5 years	2 891 342	-	4 315 413	5 062 093

37. 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:

37.1 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 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
Total expense recognised in profit or loss	272 542	189 509	1 313 374	1 706 709

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

37.2 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 (2014: 4%) per month per employee. Contributions by the Group amounted to US$274 628 for the year ended 31 December 2015 (2014: US$200 778).

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

38.1 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, retained income 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.

In order to augment capital resources in the Banking operations, the Group borrowed $20 000 000 which will be paid back in 2025, thus increasing the gearing ratio to 25% (2014 - nil). The Gearing level, and the loan instrument used (see note 17) is considered comfortable for the Group's operations and is not expected to cause a strain in cash resources in the foreseeable future.

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.

38.2 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 the 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.

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

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

38.2 Financial risk management (continued)

38.2.1 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 2015		CARRYING AMOUNT				FAIR VALUE			
					Other				
	Notes	Designated At fair value	Loans and receivables	financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$	US$	US$	US$	US$	US$	US$	US$
Financial assets measured at fair value									
Equity securities	8	3 871 391	-	-	3 871 391	3 871 391	-	-	3 871 391
Government public utility stock		3 755 907	-	-	3 755 907	-	-	3 755 907	3 755 907
Total		7 627 298	-	-	7 627 298				
Financial assets not measured at fair value									
Trade and other receivables	10	-	25 300 775	-	25 300 775				
Cash and cash equivalents	5	-	55 789 139	-	55 789 139				
Total		-	8 1089 914	-	81 089 914				
Financial liabilities not measured									
Trade and other payables	18	-	-	(23 980 121)	(23 980 121)				
Total		-	-	(23 980 121)	(23 980 121)				

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

38.2 Financial risk management (continued)

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

31 December 2014		CARRYING AMOUNT				FAIR VALUE			
	Notes	Designated At fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		US$	US$	US$	US$	US$	US$	US$	US$
Financial assets measured at fair value									
Equity securities	8	3 494 988	-	-	3 494 988	3 494 988	-	-	3 494 988
Government public utility stock		1 650 653	-	-	1 650 653	1 650 653	-	-	1 650 653
Total		5 145 641	-	-	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									
Trade and other payables	16	-	-	(25 736 153)	(25 736 153)				
Total		-	-	(25 736 153)	(25 736 153)				

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

38.2 Financial risk management (continued)

38.2.2 Definition of financial risk

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

38.2.2.1 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 the Treasury Department 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.

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38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

LIQUIDITY GAP ANALYSIS
As At 31 December 2015

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	57 954 264	858 728	-	-	58 812 992	55 789 139
Money market investments	10 682 026	8 903 841	-	-	19 585 867	19 540 411
Treasury bills	9 981 104	4 421 633	20 397 743	71 589 750	106 390 230	97 943 600
Advances and other accounts	41 432 637	18 505 160	16 189 364	45 060 554	121 187 715	99 578 547
Investment securities	-	-	-	18 407 802	18 407 802	18 407 802
Investment in associates	-	-	-	36 701 892	36 701 892	36 701 892
	120 050 031	32 689 362	36 587 107	171 759 998	361 086 498	327 961 391
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(191 274 108)	(37 105 636)	(12 401 129)	(42 408 460)	(283 189 333)	(269 697 449)
	(191 274 108)	(37 105 636)	(12 401 129)	(42 408 460)	(283 189 333)	(269 697 449)
Period gap	(71 224 077)	(4 416 274)	24 185 978	129 351 538	77 897 165	58 263 942
Cumulative gap	(71 224 077)	(75 640 351)	(51 454 373)	77 897 165	-	-

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

38. 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)	(65 672 110)	(2 010 458)	(2 197 156)	(241 982 090)	(256 548 088)
	(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	-	-

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

		COMPANY			GROUP
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
		US$	US$	US$	US$
38.2.2.1	Liquidity risk (continued)				
	Liquidity ratios				
	Total liquid assets	-	-	161 879 984	92 140 410
	Total liabilities to the public	-	-	269 697 449	243 818 336
	Liquidity ratio	-	-	60.02%	37.79%
	Average for the year	-	-	49%	40%
	Maximum for the year	-	-	73%	45%
	Minimum for the year	-	-	29%	37%
	Minimum statutoryliquidity 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 2015	31 Dec 2014
ZB Bank Limited	73%	38%
ZB Building Society	46%	49%

38.2.3 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.

38.2.3.1 Interest rate risk

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

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

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

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

Strategies for management / mitigation
The Assets and Liabilities Committee (ALCO) reviews the gap analysis and appropriate action is taken to keep risk within acceptable limits. 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 analysed. 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.

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

2015	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Carrying amount US$
INTEREST RATE GAP ANALYSIS AS AT 31 DECEMBER 2015					
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	19 486 554	-	-	-	19 486 554
Money market investments	11 053 901	8 972 969	-	-	20 026 870
Advances and other accounts	44 843 483	15 471 799	16 539 862	32 438 441	109 293 585
Treasury bills	9 850 865	4 363 937	20 131 582	50 916 578	85 262 962
	85 234 803	28 808 705	36 671 444	83 355 019	234 069 971
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(204 014 186)	(53 679 516)	(12 399 506)	(14 029 116)	(284 122 324)
	(204 014 186)	(53 679 516)	(12 399 506)	(14 029 116)	(284 122 324)
Period gap	(118 779 383)	(24 870 811)	24 271 938	69 325 903	(50 052 353)
Cumulative gap	(118 779 383)	(143 650 194)	(119 378 256)	(50 052 353)	-

Notes to Consolidated and Separate Financial Statements
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38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

2014	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Carrying amount US$
INTEREST RATE GAP ANALYSIS AS AT 31 DECEMBER 2014					
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)	-

Notes to Consolidated and Separate Financial Statements

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38.2.3.1 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$3.2 million (2014: US$3.7 million) and the total assets in the statement of financial position being increased or decreased by US$4.7 million (2014: US$3.1 million) using an average margin of 1% per annum.

A 2% change in the rate for rate sensitive liabilities would result in the reported profits being increased or decreased by US$3.4 million (2014: US$3.9 million) and the total liabilities in the statement of financial position being increased or decreased by US$5.7 million (2014: US$4.8 million) using an average margin of 1% per annum.

38.2.3.2 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.

Notes to Consolidated and Separate Financial Statements

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38.2.3.3 Foreign currency position

The carrying amount of the Group's non United States dollar monetary assets and liabilities as at 31 December 2015 were as follows:

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
Botswana pula	-	-	417 034	539 583
British pound	-	-	246 671	431 178
Japanese yen	-	-	29 482	31 812
Malawian kwacha	-	-	564	739
Euro	-	-	915 653	1 384 919
South African rand	-	-	2 114 821	7 709 955
Zambian kwacha	-	-	329	565
Total assets	-	-	3 724 554	10 098 751
Botswana pula	-	-	(282 429)	(122 183)
British pound	-	-	(60 611)	(77 557)
Euro	-	-	(19 007)	(80 320)
South African rand	-	-	(2 149 953)	(3 941 673)
Total liabilities	-	-	(2 512 000)	(4 221 733)
Net foreign currency position	-	-	1 212 554	5 877 018

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$90 032 [2014: US$436 369] and equity being reduced or increased by US$121 255 [2014: US$587 702].

38.2.3.4 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 listings from Zimbabwe Stock Exchange on a daily basis.

Measurement methods

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

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

38.2.3.4 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 2015 would result in an increase / decrease of US$431 374 (2014: US$842 521) to the reported Group's profit and an increase / decrease of US$435 731 (2014:US$834 095) in equity.

38.2.4 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.

Past due but not impaired loans
Past due but not impaired loans are those for which interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

Loans with renegotiated terms and the Group's forbearance policy
Loans with renegotiated terms are loans that have been restructured due to the deterioration in the borrower's financial position, where the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group has provided initially. The Group implements forbearance policy in order to maximise collection opportunities and minimize the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis in situations where the debtor is currently in default on its debt, or where there is a risk of default, there is evidence that the debtor made all the reasonable effort to pay under the original contractual terms and it is expected to be able to meet revised terms.

The revised terms usually include extending maturity, changing timing of interest repayments and amendments to the terms of loan covenants.

Both retail and corporate loans are subject to the forbearance policy. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

The Group's Credit Committee regularly reviews reports on forbearance activities.

Write off policy
The Group writes off a loan and any related allowances for impairment losses, when the Group's Credit Committee determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that the proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans write off decisions generally are based on a product specific past due status.

Identification techniques
Prior to granting facilities, the Group conducts an assessment through a credit scoring system which classifies an account depending on points scored. Thereafter facilities extended to clients are reviewed on a regular basis and reclassified accordingly depending on actual performance.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

38.2.4 Credit risk(continued)

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 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.

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$7 194 422 (2014: US$21 623 909).

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$6 591 883 (2014: US$7 372 654) and the total assets in the statement of financial position reducing by US$9 539 629 (2014: US$10 669 542).

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

	COMPANY		GROUP	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
Classification				
Good	-	-	98 828 874	122 143 828
Sub-standard	-	-	1 206 808	11 753 382
Doubtful	-	-	584 438	17 370 566
Loss	-	-	18 693 792	19 661 283
Total	-	-	119 313 912	170 929 059

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

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

38.2.4 Credit risk (continued)

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

	Loans and advances to customers		Investment securities	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$	US$	US$	US$
Carrying amount	99 578 547	146 155 282	8 186 143	6 673 404
Assets at amortised cost				
Non-performing - individually impaired				
Grade 8: Impaired	1 269 394	4 238 382	-	-
Grade 9: Impaired	744 614	17 370 566	-	-
Grade 10: Impaired	19 781 997	19 661 283	-	-
Gross amount	21 796 005	41 270 231	-	-
Allowance for:				
Impairment	(6 742 458)	(1 201 627)	-	-
Interest reserve	(3 387 874)	(603 307)	-	-
Carrying amount	11 665 673	39 465 297	-	-
Individually impaired:				
Grade 5: Impaired	1 866 789	3 127 613	-	-
Grade 6: Impaired	905 421	403 927	-	-
Grade 7: Impaired	182 053	234 438	-	-
Gross amount	2 954 263	3 765 978	-	-
Allowance for:				
Impairment	-	(734 145)	-	-
Interest reserve	-	(1 099 708)	-	-
Carrying amount	2 954 263	1 932 125	-	-
Collectively impaired:				
Grades 1-4: low– fair risk	87 369 223	105 215 643	-	-
Gross amount	87 369 223	105 215 643	-	-
Allowance for:				
Impairment	(2 410 612)	(457 783)	-	-
Carrying amount	84 958 611	104 757 860	-	-
Neither past due nor impaired:				
Grades 1-4: low– fair risk	-	-	5 803 786	5 534 250
	-	-	5 803 786	5 534 250
Total carrying amount at amortised cost	99 578 547	146 155 282	5 803 786	5 534 250
Assets at fair value through profit and loss:				
Neither past due nor impaired:				
Grades 1-4: low–fair risk	-	-	2 382 357	1 139 154
Carrying amount – fair value	-	-	2 382 357	1 139 154
Total carrying amount	99 578 547	146 155 282	8 186 143	6 673 404

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

38.3 Other business risks

38.3.1 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.

38.3.2 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

38.3.2 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 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.

38.3.3 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.

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

38.3.3 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.

38.3.4 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.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

38.3.5 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 (2014: 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	31 Dec 2013	31 Dec 2014	31 Dec 2013
	US$	US$	US$	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

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For the year ended 31 December 2015

38.4 Risk rating

38.4.1 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 banking operations was concluded on the 9th of December 2014 using data as at 30 September 2014.

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

ZB Bank Limited and ZB Building Society were assessed using the Risk Assessment System (RAS) and the CAMELS[2] rating model.

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

CAMELS Component	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

[2] "CAMELS" stands for Capital Adequacy, Asset Quality, Management, Earnings, Liquidity management, and Sensitivity to market risk.

Notes to Consolidated and Separate Financial Statements

For the year ended 31 December 2015

38.4.1 Regulatory risk rating(continued)

Overall Risk Matrix – ZB Bank Limited

Type of Risk	Level of Aggregate Inherent Risk	Adequacy of Aggregate Risk Management Systems	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 of Risk	Level of Aggregate Inherent Risk	Adequacy of Aggregate Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit Risk	Low	Acceptable	Low	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	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.

Notes to Consolidated and Separate Financial Statements
For the year ended 31 December 2015

38.4.1 Regulatory 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 which 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.

38.4.2 External credit ratings

Some of the Group's significant trading companies subscribe to an internationally recognised rating agency, Global Credit Rating Group (GCR)[3]. The ratings for the last four (4) years were as follows:

[3] GCR suspended short-term bank ratings in Zimbabwe from 2006 owing to the volatility of the economic environment. At the same time, all long-term ratings were placed on rating watch due to the resultant pricing risk attached to the potential roll-over of government debt, the impact that this would have on profitability across the sector and ultimately the ability to meet new capital requirements.

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For the year ended 31 December 2015

38.4.2 External credit ratings (continued)

Long-term debt rating scale:

Entity	2016	2015	2014	2013
ZB Bank Limited	BB-	B+	BBB+	BBB+
ZB Building Society	BB	BB	BBB-	BBB-
ZB Reinsurance Company	BBB+	BBB+	BBB+	BBB+

Ratings for ZB Bank Limited and ZB Building Society expire in September 2016, whilst the rating for ZB Reinsurance expires in May 2016.

39. COMPLIANCE WITH REGULATIONS

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 2015. Intermarket Banking Corporation Limited and ZB Building Society did not meet these requirements as at the reporting date.

The two entities are in the process of being merged with ZB Bank Limited in a transaction that awaits the conclusion of some outstanding preliminary issues before approval is granted by the Reserve Bank of Zimbabwe and the respective shareholders.

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

40. SUBSEQUENT EVENTS

There were no material subsequent events after the reporting period.

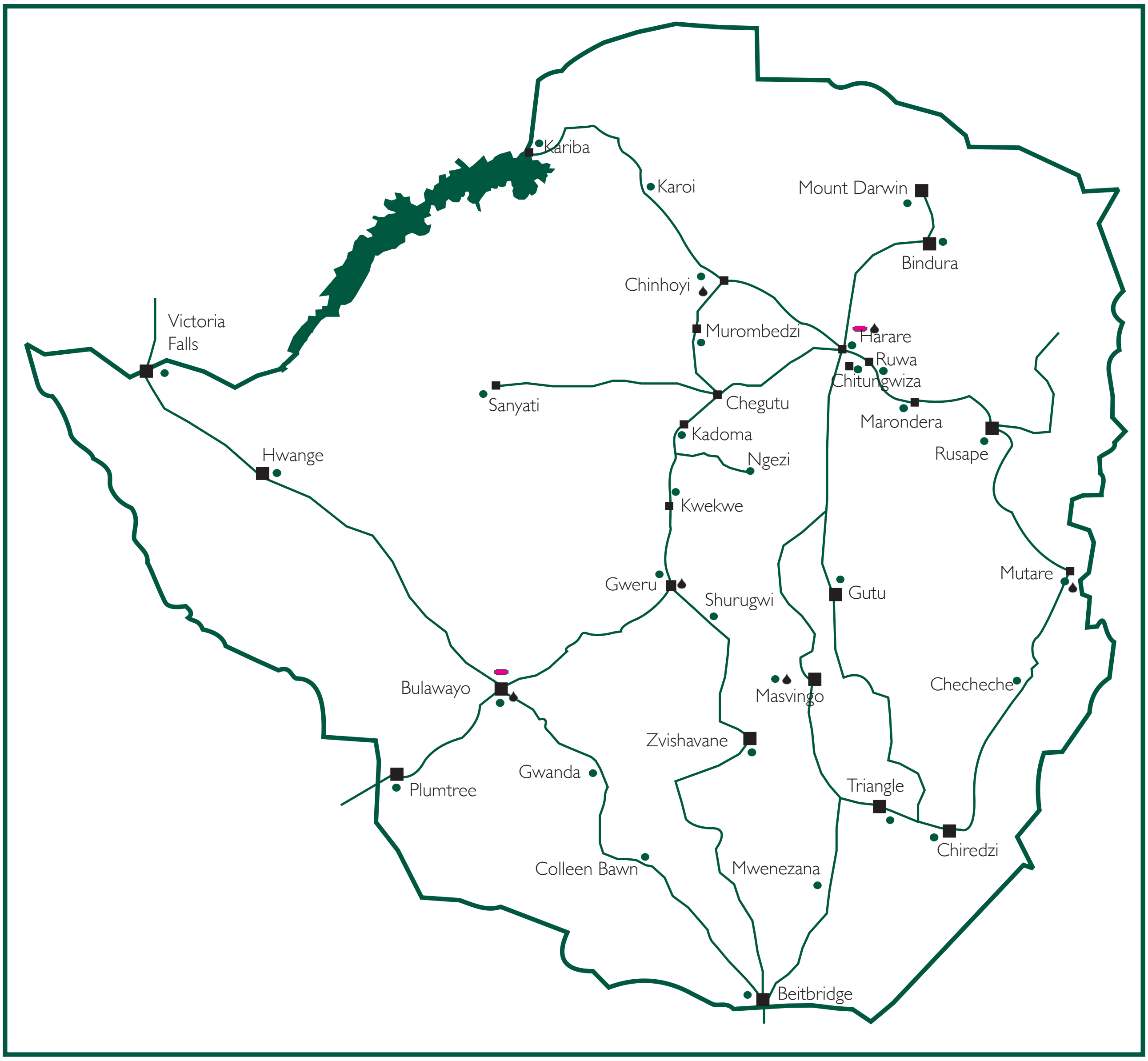
41. GOING CONCERN

The Board has reviewed the Group's strategies and budgets for 2016 and beyond and the cash flow projections for the Group. The Board does not have any reason to conclude that the Group will not be a going concern for the foreseeable future.

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

ZB Financial Holdings Group Footprint

For the year ended 31 December 2015



KEY

- Banking operations
- ZB Reinsurance
- ZB Life Assurance

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

ZB Financial Holdings Group Footprint

For the year ended 31 December 2015

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Facsimile: +263 - 4 - 251029
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

21 Natal Road Branch

21 Natal Road
Avondale
Harare
Telephone: +263 (0) 867 700 2001
E-mail: zb@zb.co.zw
Facsimile: +263 - 4 - 251029
Web address: www.zb.co.zw

Airport Branch

Harare International Airport
P O Box 4189
Harare
Telefax: 575364

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

ZB Financial Holdings Group Footprint

For the year ended 31 December 2015

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

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

Electronic Transactions Centre
Ground Floor, ZB Centre
Harare
Tel: 796849
HARARE
TEL: 774303

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

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

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

High Glen
1027, Glenview Complex
Glenview
Harare

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

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

Premier Tobacco Branch
334. Affirmative Way
Willowvale
Harare
Tel: 611240
140 ZBFH

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

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

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

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

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

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

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

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

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

ZB Financial Holdings Group Footprint

For the year ended 31 December 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ZB Financial Holdings Group Footprint

For the year ended 31 December 2015

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

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

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

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

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

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

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

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 Financial Holdings Group Footprint

For the year ended 31 December 2015

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

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, Ground Floor, 21 Natal Road, Avondale, Harare, on 27 May 2016, 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 2015.			
2	Ordinary	To confirm the final dividend of 0.54 cents per Ordinary Share as recommended by directors.			
3	Ordinary	To elect directors for the Company:- i) In terms of Article 68 of the Company's Articles of Association, Mr Thamsanqa P B Mpofu and Mr Elliot Munemo retire by rotation, and being eligible, offer themselves for re-election at the meeting. ii) Mr Peter B Nyoni was appointed to the Board after the last general meeting and being eligible, offers himself for election at the meeting. iii) Mr Tendai Mafunda resigned from the Board on 19 August 2015.			
4	Ordinary	To approve the remuneration of the Directors for the past financial year.			
5	Ordinary	5.1 To ratify the appointment of Deloitte & Touche (Zimbabwe) as the Company's auditor for 2015. 5.2 To approve the remuneration to Deloitte & Touche (Zimbabwe) for the past financial year's audit, in terms of Article 112 of the Articles of the Company. 5.3 To re-appoint Deloitte & Touche (Zimbabwe) as the Company's auditor for the ensuing year.			

GENERAL BUSINESS

Resolution Number	Type of Resolution	Provision of the Resolution	In favour of	Against	Abstain
6	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 ....2016.

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, Ground Floor, 21 Natal Road, Avondale, 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.

Imagine a financial services Group that takes responsibility for your money, but never takes control.