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REVIEWED FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business



CHAIRMAN’S STATEMENT

Introduction
I am pleased to present an update on the performance of CBZ Holdings Limited and its subsidiaries for the half year to 30 June 2020.

Operating Environment
During the period under review, economic and business activity noticeably shifted to, and revolved around, the coronavirus – which was declared a global pandemic by the World Health Organisation “WHO” on 11 March 2020.

On the downside, the pandemic disrupted global production, international trade, global supply chains and aggregate demand – especially as Governments implemented restrictive measures to combat the spread of the virus. As a result, the International Monetary Fund “IMF” downgraded its 2020 global growth forecast from a forecast of 3.3% to -4.9%. The IMF cited lower commodity demand, reduced tourist arrivals, slowdown in global financial inflows, currency volatility and high inflation.

In Zimbabwe, the Ministry of Finance reduced the country’s 2020 growth forecast from a forecast of 3.0% to -4.5%. Among the most affected sectors were tourism & hospitality, transport and aviation - as people travelled less and cancelled hotel bookings. Diaspora remittances declined sharply to a record low of US\$30 million during the hard lockdown period in April 2020, but noticeably recovered to USD85.8 million in June 2020. Additionally, the COVID-19 pandemic, together with sustained headwinds, also resulted in persistent currency weaknesses and rising inflationary pressures. In fact, the ZW Dollar depreciated from an average of ZW\$3.3/ USD in the first half of 2019 to an average of ZW\$23.44/ USD during the first half of 2020. The month-on-month inflation rate also rose from an average of 12.4% during the first half of 2019 to an average of 17.8% during the comparative period of 2020.

On the upside however, the coronavirus pandemic resulted in the emergence of new opportunities in the healthcare & pharmaceuticals, ICT and manufacturing, among other sectors that directly offered solutions to fight the global pandemic. Agile businesses were therefore, able to undertake business model innovation and subsequently pivot on the new normal during the period under review. This, together with Government and private sector interventions to combat the pandemic, also presented new opportunities for the financial services sector.

Meanwhile, on the regulatory front, the Reserve Bank of Zimbabwe introduced measures to stabilise and strengthen the financial services sector. These measures included, amongst others, the introduction of USD indexed new minimum capital requirements as follows:-

- **Tier 1** Banks (large indigenous commercial banks and foreign owned banks) – USD30 million.
- **Tier 2** Banks (Commercial banks, Merchant banks, Building societies, Development banks, Finance & Discount houses) – USD20 million.
- **Tier 3** Banks (Deposit taking microfinance banks) – USD5 million.
- Credit only microfinance banks – USD25 000.

The RBZ, through the 2020 Mid Term Monetary Policy Review, extended the deadline for compliance with the new minimum capital requirements to 31 December 2021.

The Insurance & Pensions Commission “IPEC” also issued guidelines for the insurance and pensions industry on adjusting insurance and pension values in response to the currency reforms in terms of Section 3 (1) (a) of Statutory Instrument 69 of 2020.

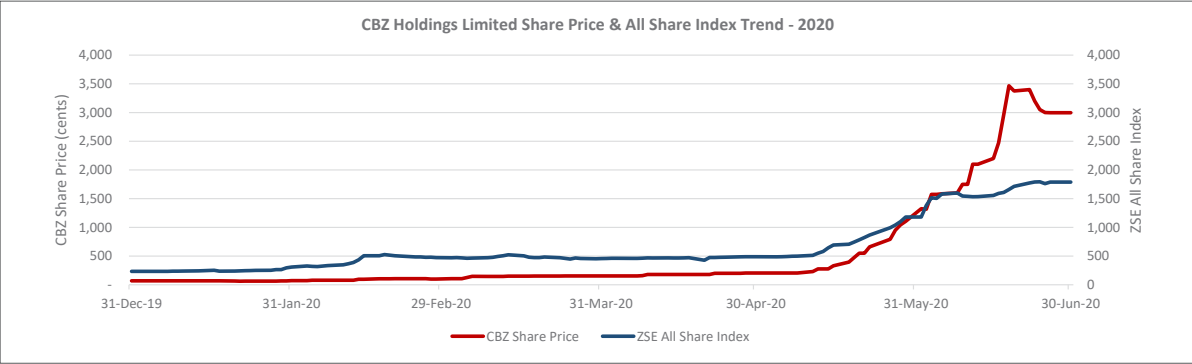
Meanwhile, the CBZ Group contributed directly and indirectly towards the fight against the pandemic, including through enhancing the safety of its staff members and clients as well as various donations.

Corporate Social Responsibility
The CBZ Group continued to invest in corporate social initiatives during the first half of the year. Most of the initiatives were a response to the global Covid-19 pandemic.

Donations were made towards the bulk purchase of sanitisers for Parirenyatwa Hospital, Wilkins Isolation Centre, Harare Hospital, Mpilo Hospital and disinfecting solutions for St Giles Rehabilitation Centre. In addition, the Group also funded the capacitation of St Annes Hospital as a COVID-19 Centre through SOTZIM, donated an ambulance to the Ministry of Health and Child Care to assist with contact tracing, donated funds towards the maintenance of Makomborero Trust and donated PPE to the University Zimbabwe (UZ)-Department of Medical Microbiology. The Group responded to the Victoria Falls Famine Appeal, by procuring grocery packs upon the closure of tourism activities in the resort town.

In support of the Health Sporting Excellence awareness, the Group successfully hosted the CBZ 2020 Marathon in March 2020, where more than 2000 athletes participated

Share Price Performance
The CBZH share price advanced by 4198.55% to close at ZW 2996.52c in the first half of 2020, outperforming the overall market, as shown in the graph below.



Source: ZSE

Governance & Directorship
As Chairman of the Board of Directors of CBZ Holdings Limited, it is my responsibility to ensure that the Group has both sound corporate governance and an effective Board. My responsibilities include leading the Board effectively, overseeing the Group’s corporate governance model, communicating with shareholders and ensuring that good information flows freely between the Executive and Non-Executive Directors in a timely manner.

The Board believes that corporate governance is more than just a set of guidelines; rather it is a framework which underpins the core values for running the business in which we all believe, including a commitment to open and transparent communications with stakeholders. We believe that good corporate governance improves long-term success and performance.

There have been some changes in directorship throughout the Group and these are outlined in the detailed corporate governance statement.

Overview of the Group’s performance
The table below summarises the Group’s financial performance for the first half of the year.

	INFLATION ADJUSTED		HISTORICAL		INFLATION ADJUSTED	HISTORICAL
	Reviewed 30 Jun 20 ZWL\$m	Reviewed 30 Jun 19 ZWL\$m	Unaudited 30 Jun 20 ZWL\$m	Reviewed 30 Jun 19 ZWL\$m	Audited 31 Dec 19 ZWL\$m	Unaudited 31 Dec 19 ZWL\$m
Key Financial Highlights						
Profit after taxation	1 821.0	1 310.5	3 492.9	269.2	818.8	925.0
Total comprehensive income	2 553.8	3 384.1	5 542.5	586.9	2 314.8	1 733.3
Total assets	58 648.5	32 544.0	56 138.7	3 714.0	46 718.9	16 960.0
Total equity	9 937.6	8 468.8	7 579.9	896.3	7 383.8	2 037.5
Total deposits	45 014.1	22 288.1	45 014.1	2 690.9	34 229.3	13 065.0
Total advances	12 243.4	5 433.7	12 243.4	649.0	7 896.2	3 013.9
Other statistics						
Basic earnings per share (cents)	701.64	505.33	1 345.63	51.97	60.29	178.19
Non-interest income to total income (%)	88.8	83.5	92.9	78.5	83.4	91.3
Cost to income ratio (%)	31.6	26.3	21.9	37.0	40.1	29.8
Return on assets (%)	7.5	11.6	21.3	10.1	5.3	11.6
Return on equity (%)	42.1	38.5	145.3	45.4	13.1	78.6
Growth in deposits (YTD %)	31.5	(34.1)	244.5	29.4	51.9	385.5
Growth in advances (YTD %)	55.1	(31.4)	306.2	33.3	45.3	364.4
Growth in PAT (YOY %)	39.0	65.4	2442.1	90.4	82.7	1181.6

Dividend
The Board has proposed the declaration of an interim dividend of ZWL\$350 000 000 or 67.05 cents per share. This declaration translates to a growth of 6 244.3% on the comparative 2019 interim dividend.

Outlook
Both the monetary and fiscal authorities, through the Mid Term Policy Review, announced further measures to support the foreign currency auction market, stabilise the exchange rate and prices, and ultimately the macroeconomic environment. The impact of these measures will be felt during the second half of the year. However, policy conduct is expected to remain constrained by the continued lack of balance of payments and budgetary support, as well as the need to balance the competing goals of supporting economic growth and social wellbeing. Nevertheless, the Group remains committed to helping its staff, clients and communities in navigating the COVID-19 pandemic. The safety and wellbeing of our employees and clients will remain one of our priorities.

Appreciation
My appreciation goes to our valued clients who remain the mainstay of our success. I also wish to thank fellow Directors from the Board, the Boards of Subsidiary Companies, Management and Staff, for their continued commitment to the organisation.

Marc Holtzman
M Holtzman
Group Chairman
25 September 2020

AUDITOR’S STATEMENT

The Group’s inflation adjusted interim financial statements from which these abridged results have been extracted have been reviewed by the Group’s external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse review conclusion as a result of the impact of the following prior year matters: non-compliance with International Accounting Standard 21, “The Effects of Changes in Foreign Exchange Rates” and International Accounting Standard 8, “Accounting Policies, Changes in Accounting Estimates and Errors”; the consequential impact on the inflation-adjusted amounts determined in terms of IAS 29 and valuation of investment properties, due to lack of market evidence to support property valuation inputs. The auditor’s review conclusion on the Group’s inflation adjusted interim financial statements is available for inspection at the Company’s registered office. The engagement partner for this review is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2020

	NOTES	REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATE 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
Interest income	2	979 064 640	813 113 485	549 624 929	68 833 378
Interest expense	2	(258 893 891)	(240 035 696)	(167 564 924)	(20 916 943)
Net interest income		720 170 749	573 077 789	382 060 005	47 916 435
Non interest income	3	6 608 132 658	3 299 172 884	5 595 903 542	330 904 828
Net underwriting income	4	117 333 042	80 374 332	45 721 501	6 471 337
Total income		7 445 636 449	3 952 625 005	6 023 685 048	385 292 600
Operating expenditure	5	(2 355 186 851)	(1 038 400 664)	(1 318 351 505)	(93 851 624)
Operating income		5 090 449 598	2 914 224 341	4 705 333 543	291 440 976
Transfer to annuities reserve		(12 309 972)	-	(12 309 972)	-
Credit loss expense	14	(788 837 991)	(28 835 415)	(788 837 991)	(3 421 005)
Charge for impairment on insurance assets		(5 350 925)	(908 508)	(5 350 925)	(108 510)
Monetary loss		(2 316 065 771)	(780 001 586)	-	-
Profit before taxation		1 967 884 939	2 104 478 832	3 898 834 655	287 911 461
Taxation	6.1	(146 876 066)	(793 996 112)	(405 889 705)	(18 722 806)
Profit after tax for the period		1 821 008 873	1 310 482 720	3 492 944 950	269 188 655
Items that will not be reclassified to profit or loss in subsequent periods					
Other comprehensive income					
Gains on property revaluations		831 019 534	822 245 431	2 086 382 412	206 767 637
Gains on equity instruments at FVOCI		65 206 582	69 195 875	373 748 065	30 768 164
Exchange gains on change of functional currency		-	1 330 296 074	-	121 856 913
Deferred income tax relating to components of other comprehensive income	6.3	(162 012 212)	(146 892 536)	(407 194 413)	(41 534 792)
		734 213 904	2 074 844 844	2 052 936 064	317 857 922
Items that will be reclassified to profit or loss in subsequent periods					
Exchange losses on translation of a foreign subsidiary	30.9	(1 449 858)	(1 244 519)	(3 407 250)	(100 332)
Other comprehensive income for the period net of tax		732 764 046	2 073 600 325	2 049 528 814	317 757 590
Total comprehensive income for the period		2 553 772 919	3 384 083 045	5 542 473 764	586 946 245
Profit for the period attributable to:					
Equity holders of parent		1 820 908 031	1 311 424 823	3 492 189 858	269 380 529
Non controlling interests	30.7	100 842	(942 103)	755 092	(191 874)
		1 821 008 873	1 310 482 720	3 492 944 950	269 188 655
Total comprehensive income for the period attributable to:					
Equity holders of parent		2 553 341 844	3 384 198 141	5 540 972 642	587 034 423
Non controlling interests	30.7	431 075	(115 096)	1 501 122	(88 178)
		2 553 772 919	3 384 083 045	5 542 473 764	586 946 245
Earnings per share (cents)					
Basic	7.1	701.64	505.33	1 345.63	51.97
Fully diluted	7.1	701.64	505.33	1 345.63	49.75
Headline	7.1	546.92	154.06	923.92	29.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATE 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
ASSETS					
Balances with banks and cash	9	4 871 108 688	6 288 464 203	4 871 108 688	2 400 254 233
Money market assets	10	1 673 962 670	587 293 985	1 673 962 670	224 165 206
Financial securities	11	1 050 986 861	3 122 296 477	1 050 986 861	1 191 754 472
Loans and advances to customers	12	12 243 389 577	7 896 166 908	12 243 389 577	3 013 900 920
Insurance assets	13	151 592 933	199 311 251	147 487 981	74 792 150
Equity investments	17	1 173 355 033	555 654 565	1 173 355 033	212 088 704
Land inventory	16	1 920 518 178	1 928 988 121	141 551 269	139 034 053
Other assets	15	29 614 867 687	21 693 245 227	29 442 342 847	8 162 478 639
Current tax receivable		563 193	1 441 014	563 193	550 023
Intangible assets	22	21 610 447	27 353 950	2 478 967	2 924 000
Property and equipment	20	3 508 599 339	2 677 383 249	3 021 202 159	873 439 372
Investment properties	21	2 069 764 661	1 463 447 124	2 069 764 661	558 585 537
Deferred tax asset	23.1	348 188 029	277 866 548	300 548 762	106 041 533
TOTAL ASSETS		58 648 507 296	46 718 932 622	56 138 742 668	16 960 008 842
LIABILITIES					
Deposits	24	45 014 049 555	34 229 302 952	45 014 049 555	13 065 038 880
Insurance liabilities	25	100 924 538	155 094 713	124 885 775	59 198 356
Other liabilities	26	2 255 980 008	3 816 317 504	2 145 645 580	1 423 998 444
Current tax payable		298 295 284	269 917 985	298 295 284	103 025 439
Life fund	27	18 280 005	10 309 091	18 280 005	3 934 894
Investment contract liabilities	28	9 857 771	8 931 427	9 857 771	3 409 051
Deferred tax liability	23.2	1 009 819 514	834 774 719	944 079 636	259 951 917
Lease liability	20.1b	3 723 624	10 480 153	3 723 624	4 000 187
		48 710 930 299	39 335 128 544	48 558 817 230	14 922 557 168
EQUITY					
Share capital	30.1	97 768 656	97 768 656	5 220 162	5 220 162
Share premium	30.2	597 459 709	597 459 709	33 876 209	33 876 209
Revaluation reserve	30.4	767 698 325	71 367 410	2 340 755 856	592 078 214
Fair value reserve	30.8	263 685 187	226 132 431	468 320 011	164 807 619
Retained earnings	30.6	6 879 930 284	5 059 022 253	4 641 716 579	1 149 526 721
Foreign currency translation reserve	30.9	1 329 177 416	1 330 627 274	88 115 525	91 522 775
Equity attributable to equityholders of the parent		9 935 719 577	7 382 377 733	7 578 004 342	2 037 031 700
Non controlling interests	30.7	1 857 420	1 426 345	1 921 096	419 974
TOTAL EQUITY		9 937 576 997	7 383 804 078	7 579 925 438	2 037 451 674
TOTAL LIABILITIES AND EQUITY		58 648 507 296	46 718 932 622	56 138 742 668	16 960 008 842

The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information.



REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY											
FOR THE HALF YEAR ENDED 30 JUNE 2020											
	Share capital ZWL\$	Share premium ZWL\$	Treasury shares ZWL\$	Share option reserve ZWL\$	Revaluation reserve ZWL\$	Fair value reserve ZWL\$	*FCTR ZWL\$	Retained earnings ZWL\$	Total equity attributable to parent ZWL\$	Non--controlling interests ZWL\$	Total ZWL\$
INFLATION ADJUSTED											
Restated 30 June 2019											
Opening balance	111 793 566	651 318 705	(286 229 632)	18 939 321	–	132 689 055	–	4 508 717 474	5 137 228 489	1 984 434	5 139 212 923
Profit for the period	–	–	–	–	–	–	–	1 311 424 823	1 311 424 823	(942 103)	1 310 482 720
Other comprehensive income for the period	–	–	–	–	678 571 641	65 736 081	1 328 465 596	–	2 072 773 318	827 007	2 073 600 325
Employee share option expense	–	–	–	119 509	–	–	–	–	119 509	–	119 509
Exercise of share options	–	–	–	(124 132)	–	–	–	–	(124 132)	–	(124 132)
Dividend paid	–	–	–	–	–	–	–	(54 467 318)	(54 467 318)	(29 476)	(54 496 794)
Treasury shares cancellation	(14 148 135)	(55 233 605)	286 229 632	–	–	–	–	(216 847 892)	–	–	–
Closing balance	97 645 431	596 085 100	–	18 934 698	678 571 641	198 425 136	1 328 465 596	5 548 827 087	8 466 954 689	1 839 862	8 468 794 551
30 June 2020											
Opening balance	97 768 656	597 459 709	–	–	71 367 410	226 132 431	1 330 627 274	5 059 022 253	7 382 377 733	1 426 345	7 383 804 078
Profit for the period	–	–	–	–	–	–	–	1 820 908 031	1 820 908 031	100 842	1 821 008 873
Other comprehensive income for the period	–	–	–	–	696 330 915	37 552 756	(1 449 858)	–	732 433 813	330 233	732 764 046
Closing balance	97 768 656	597 459 709	–	–	767 698 325	263 685 187	1 329 177 416	6 879 930 284	9 935 719 577	1 857 420	9 937 576 997
	Share capital ZWL\$	Share premium ZWL\$	Treasury shares ZWL\$	Share option reserve ZWL\$	Revaluation reserve ZWL\$	Fair value reserve ZWL\$	*FCTR ZWL\$	Retained earnings ZWL\$	Total equity attributable to parent ZWL\$	Non--controlling interests ZWL\$	Total ZWL\$
HISTORICAL											
Unaudited 30 June 2019											
Opening balance	6 869 625	40 023 014	(17 588 582)	1 163 806	32 139 314	8 153 639	–	244 917 776	315 678 592	121 942	315 800 534
Profit for the period	–	–	–	–	–	–	–	269 380 529	269 380 529	(191 874)	269 188 655
Total comprehensive income for the period	–	–	–	–	171 284 252	24 613 061	121 756 581	–	317 653 894	103 696	317 757 590
Employee share option expense	–	–	–	14 274	–	–	–	–	14 274	–	14 274
Exercise of share options	4 434	49 439	–	(14 826)	–	–	–	–	39 047	–	39 047
Dividend paid	–	–	–	–	–	–	–	(6 505 442)	(6 505 442)	(3 520)	(6 508 962)
Treasury shares cancellation	(1 689 820)	(6 596 966)	17 588 582	–	–	–	–	(9 301 796)	–	–	–
Closing balance	5 184 239	33 475 487	–	1 163 254	203 423 566	32 766 700	121 756 581	498 491 067	896 260 894	30 244	896 291 138
30 June 2020											
Opening balance	5 220 162	33 876 209	–	–	592 078 214	164 807 619	91 522 775	1 149 526 721	2 037 031 700	419 974	2 037 451 674
Profit for the period	–	–	–	–	–	–	–	3 492 189 858	3 492 189 858	755 092	3 492 944 950
Other comprehensive income for the period	–	–	–	–	1 748 677 642	303 512 392	(3 407 250)	–	2 048 782 784	746 030	2 049 528 814
Closing balance	5 220 162	33 876 209	–	–	2 340 755 856	468 320 011	88 115 525	4 641 716 579	7 578 004 342	1 921 096	7 579 925 438

* FCTR - Foreign Currency Translation Reserve

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2020

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	1 967 884 939	2 104 478 832	3 898 834 655	287 911 461
Non cash items:				
Monetary loss	2 316 065 771	780 001 586	–	–
Depreciation	105 737 104	57 429 334	31 464 449	7 898 825
Amortisation of intangible assets	5 653 673	6 726 558	689 671	667 965
Write-offs of property and equipment	–	2 985 256	–	128 250
Write off of intangible Assets	458 485	–	175 000	–
Write off of investment properties	131 703 172	–	50 270 000	–
Fair value adjustments on investment properties	(665 495 530)	(693 470 927)	(1 504 144 631)	(158 169 029)
Fair value adjustments on financial instruments	(55 805 015)	51 207 938	(98 524 404)	(5 237 524)
Expected credit loss expense	788 837 990	28 642 000	788 837 989	3 421 005
Impairment on insurance assets	5 350 925	908 508	5 350 925	108 510
Unrealised loss on foreign currency position	(2 098 062 093)	99 455 918	(1 789 599 703)	41 891 107
Exchange gains on change of functional currency	–	(1 904 604 080)	–	(131 787 231)
Profit on disposal of investment properties	114 230 136	–	37 611 990	–
Unearned premium reserve movement	(10 657 917)	28 003 979	15 938 716	2 155 937
Incurred But Not Reported (IBNR) claims provisions	3 350 680	1 829 921	2 366 930	233 612
Deferred commission movement	2 206 561	3 796 501	301 576	373 564
Profit on sale of property and equipment	(71 610)	(348 805)	(104 172)	(69 095)
Annuities reserve movement	12 309 972	–	12 309 972	–
Employee share option expense	–	119 509	–	14 274
Interest on lease liability	346 518	469 323	190 755	325 416
Operating cash flows before changes in operating assets and liabilities	2 624 043 761	567 631 351	1 451 969 718	49 867 047
Changes in operating assets and liabilities				
Deposits	802 807 332	4 273 676 911	461 545 788	150 499 447
Loans and advances to customers	(14 449 591 437)	(969 432 683)	(8 307 283 462)	(108 196 313)
Life assurance investment contract liabilities	11 216 828	12 219 061	6 448 720	346 539
Money market assets	(1 538 061 295)	(1 450 010 941)	(884 254 148)	(132 250 636)
Financial securities	244 835 883	1 872 335 886	140 763 555	72 492 042
Insurance assets	(72 620 426)	(83 858 577)	(50 646 048)	(7 688 549)
Insurance liabilities	47 506 713	130 829 654	21 714 630	3 953 990
Land inventory	(123 233 229)	32 110 010	(62 787 216)	5 798 583
Other assets	8 381 563 918	(188 353 545)	7 062 358 087	(14 841 715)
Other Liabilities	4 980 514 591	3 705 606 547	261 060 230	20 936 790
	(1 715 061 122)	7 335 122 323	(1 341 079 864)	(8 949 822)
TAXATION				
Corporate tax paid	(174 889 840)	(61 177 088)	(128 206 957)	(6 678 666)
Net cash inflow/(outflow) from operating activities	734 092 799	7 841 576 586	(17 317 103)	34 238 559
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of investment property	22 924 282	–	14 738 705	–
Investment in equities during the period	(505 892 054)	(41 470 005)	(494 585 172)	(3 566 416)
Investments disposed during the period	9 203 183	8 576 361	5 591 312)	1 158 929
Purchase of investment property	(61 291 934)	(2 174 337)	(57 157 875)	(468 806)
Proceeds on disposal of property and equipment	124 274	1 020 697	124 274	142 292
Purchase of property and equipment	(133 096 487)	(129 974 035)	(99 026 553)	(12 490 688)
Purchase of intangible assets	(368 655)	(4 492 914)	(419 638)	(304 676)
Net cash outflow from investing activities	(668 397 391)	(168 514 233)	(630 734 947)	(15 529 365)
CASH FLOWS FROM FINANCING ACTIVITIES				
Exercise of employee share options	–	326 904	–	39 047
Lease liability principal payment	(1 090 957)	(4 248 087)	(757 488)	(1 673 403)
Interest on lease liability paid	(346 518)	(469 323)	(190 755)	(325 416)
Dividend Paid	–	(54 496 793)	–	(6 508 962)
Net cash inflow/(outflow) from financing activities	(1 437 475)	(58 887 299)	(948 243)	(8 468 734)
Net increase/ (decrease) in cash and cash equivalents	64 257 933	7 614 175 054	(649 000 293)	10 240 460
Cash and cash equivalents at beginning of period	6 288 464 203	6 124 380 141	2 400 254 233	376 338 271
Exchange gains on foreign cash balances	3 119 854 748	1 968 296 673	3 119 854 748	394 362 583
Inflation effects on cash and cash equivalents	(4 601 468 196)	(9 168 360 753)	–	–
Cash and cash equivalents at end of period	4 871 108 688	6 538 491 115	4 871 108 688	780 941 314
ADDITIONAL INFORMATION ON OPERATIONAL CASH FLOWS ON DIVIDENDS				
Dividends received from Group unquoted equity instruments	37 021 515	13 638 929	18 630 462	985 074
	37 021 515	13 638 929	18 630 462	985 074

The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information.

ACCOUNTING POLICIES

FOR THE HALF YEAR ENDED 30 JUNE 2020

1. GROUP ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for new standards and amendments adopted effective 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group. For a detailed analysis of the Group's accounting policies, kindly refer to the Group's 2019 annual report which is available at the Company registered offices.

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as the requirements of the Companies Act (Chapter 24.03), Banking Act (Chapter 24.20), Insurance Act (Chapter 24.07), the Building Society Act (Chapter 24.02) and the Securities Act (Chapter 24.25). The consolidated financial results have been restated take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

Determination of the functional currency

The Group is operating in an environment which has witnessed significant monetary and exchange control policy changes. These policies include the Exchange control Directive RV 175/2020 which introduced the Foreign Exchange Auction trading system which became operational from 23 June 2020 and the Statutory Instrument (SI) 85 of 2020 which authorized the use of free-funds in paying for goods and services.

Given the context of the environment, management has assessed if there has been a change in the functional currency used by the Group. This assessment included consideration of whether the use of free funds in paying for goods and services may represent a change in functional currency.

In light of the developments summarised above, the Directors concluded that the Group's functional currency remains the Zimbabwe dollar (ZWL) as presented in the prior year financial statements.

Basis of consolidation

The Group's consolidated financial results incorporate the financial results of the Company and entities controlled by the Company. Control is achieved when the Company has power over the investee, is exposed or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned above. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired and up to the date control ceased. The financial results of the subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that are recognised in assets and liabilities and income and expenses are eliminated in full. Non-controlling interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the prior year financial statements.

Changes in significant accounting policies

The details of changes in accounting policies are disclosed below:

1.1 a) Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

1.1 b) Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

1.1 c) Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

1.1 d) Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

1.2 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

These financial results have been prepared in accordance with IAS 29 which requires that the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit

The Group adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Dates	Indices	Conversion Factors
30 June 2019	172.61	8.3725
31 December 2019	551.625	2.6199
30 June 2020	1 445.211	1.0000

The procedures applied in the above restatement of transactions and balances are as follows:

- All comparative figures as at and of the period ended 30 June 2019 and 31 December 2019 were restated by applying the change in the index from the date of last re-measurement to 30 June 2020.
- Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at balance sheet and components of shareholders' equity were restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 30 June 2020. Property and equipment is restated by applying the change in the index from the date of transaction to 30 June 2020.
- Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. Depreciation



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

1. INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the half year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 18 September 2020. The Group offers commercial banking, mortgage finance, Asset management, Short term insurance, Life assurance, Agro business and other financial services and is incorporated in Zimbabwe.

	REVIEWED		UNAUDITED	
	INFLATION 30 JUN 2020 ZWL\$	ADJUSTED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
2. INTEREST				
Interest Income				
Bankers acceptances	241 232	1 173 543	143 667	54 180
Overdrafts	406 003 767	144 897 666	203 618 355	16 210 452
Loans	394 205 936	96 873 988	230 787 292	8 569 681
Mortgage loans	35 218 975	72 499 119	21 296 607	5 786 957
Staff loans	3 789 242	19 771 114	2 253 199	1 557 364
Securities investments	101 042 862	457 458 223	65 404 847	36 117 245
Other investments	38 562 626	20 439 832	26 120 962	537 499
	979 064 640	813 113 485	549 624 929	68 833 378
Interest expense				
Call deposits	1 363 492	4 625 313	940 119	344 955
Savings deposits	53 005 105	55 846 730	21 719 830	5 717 671
Money market deposits	175 106 230	148 691 360	123 563 581	11 605 139
Other offshore deposits	29 072 546	30 402 970	21 150 639	2 923 762
Lease liability	346 518	469 323	190 755	325 416
	258 893 891	240 035 696	167 564 924	20 916 943
NET INTEREST INCOME	720 170 749	573 077 789	382 060 005	47 916 435
3. NET NON-INTEREST INCOME				
Net income from trading securities	2 995 326	2 926 801	2 620 268	349 570
Fair value adjustments on financial instruments	55 805 015	(51 207 938)	98 524 404	5 237 524
Fair value adjustments on properties	665 495 530	693 470 927	1 504 144 631	158 169 029
Net income from foreign currency dealing	81 735 811	150 722 285	47 300 299	14 165 666
Unrealised (loss)/profit on foreign currency exchange	2 098 062 093	(99 455 918)	1 789 599 703	(41 891 107)
Agro Business Income	2 895 103 870	-	1 673 936 535	-
Functional currency change exchange gains	-	1 904 604 080	-	131 787 231
Commission and fee income	706 633 196	579 439 160	423 553 599	47 395 577
Profit on disposal of property and equipment	71 610	348 805	104 172	69 095
Bad debts recovered	9 603 798	36 562 848	9 441 368	2 852 513
Property sales	15 846 222	53 393 716	7 034 195	4 166 105
Lease income	10 259 414	12 603 071	6 324 638	1 306 539
Other operating income	66 520 773	15 765 047	33 319 730	7 297 086
	6 608 132 658	3 299 172 884	5 595 903 542	330 904 828
4. NET UNDERWRITING INCOME				
Gross premium insurance	220 379 704	247 518 784	135 952 590	19 735 805
Reinsurance	(83 678 425)	(98 025 777)	(57 837 837)	(7 908 408)
Net written premium	136 701 279	149 493 007	78 114 753	11 827 397
Unearned premium	10 657 917	(28 003 979)	(15 938 716)	(2 155 937)
Net earned premium	147 359 196	121 489 028	62 176 037	9 671 460
Net commission(a)	(7 489 003)	(5 307 779)	(2 821 937)	(261 947)
Net claims (b)	(22 537 151)	(35 806 917)	(13 632 599)	(2 938 176)
	117 333 042	80 374 332	45 721 501	6 471 337
(a) Net Commissions				
Commission received	23 877 662	24 529 032	16 652 297	1 999 909
Commission paid	(29 160 104)	(26 040 310)	(19 172 658)	(1 888 292)
Deferred acquisition costs	(2 206 561)	(3 796 501)	(301 576)	(373 564)
	(7 489 003)	(5 307 779)	(2 821 937)	(261 947)
(b) Net Claims				
Gross claims incurred	53 995 538	73 188 213	25 297 087	5 933 960
Reinsurance claims	(16 832 056)	(40 354 554)	(14 539 337)	(3 463 857)
Incurred but not yet reported claims	3 350 680	1 829 921	2 366 930	233 612
Gross outstanding claims	(8 694 732)	1 143 337	992 168	41 608
Reinsurance share of outstanding claims	(9 282 279)	(1 614 671)	(484 249)	192 853
	22 537 151	35 806 917	13 632 599	2 938 176
5. OPERATING EXPENDITURE				
Staff costs	874 185 553	581 561 708	605 714 670	48 013 100
Administration expenses	1 230 065 834	362 418 908	625 453 888	34 970 126
Audit fees	5 499 204	5 801 819	3 701 773	422 819
Depreciation	105 737 104	57 429 334	31 464 449	7 898 825
Write off and impairment of fixed assets	-	2 985 256	-	128 250
Amortisation of intangible assets	5 653 673	6 726 558	689 671	667 965
Property cost of sales	1 883 826	21 477 081	882 054	1 750 539
Write off intangible assets	458 485	-	175 000	-
Write off of investment properties	131 703 172	-	50 270 000	-
	2 355 186 851	1 038 400 664	1 318 351 505	93 851 624
Remuneration of directors and key management personnel (included in staff costs)				
Fees for services as directors	10 217 588	5 479 671	5 874 242	431 782
Pension and retirement benefits for past and present directors	4 990 310	5 761 623	2 869 003	453 999
Salaries and other benefits	143 042 955	115 627 494	82 237 507	9 111 108
	158 250 853	126 868 788	90 980 752	9 996 889
6. TAXATION				
6.1 The following constitutes the major components of income tax expense recognised in the Statement of Profit or Loss.				
Analysis of tax charge in respect of the profit for the period				
Current income tax charge	204 144 965	88 973 978	323 463 629	8 471 817
Deferred income tax	(57 268 899)	705 022 134	82 426 076	10 250 989
Income tax expense	146 876 066	793 996 112	405 889 705	18 722 806
6.2 Tax rate reconciliation				
Notional tax	24.00	25.00	24.00	25.00
Aids levy	0.72	0.75	0.72	0.75
Non deductible expenses	11.27	42.72	7.18	20.08
Exempt income	(28.44)	(30.72)	(21.45)	(33.53)
Tax credit	(0.09)	(0.02)	(0.04)	(0.31)
Effective tax rate	7.46	37.73	10.41	11.99

Included in exempt income is income from government bills, mortgage housing income and dividend income. Non-Deductible expenses include expenditure on exempt income, excess pension costs and disallowable donations.

6.3 The following constitutes the major components of deferred income tax expense recognised in the Statement of Other Comprehensive Income.

Revaluation of property and equipment	134 358 386	143 432 742	336 958 740	35 379 689
Unlisted equities	27 653 826	3 459 794	70 235 673	6 155 103
	162 012 212	146 892 536	407 194 413	41 534 792

7. EARNINGS PER SHARE

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

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

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

	REVIEWED		UNAUDITED	
	INFLATION 30 JUN 2020 ZWL\$	ADJUSTED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
7.1 Annualised earnings per share (ZWL cents)				
Basic	701.64	505.33	1 345.63	51.97
Fully diluted	701.64	505.33	1 345.63	49.75
Headline	546.92	154.06	923.92	29.01
7.2 Earnings				
Basic (earnings attributable to holders of parent)	1 820 908 031	1 311 424 823	3 492 189 858	269 380 529
Fully diluted	1 820 908 031	1 311 424 823	3 492 189 858	269 380 529
Headline	1 419 360 383	798 480 225	2 397 766 355	151 983 948
Number of shares used in calculations (weighted)				
Basic	519 041 880	518 299 520	519 041 880	518 299 520
Fully diluted	519 041 880	541 477 271	519 041 880	541 477 271
Headline	519 041 880	518 229 520	519 041 880	518 299 520

	REVIEWED		UNAUDITED	
	INFLATION 30 JUN 2020 ZWL\$	ADJUSTED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:				
Weighted average number of shares before adjustment for treasury shares	519 041 880	518 299 520	519 041 880	518 299 520
Weighted average number of shares used for basic EPS	519 041 880	518 299 520	519 041 880	518 299 520
Potentially dilutive shares Employee Share Options	-	23 177 751	-	23 177 751
Weighted average number of shares used for diluted EPS	519 041 880	541 477 271	519 041 880	541 477 271
7.4 Headline Earnings				
Profit attributable to ordinary shareholders	1 820 908 031	1 311 424 823	3 492 189 858	269 380 529
Adjusted to exclude re-measurements				
Impairment on property and equipment and land inventory	-	2 985 256	-	128 250
Write-off of investment properties	131 703 172	-	50 270 000	-
Write-off of intangible asset	458 485	-	175 000	-
Disposal profit on property and equipment	(71 610)	(348 805)	(104 172)	(69 095)
Gains on Investment Properties valuation	(665 495 530)	(693 470 927)	(1 504 144 631)	(158 169 029)
Tax relating to remeasurements	131 857 835	170 774 282	359 380 300	39 084 761
Headline earnings	1 419 360 383	798 480 225	2 397 766 355	151 983 948
8. DIVIDENDS				
Cash dividends on ordinary shares declared and paid:				
Final dividend	-	54 467 318	-	6 505 442
Final dividend per share (cents)	-	10.51	-	1.74
Dividends are paid on shares held at the record date net of treasury shares held on the same date.				
Proposed dividends on ordinary shares:				
Interim dividend	350 000 000	46 189 371	350 000 000	5 516 745
Interim dividend per share (cents)	67.05	8.91	67.05	1.06
Proposed dividends on ordinary shares are subject to approval and are not recognised as a liability as at 30 June 2020				

	REVIEWED		UNAUDITED	
	INFLATION 30 JUN 2020 ZWL\$	ADJUSTED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
9. BALANCES WITH BANKS AND CASH				
Cash	1 387 894 433	748 329 237	1 387 894 433	285 631 016
Nostro accounts	2 190 992 081	2 353 952 670	2 190 992 081	898 484 062
Balances with the Reserve Bank of Zimbabwe	1 068 367 584	2 741 157 813	1 068 367 584	1 046 277 029
RBZ Statutory reserve	223 854 590	445 024 483	223 854 590	169 862 126
	4 871 108 688	6 288 464 203	4 871 108 688	2 400 254 233
RBZ Statutory reserve balance relates to restricted liquid reserve, determined in line with the RBZ Statutory reserve guidelines currently, 2.5% of qualifying RTGS deposits.				
10. MONEY MARKET ASSETS				
Interbank Placements	1 671 369 203	584 650 280	1 671 369 203	223 156 126
RBZ Savings bonds	-	2 357 924	-	900 000
Accrued interest	2 880 708	778 705	2 880 708	297 225
Total gross money market assets	1 674 249 911	587 786 909	1 674 249 911	224 353 351
Expected credit loss	(287 241)	(492 924)	(287 241)	(188 145)
Total net money market assets	1 673 962 670	587 293 985	1 673 962 670	224 165 206
10.1 Maturity analysis				
The maturity analysis of money market assets is shown below.				
Between 0 and 3 months	1 654 675 911	581 423 484	1 654 675 911	221 924 485
Between 3 and 6 months	19 574 000	2 398 622	19 574 000	915 534
Between 6 and 12 months	-	3 964 803	-	1 513 332
	1 674 249 911	587 786 909	1 674 249 911	224 353 351
11. FINANCIAL SECURITIES				
Treasury bills	1 019 138 799	3 043 218 668	1 019 138 799	1 161 571 133
Savings bonds	200 000	523 983	200 000	200 000
Accrued interest	31 730 392	78 758 892	31 730 392	30 061 611
Total gross financial securities	1 051 069 191	3 122 501 543	1 051 069 191	1 191 832 744
Expected credit loss	(82 330)	(205 066)	(82 330)	(78 272)
Total net financial securities	1 050 986 861	3 122 296 477	1 050 986 861	1 191 754 472
11.1 Maturity analysis				
The maturity analysis of financial securities is shown below:				
Between 0 and 3 months	51 257 363	178 282 648	51 257 362	68 048 997
Between 3 and 6 months	15 966 779	30 280 246	15 966 779	11 557 717
Between 6 and 12 months	4 767 335	94 667 124	4 767 335	36 133 650
Between 1 and 5 years	65 185 586	396 189 230	65 185 586	151 222 118
Above 5 years	913 892 128	2 423 082 295	913 892 129	924 870 262
	1 051 069 191	3 122 501 543	1 051 069 191	1 191 832 744
Maturity analysis is based on the remaining period from 30 June 2020 to contractual maturity.				
12. LOANS AND ADVANCES TO CUSTOMERS				
Overdrafts	3 545 188 564	1 288 779 553	3 545 188 564	491 916 385
Commercial loans	6 904 002 743	1 212 457 667	6 904 002 743	462 784 959
Staff loans	93 652 452	150 085 091	93 652 452	57 286 225
Mortgage advances	234 719 899	346 148 129	234 719 899	132 121 848
Agro Business Loans	2 031 081 275	5 536 502 099	2 031 081 275	2 113 236 582
Interest accrued	539 283 358	93 622 500	539 283 358	35 734 926
Total gross loans and advances to customers	13 347 928 291	8 627 595 039	13 347 928 291	3 293 080 925
Allowance for Expected Credit Loss (ECL)	(1 104 538 714)	(731 428 131)	(1 104 538 714)	(279 180 005)
Total net advances	12 243 389 577	7 896 166 908	12 243 389 577	3 013 900 920

	REVIEWED				UNAUDITED
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REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
12.3	Loans to directors and key management Included in advances are loans to Executive Directors and key management:- Opening balance Advances made during the period Monetary adjustment Repayment during the period Closing balance Loans to employees Included in advances are loans to employees: Opening balance Advances made during the period Monetary Adjustment Repayments during the period Closing balance	43 411 129 17 087 223 (33 627 571) (1 123 113) 25 747 668 106 673 963 54 960 175 (86 060 058) (7 669 294) 67 904 786	137 249 806 73 912 771 (163 778 013) (3 973 435) 43 411 129 696 813 771 65 795 190 (572 069 161) (83 865 837) 106 673 963	16 569 665 9 823 697 - (645 694) 25 747 668 40 716 560 31 597 416 - (4 409 190) 67 904 786	8 433 891 8 597 989 - (462 215) 16 569 665 42 818 650 7 653 702 - (9 755 792) 40 716 560
12.4	Allowance for Expected Credit Loss (ECL) Opening balance Credit loss expense on loans and advances Interest in suspense Monetary Adjustment Amounts written off during the period Closing balance	731 428 131 788 405 785 56 161 439 (283 834 256) (187 622 385) 1 104 538 714	1 817 823 009 473 571 768 15 001 720 (1 411 564 167) (163 404 199) 731 428 131	279 180 005 788 405 785 56 161 439 - (19 208 515) 1 104 538 714	111 703 773 180 758 386 5 726 031 - (19 008 185) 279 180 005
12.5	Collateral Government Guarantee Cash cover Mortgage bonds Notarial general covering bonds	6 073 308 820 1 347 000 000 1 295 198 038 7 649 826 102 16 365 332 960	5 536 502 098 8 598 585 2 320 092 036 4 306 262 493 12 171 455 212	6 073 308 820 1 347 000 000 1 295 198 038 7 649 826 102 16 365 332 960	2 113 236 582 3 282 008 885 559 741 1 643 664 406 4 645 742 737
13.	INSURANCE ASSETS Reinsurance unearned premium reserve Reinsurance receivables Deferred acquisition costs Insurance premium receivables Suspended premium Impairment provision	50 737 202 12 812 062 13 617 026 83 517 761 (237 005) (8 854 113) 151 592 933	73 227 506 22 092 603 21 439 707 91 927 892 (198 398) (9 178 059) 199 311 251	50 013 790 12 812 062 10 235 486 83 517 762 (237 006) (8 854 113) 147 487 981	27 744 295 8 432 562 7 106 100 35 088 108 (75 727) (3 503 188) 74 792 150
13.1	Reinsurance unearned premium reserve Opening balance Written premiums Premiums earned during the period Closing balance	73 227 506 95 717 976 (118 208 280) 50 737 202	33 012 324 130 236 957 (90 021 775) 73 227 506	27 744 296 65 190 583 (42 921 089) 50 013 790	2 028 581 49 378 909 (23 663 195) 27 744 295
13.2	Impairment on insurance assets Opening balance Charge for impairment on insurance receivables Monetary adjustment Amounts written off during the period Closing balance	9 178 059 5 350 925 (5 674 871) - 8 854 113	17 484 784 6 428 192 (14 669 878) (65 039) 9 178 059	3 503 188 5 350 925 - - 8 854 113	1 074 426 2 453 587 - (24 825) 3 503 188
14.	IMPAIRMENT ON INSURANCE ASSETS AND EXPECTED CREDIT LOSSES ON FINANCIAL INSTRUMENTS				

The table below shows the ECL charges on financial instruments and charge for impairment on insurance assets for the period recorded in the Statement of Profit or Loss:

AUDITED INFLATION ADJUSTED								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
Money market assets	99 095	48 486	-	-	-	-	99 095	48 486
Financial securities	4 056	(29 136)	-	-	-	-	4 056	(29 136)
Loans and advances to customers	673 762 248	15 772 084	12 820 223	(1 883 545)	101 823 315	11 252 475	788 405 786	25 141 014
Financial guarantees	(496 193)	(718 434)	-	-	(57 792)	-	(553 985)	(718 434)
Lease receivables	131 174	1 880 004	195 039	(60 492)	556 826	2 573 973	883 039	4 393 485
	673 500 380	16 953 004	13 015 262	(1 944 037)	102 322 349	13 826 448	788 837 991	28 835 415
Insurance assets impairment charge	5 350 925	908 508	-	-	-	-	5 350 925	908 508
Total	678 851 305	17 861 512	13 015 262	(1 944 037)	102 322 349	13 826 448	794 188 916	29 743 923

UNAUDITED HISTORICAL								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
Money market assets	99 095	5 791	-	-	-	-	99 095	5 791
Financial securities	4 056	(3 405)	-	-	-	-	4 056	(3 405)
Loans and advances to customers	673 762 248	1 860 678	12 820 223	(224 966)	101 823 315	1 343 968	788 405 786	2 979 680
Financial guarantees	(496 193)	(85 808)	-	-	(57 792)	-	(553 985)	(85 808)
Lease receivables	131 174	224 543	195 039	(7 225)	556 826	307 429	883 039	524 747
	673 500 380	2 001 799	13 015 262	(232 191)	102 322 349	1 651 397	788 837 991	3 421 005
Insurance assets impairment charge	5 350 925	108 510	-	-	-	-	5 350 925	108 510
Total	678 851 305	2 110 309	13 015 262	(232 191)	102 322 349	1 651 397	794 188 916	3 529 515

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
15.	OTHER ASSETS Work in progress Prepayments and deposits Other receivables*	45 222 720 649 943 043 28 919 701 924 29 614 867 687	1 218 261 1 887 720 759 19 804 306 207 21 693 245 227	3 180 000 519 460 924 28 919 701 924 29 442 342 847	465 000 602 875 466 7 559 138 173 8 162 478 639

*Included in other receivables is an amount of ZWL\$28 676 470 680 (December 2019: ZWL\$19 843 383 072) which relates to the government grant receivable from the Reserve Bank of Zimbabwe (RBZ). RBZ will provide foreign currency to the Group for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. The Group has already complied with the conditions necessary for the provision of the assistance namely registration of the legacy liabilities and nostro gap accounts and payment of the ZWL equivalent at a rate of 1:1.

The government grant receivable is denominated in US Dollars and has been translated to ZWL using the closing exchange rate in line with the treatment of monetary assets denominated in foreign currencies prescribed in IAS 21.

The asset will be used to settle any payment obligations that may accrue in the future related to the legacy liabilities and nostro gap accounts.

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
16.	LAND INVENTORY MOVEMENT Opening Balance Additions Foreign currency translation movement Disposals Write offs Impairment Closing balance	1 928 988 121 5 875 532 - (14 345 475) - - 1 920 518 178	893 759 275 127 988 875 1 159 739 285 (135 932 651) (116 566 663) - 1 928 988 121	139 034 053 3 323 615 - (806 399) - - 141 551 269	54 920 794 19 522 597 80 890 089 (8 402 868) (7 421 485) (475 074) 139 034 053
17.	EQUITY INVESTMENTS Opening balance Investment in equities during the period Investment disposed during the period Foreign currency translation movement Fair value adjustments - Profit or loss Fair value adjustments - Other comprehensive income	555 654 565 505 892 054 (9 203 183) - 55 805 015 65 206 582 1 173 355 033	423 120 157 48 350 574 (23 025 998) 145 126 596 (136 063 270) 98 524 404 555 654 565	212 088 704 494 585 172 (5 591 312) 55 393 609 (51 934 213) 37 461 701 1 173 355 033	161 501 428 18 455 010 (8 788 831) 55 393 609 (51 934 213) 37 461 701 212 088 704

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
17.1	Investments in equities Unlisted investments Listed investments Equity investment designated at fair value through profit or loss Equity investment designated at fair value through other comprehensive income	601 779 373 571 575 660 1 173 355 033 571 575 660 1 173 355 033	500 841 969 54 812 596 555 654 565 54 812 596 555 654 565	601 779 373 571 575 660 1 173 355 033 571 575 660 1 173 355 033	191 167 194 20 921 510 212 088 704 20 921 510 212 088 704

		REVIEWED				UNAUDITED							
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$		%	RESTATEd 31 DEC 2019 ZWL\$		%	HISTORICAL 30 JUN 2020 ZWL\$		%	HISTORICAL 31 DEC 2019 ZWL\$		%
17.2	Investment in subsidiaries												
	CBZ Bank Limited	355 413 746	100		355 413 747	100		21 839 891	100		21 839 891	100	
	CBZ Asset Management (Private) Limited	32 351 104	100		32 351 104	100		1 987 950	100		1 987 950	100	
	CBZ Building Society	311 069 785	100		311 069 784	100		19 114 990	100		19 114 990	100	
	CBZ Insurance (Private) Limited	69 147 839	98.4		36 775 710	98.4		23 614 808	98.4		2 259 839	98.4	
	CBZ Properties (Private) Limited	77 773 899	100		77 773 898	100		4 779 144	100		4 779 144	100	
	CBZ Life Assurance (Private) Limited	22 587 995	100		22 587 995	100		1 388 014	100		1 388 014	100	
	CBZ Asset Management Mauritius	1 446 886	100		1 446 885	100		88 910	100		88 909	100	
	CBZ Risk and Advisory Services	21 889 300	100		21 889 300	100		1 345 080	100		1 345 080	100	
	Red Sphere (Private) Limited	23 625 404	100		8 466 342	100		10 520 250	100		520 250	100	
	CBZ Agro Yield (Private) Limited	3 586 869	100		3 586 869	100		1 000 000	100		1 000 000	100	
		918 892 827			871 361 634			85 679 037			54 324 067		

18. CATEGORIES OF FINANCIAL ASSETS

INFLATION ADJUSTED				
	At fair value through profit or loss ZWL\$	At fair value through OCI ZWL\$	At amortised cost ZWL\$	Total carrying amount ZWL\$
30 June 2020				
Balances with banks and cash	-	-	4 871 108 688	4 871 108 688
Money market assets	-	-	1 673 962 670	1 673 962 670
Financial securities	-	-	1 050 986 861	1 050 986 861
Loans and advances to customers	-	-	12 243 389 577	12 243 389 577
Equity investments	571 575 660	601 779 373	-	1 173 355 033
Other assets	-	-	28 919 701 924	28 919 701 924
TOTAL ASSETS	571 575 660	601 779 373	48 759 149 720	49 932 504 753

31 Dec 2019

Balances with banks and cash	-	-	6 288 464 203	6 288 464 203
Money market assets	-	-	587 293 985	587 293 985
Financial securities	-	-	3 122 296 477	3 122 296 477
Loans and advances to customers	-	-	7 896 166 908	7 896 166 908
Equity investments	54 812 596	500 841 969	-	555 654 565
Other assets	-	-	19 804 306 207	19 804 306 207
TOTAL ASSETS	54 812 596	500 841 969	37 698 527 780	38 254 182 345

HISTORICAL				
	At fair value through profit or loss ZWL\$	At fair value through OCI ZWL\$	At amortised cost ZWL\$	Total carrying amount ZWL\$
30 June 2020				
Balances with banks and cash	-	-	4 871 108 688	4 871 108 688
Money market assets	-	-	1 673 962 670	1 673 962 670
Financial securities	-	-	1 050 986 861	1 050 986 861
Loans and advances to customers	-	-	12 243 389 577	12 243 389 577
Equity investments	571 575 660	601 779 373	-	1 173 355 033
Other assets	-	-	28 919 701 924	28 919 701 924
TOTAL ASSETS	571 575 660	601 779 373	48 759 149 720	49 932 504 753

31 December 2019

Financial assets				
Balances with banks and cash	-	-	2 400 254 233	2 400 254 233
Money market assets	-	-	224 165 206	224 165 206
Financial securities	-	-	1 191 754 472	1 191 754 472
Loans and advances to customers	-	-	3 013 900 920	3 013 900 920
Equity investments	20 921 510	191 167 194	-	212 088 704
Other assets	-	-	7 559 138 173	7 559 138 173
TOTAL ASSETS	20 921 510	191 167 194	14 389 213 004	14 601 301 708

19. FAIR VALUE MEASUREMENT

19.1 The following table presents items of the Statement of Financial Position which are recognised at fair value:

INFLATION ADJUSTED								
	Level 1		Level 2		Level 3		Total carrying amount	
	30 JUN 20 ZWL\$	31 DEC 19 ZWL\$	30 JUN 20 ZWL\$	31 DEC 19 ZWL\$	30 JUN 20 ZWL\$	31 DEC 19 ZWL\$	30 JUN 20 ZWL\$	31 DEC 19 ZWL\$
Equity investments	—	54 812 596	571 575 660	—	601 779 373	500 841 969	1 173 355 033	555 654 565
Land and Buildings	—	—	2 372 644 112	1 712 307 786	—	—	2 372 644 112	1 712 307 786
Investment properties	—	—	2 069 764 661	1 463 447 124	—	—	2 069 764 661	1 463 447 124
Total assets at fair value	—	54 812 596	5 013 984 433	3 175 754 910	601 779 373	500 841 969	5 615 763 806	3 731 409 475



20. PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED								
	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computer ZWL\$	Equipment ZWL\$	Furniture & Fittings ZWL\$	Work in progress ZWL\$	Total ZWL\$
REVIEWED 30 JUNE 2020									
COST									
Opening balance	368 521 802	1 752 136 288	29 051 928	107 350 921	507 376 964	225 739 698	144 663 986	192 075 722	3 326 917 309
Right of use asset additions	–	1 141 875	–	–	–	–	–	–	1 141 875
Additions	–	335 565	1 374 544	6 471 050	19 854 326	2 909 299	2 384 549	99 767 154	133 096 487
Revaluation gain	156 109 757	620 172 262	–	–	–	–	–	–	776 282 019
Disposals	–	–	–	–	–	(10 783)	(50 904)	–	(211 827)
Transfers other assets	–	–	–	–	–	–	–	(11 567 554)	(11 567 554)
Transfers Investment Properties	–	–	–	–	–	–	–	(16 684 484)	(16 684 484)
Transfers(PPE Intercategories)	–	–	–	2 312 066	52 441 565	5 431 788	–	(60 185 419)	–
Closing balance	524 631 559	2 373 785 990	30 426 472	116 134 037	579 522 715	234 070 002	146 997 631	203 405 419	4 208 973 825
Accumulated depreciation									
Opening balance	–	6 620 858	11 693 452	87 170 495	302 432 085	162 764 239	78 852 931	–	649 534 060
Right of use asset	–	7 341 448	–	–	–	–	–	–	7 341 448
Charge for the period	–	55 024 461	1 417 135	4 300 366	25 341 670	6 898 432	5 413 592	–	98 395 656
Disposals	–	–	–	–	(114 769)	(9 562)	(34 832)	–	(159 163)
Revaluation	–	(54 737 515)	–	–	–	–	–	–	(54 737 515)
Closing balance	–	14 249 252	13 110 587	91 470 861	327 658 986	169 653 109	84 231 691	–	700 374 486
Net Book Value	524 631 559	2 359 536 738	17 315 885	24 663 176	251 863 729	64 416 893	62 765 940	203 405 419	3 508 599 339
REVIEWED 31 DEC 2019									
COST									
Opening balance	138 432 229	746 597 622	16 411 913	106 029 985	452 706 645	202 731 373	121 242 144	56 291 880	1 840 443 791
Right of use assets additions	–	40 285 344	–	–	–	–	–	–	40 285 344
Foreign Currency translation movement	184 406 445	1 002 209 954	–	–	–	–	–	–	1 186 616 399
Additions	–	20 859 362	12 640 015	6 077 118	62 325 666	24 331 699	23 383 108	154 117 516	303 734 484
Revaluation surplus	45 683 128	(20 655 938)	–	–	–	–	–	–	25 027 190
Impairments	–	(33 008 082)	–	–	(16 859)	–	–	–	(33 024 941)
Disposals	–	–	–	(4 756 182)	(12 838 754)	(3 253 642)	(4 843 494)	–	(25 692 072)
Transfers intangible assets	–	–	–	–	–	–	–	(4 047 333)	(4 047 333)
Transfers from other assets	–	–	–	–	–	–	–	(1 077 362)	(1 077 362)
Transfers Investment Properties	–	(4 719 346)	–	–	–	–	–	–	(4 719 346)
Write offs	–	–	–	–	(226 942)	(344 152)	(57 751)	–	(628 845)
Transfers(PPE Intercategories)	–	567 372	–	–	5 427 208	2 274 420	4 939 979	(13 208 979)	–
Closing balance	368 521 802	1 752 136 288	29 051 928	107 350 921	507 376 964	225 739 698	144 663 986	192 075 722	3 326 917 309
Accumulated depreciation & impairment									
Opening balance	–	–	9 784 487	84 515 598	261 289 285	153 655 046	71 142 833	–	580 387 249
Right of use assets	–	6 620 858	–	–	–	–	–	–	6 620 858
Charge for the period	–	62 297 256	1 908 965	6 988 573	52 849 881	12 302 412	10 431 795	–	146 778 882
Disposals	–	–	–	(4 333 676)	(11 495 502)	(2 883 482)	(2 671 478)	–	(21 384 138)
Writeoffs	–	–	–	–	(204 246)	(309 737)	(50 219)	–	(564 202)
Revaluation	–	(60 581 379)	–	–	–	–	–	–	(60 581 379)
Impairments	–	(1 715 877)	–	–	(7 333)	–	–	–	(1 723 210)
Closing balance	–	6 620 858	11 693 452	87 170 495	302 432 085	162 764 239	78 852 931	–	649 534 060
Net Book Value	368 521 802	1 745 515 430	17 358 476	20 180 426	204 944 879	62 975 459	65 811 055	192 075 722	2 677 383 249

	HISTORICAL								
	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computer ZWL\$	Equipment ZWL\$	Furniture & Fittings ZWL\$	Work in progress ZWL\$	Total ZWL\$
UNAUDITED 30 JUNE 2020									
COST									
Opening balance	140 661 692	658 303 654	3 587 331	7 533 267	42 618 709	16 331 177	11 850 949	33 980 136	914 866 915
Right of use asset additions	–	480 929	–	–	–	–	–	–	480 929
Additions	–	335 565	1 026 179	2 677 628	14 904 378	2 137 282	3 814 325	74 131 196	99 026 553
Revaluation gain	383 969 867	1 681 173 216	–	–	–	–	–	–	2 065 143 083
Disposals	–	–	–	–	(57 308)	(4 116)	(19 430)	–	(80 854)
Transfers to intangible assets	–	–	–	–	–	–	–	–	–
Transfers from other assets	–	–	–	–	–	–	–	(4 415 239)	(4 415 239)
Transfers to investment properties	–	–	–	–	–	–	–	(2 227 317)	(2 227 317)
Transfers(PPE Intercategories)	–	–	–	882 496	20 016 507	2 073 268	–	(22 972 271)	–
Closing balance	524 631 559	2 340 293 364	4 613 510	11 093 391	77 482 286	20 537 611	15 645 844	78 496 505	3 072 794 070
Accumulated depreciation									
Opening balance	–	1 182 286	754 150	5 415 402	19 020 105	10 133 238	4 922 362	–	41 427 543
Right of use asset	–	824 342	–	–	–	–	–	–	824 342
Charge for the period	–	25 124 977	170 426	609 347	3 470 170	679 543	585 644	–	30 640 107
Disposals	–	–	–	–	(43 807)	(3 650)	(13 295)	–	(60 752)
Revaluation	–	(21 239 329)	–	–	–	–	–	–	(21 239 329)
Closing balance	–	5 892 276	924 576	6 024 749	22 446 468	10 809 131	5 494 711	–	51 591 911
Net Book Value	524 631 559	2 334 401 088	3 688 934	5 068 642	55 035 818	9 728 480	10 151 133	78 496 505	3 021 202 159

UNAUDITED 31 DEC 2019									
COST									
Opening balance	8 506 550	45 877 828	1 008 499	6 515 458	27 818 462	12 457 681	7 450 233	3 459 091	113 093 802
Right of use asset additions	–	4 730 082	–	–	–	–	–	–	4 730 082
Foreign Currency translation movement	12 759 825	69 346 947	–	–	–	–	–	–	82 106 772
Additions	–	2 088 332	2 578 832	1 310 073	15 270 661	3 954 817	4 398 317	31 964 922	61 565 954
Revaluation surplus	119 395 317	536 515 600	–	–	–	–	–	–	655 910 917
Disposals	–	–	–	(292 264)	(788 931)	(199 934)	(297 608)	–	(1 578 737)
Transfers to intangible assets	–	–	–	–	–	–	–	(265 012)	(265 012)
Transfers to other assets	–	–	–	–	–	–	–	(367 183)	(367 183)
Transfers to investment properties	–	(290 000)	–	–	–	–	–	–	(290 000)
Write offs	–	–	–	–	(14 981)	(21 148)	(3 551)	–	(39 680)
Transfers(PPE Intercategories)	–	34 865	–	–	333 498	139 761	303 558	(811 682)	–
Closing balance	140 661 692	658 303 654	3 587 331	7 533 267	42 618 709	16 331 177	11 850 949	33 980 136	914 866 915
Accumulated depreciation & impairment									
Opening balance	–	–	601 249	5 193 416	16 056 018	9 441 980	4 371 670	–	35 664 333
Right of use asset	–	1 182 286	–	–	–	–	–	–	1 182 286
Charge for the period	–	18 556 086	152 901	488 287	3 680 921	887 478	715 469	–	24 481 142
Disposals	–	–	–	(266 301)	(703 832)	(177 187)	(161 691)	–	(1 309 011)
Write offs	–	–	–	–	(13 002)	(19 033)	(3 086)	–	(35 121)
Revaluation	–	(18 556 086)	–	–	–	–	–	–	(18 556 086)
Closing balance	–	1 182 286	754 150	5 415 402	19 020 105	10 133 238	4 922 362	–	41 427 543
Net Book Value	140 661 692	657 121 368	2 833 181	2 117 865	23 598 604	6 197 939	6 928 587	33 980 136	873 439 372

Properties were revalued on an open market basis by an internal professional valuer, as at 30 June 2020 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards using the methodology noted below:

- In determining the market values of the subject properties, the following was considered:
 - Comparable market evidence which comprised of complete transactions as well as transactions where offers had been made but the transactions had not been finalised.
- Professional judgement was exercised to take cognisance of the fact that properties in the transactions were not exactly comparable in terms of size, quality and location to the properties owned by the Group.
- The reasonableness of the market values of commercial properties so determined, per above bullet, was assessed by reference to the properties in the transaction.
- The values per square metre of lettable spaces for both the subject properties and comparables were analysed.
- With regards to the market values for residential properties, the comparison method was used. This method entails carrying out a valuation by directly comparing the subject property, which has been sold or rented out. The procedure was performed as follows:
 - Surveys and data collection on similar past transactions.
 - Analysis of collected data.
- Comparison of the analysis with the subject properties and then carrying out the valuation of the subject properties. Adjustments were made to the following aspects:
 - Age of property – state of repair and maintenance,
 - Aesthetic quality – quality of fixtures and fittings,
 - Structural condition – location,
 - Accommodation offered – size of land.

The maximum useful lives are as follows:	
Motor vehicles	3 – 5 years
Computer equipment	5 years
Leasehold improvements	10 years
Furniture and fittings	10 years
Buildings	40 years

The carrying amount of buildings would have been ZWL\$460 990 857 (December 2019: ZWL\$183 172 916) had they been carried at cost

Further details on fair valuation hierachy are provided in the Group's annual report for the year ended 31 December 2019.

If the fair value adjustment had been 5% up or down, the Group's other Comprehensive Income would have been ZWL\$ 31,267,110 higher or lower the reported position and the Statement of Financial Position would be ZWL\$ 41,550,977 higher or lower than the reported position.

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

Included in property and equipment are amounts relating to Right of use assets for buildings that are leased by the Group for periods more than one year. The buildings are used by the Group for its various branches and operations.

The information about the leases for which the Group is a lessee is presented below

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
20.1a	Right of Use Assets				
	Opening balance	33 664 486	-	3 547 796	-
	Additions	1 141 875	40 285 344	480 926	4 730 082
	Depreciation charge for the period	(7 341 448)	(6 620 858)	(824 342)	(1 182 286)
		27 464 913	33 664 486	3 204 380	3 547 796
20.1b	Lease liability				
	Opening Balance	10 480 153	-	4 000 187	-
	Additions	1 141 868	40 285 344	480 926	4 730 083
	Interest	346 517	4 256 604	190 754	128 373
	Repayment	(1 437 473)	(8 719 601)	(948 243)	(858 269)
	Monetary adjustment	(6 807 441)	(25 342 194)	-	-
		3 723 624	10 480 153	3 723 624	4 000 187
20.1c	Lease liability maturity analysis				
	Less than one month	108 928	383 126	108 928	146 236
	One to three months	452 783	1 025 260	452 783	391 333
	Three to six months	423 423	1 141 531	423 423	435 713
	Six to twelve months	811 948	2 184 782	811 948	833 913
	One to five years	2 954 429	7 157 644	2 954 429	2 732 013
		4 751 511	11 892 343	4 751 511	4 539 208
20.1d	Amounts recognised in Statement of Profit or Loss				
	Interest on lease liabilities	346 517	4 256 604	190 754	128 373
	Depreciation	7 341 448	6 620 858	824 342	1 182 286
		7 687 965	10 877 462	1 015 096	1 310 659
20.1e	Amounts recognised in statement of cash flow				
	Total cash outflow for leases	1 437 473	8 719 601	948 243	858 269
21.	INVESTMENT PROPERTIES				
	Opening balance	1 463 447 124	611 213 440	558 585 537	233 295 062
	Additions	61 291 934	46 893 885	57 157 875	17 899 004
	Disposals	(5 451 239)	(507 575)	(2 080 699)	(193 737)
	Transfer from property and equipment	16 684 484	4 719 346	2 227 317	1 801 335
	Write offs	(131 703 172)	-	(50 270 000)	-
	Foreign currency translation movement	-	729 452 080	-	278 425 763
	Fair valuation gain	665 495 530	71 675 948	1 504 144 631	27 358 110
	Closing balance	2 069 764 661	1 463 447 124	2 069 764 661	558 585 537

REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
24.3	Maturity analysis				
	Less than 1 month	40 962 242 229	32 176 434 904	40 962 242 229	12 281 476 302
	Between 1 and 3 months	1 930 215 230	374 711 704	1 930 215 230	143 024 326
	Between 3 and 6 months	347 657 038	82 883 161	347 657 038	31 635 810
	Between 6 months and 1 Year	839 903 133	1 123 935 085	839 903 133	428 996 629
	Between 1 and 5 Years	927 157 155	459 553 478	927 157 155	175 407 722
	More than 5 Years	6 874 770	11 784 620	6 874 770	4 498 091
		45 014 049 555	34 229 302 952	45 014 049 555	13 065 038 880

Maturity analysis is based on the remaining period from 30 June 2020 to contractual maturity.

25.	INSURANCE LIABILITIES				
	Reinsurance payables (a)	35 229 072	45 477 990	35 229 072	17 358 569
	Gross outstanding claims (b)	7 897 100	16 109 058	7 897 100	6 148 693
	Gross unearned premium reserve (c)	45 154 660	74 821 704	69 115 897	28 558 819
	Deferred reinsurance acquisition reserve (d)	12 643 706	18 685 961	12 643 706	7 132 275
		100 924 538	155 094 713	124 885 775	59 198 356

25.1	Insurance contract provisions				
	(a) Reinsurance payables				
	Opening balance	45 477 990	21 557 242	17 358 569	1 324 675
	Premiums ceded during the period	95 700 160	249 857 160	65 038 817	49 296 292
	Reinsurance paid	(73 159 652)	(137 966 159)	(47 168 314)	(33 262 398)
	Monetary adjustment	(32 789 426)	(87 970 253)	-	-
	Closing balance	35 229 072	45 477 990	35 229 072	17 358 569

(b) Gross outstanding claims provision				
Opening balance	16 109 058	46 711 088	6 148 693	2 870 359
Claims incurred	39 610 530	64 507 572	22 860 684	24 622 001
Incurred but not yet reported claims provision	3 341 609	5 653 695	2 357 859	1 583 983
Claims paid	(34 575 304)	(60 068 515)	(23 470 136)	(22 927 650)
Monetary adjustment	(24 800 756)	(40 694 782)	-	-
Closing balance	7 897 100	16 109 058	7 897 100	6 148 693

(c) Gross premium reserve				
Opening balance	74 821 704	70 257 446	28 558 819	4 317 264
Written premiums	203 048 693	402 081 683	129 550 622	65 493 243
Premiums earned during the period	(232 715 737)	(397 517 425)	(88 993 544)	(41 251 688)
Closing balance	45 154 660	74 821 704	69 115 897	28 558 819

(d) Deferred reinsurance acquisition revenue	INFLATION ADJUSTED		
	Unearned commissions ZWL\$	Deferred acquisition ZWL\$	Net ZWL\$
30 June 2020			
Opening balance	18 685 961	17 885 255	800 706
Written premiums	23 856 074	27 931 398	(4 075 324)
Earned during the period	(29 898 329)	(35 899 699)	6 001 370
Closing balance	12 643 706	9 916 954	2 726 752

31 Dec 2019			
Opening Balance	8 592 805	9 279 910	(687 105)
Written premiums	64 351 818	62 599 283	1 752 535
Earned during the period	(54 258 662)	(53 993 938)	(264 724)
Closing balance	18 685 961	17 885 255	800 706

	HISTORICAL		
	Unearned commissions ZWL\$	Deferred acquisition ZWL\$	Net ZWL\$
30 June 2020			
Opening Balance	7 132 275	6 826 652	305 623
Written premiums	15 957 666	17 610 948	(1 653 282)
Earned during the period	(10 446 235)	(11 758 855)	1 312 620
Closing balance	12 643 706	12 678 745	(35 039)

31 Dec 2019			
Opening Balance	528 021	570 243	(42 222)
Written premiums	12 414 703	11 790 329	624 374
Earned during the period	(5 810 449)	(5 533 920)	(276 529)
Closing balance	7 132 275	6 826 652	305 623

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
26.	OTHER LIABILITIES				
	Revenue received in advance	516 517 188	963 180 494	407 352 282	335 577 500
	Sundry creditors	904 542 787	2 256 375 072	904 542 787	861 239 508
	Accruals	685 253 218	454 022 919	685 253 218	173 296 754
	Suspense	104 480 376	123 508 298	104 480 376	47 142 085
	Provisions	45 186 439	19 230 721	44 016 917	6 742 597
		2 255 980 008	3 816 317 504	2 145 645 580	1 423 998 444

27.	LIFE FUNDS			
27.1	Movement in Life Fund			
	INFLATION ADJUSTED			
	Unearned Premium Reserve ZWL\$	Incurred But Not Reported ZWL\$	Annuities Reserve ZWL\$	Total ZWL\$
Restated 31 December 2019				
Opening balance	17 843 697	7 576 959	513 040	25 933 696
Transfer from income	7 174 545	434 479	4 360 661	11 969 685
Monetary adjustment	(20 866 337)	(6 297 507)	(430 446)	(27 594 290)
Closing balance	4 151 905	1 713 931	4 443 255	10 309 091

Reviewed 30 June 2020				
Opening balance	4 151 905	1 713 931	4 443 255	10 309 091
Transfer from income	2 026 068	9 071	12 309 972	14 345 111
Monetary adjustment	(2 567 157)	(1 059 738)	(2 747 302)	(6 374 197)
Closing balance	3 610 816	663 264	14 005 925	18 280 005

	HISTORICAL			
	Unearned Premium Reserve ZWLS	Incurred But Not Reported ZWLS	Annuities Reserve ZWLS	Total ZWLS
Unaudited				
31 December 2019				
Opening balance	1 096 481	465 598	31 526	1 593 605
Transfer to income	488 266	188 595	1 664 428	2 341 289
Closing balance	1 584 747	654 193	1 695 954	3 934 894

30 June 2020				
Opening balance	1 584 747	654 193	1 695 954	3 934 894
Transfer to income	2 026 068	9 071	12 309 972	14 345 111
Closing balance	3 610 815	663 264	14 005 926	18 280 005

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED	RESTATED	HISTORICAL	HISTORICAL
	30 JUN 2020 ZWL\$	31 DEC 2019 ZWL\$	30 JUN 2020 ZWL\$	31 DEC 2019 ZWL\$

27.2	Life funds liabilities as supported by the following net assets				
	Money market assets	1 488 379	1 735 972	1 488 379	662 606
	Prescribed assets	251 530	1 868 765	251 529	713 292
	Investment property	13 091 281	4 675 502	13 091 282	1 784 600
	Listed equity investment	3 448 815	2 028 852	3 448 815	774 396
		18 280 005	10 309 091	18 280 005	3 934 894

28.	LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES			
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28.1	Life assurance investment contract liabilities movement				
	Opening balance	8 931 427	38 949 635	3 409 051	2 393 424
	Interest on GEP fund	8 377 618	3 710 456	4 816 416	425 631
	Fund Management expenses	(29 925)	(287 992)	(40 201)	(33 501)
	GEP Investments	10 864 365	35 796 382	6 246 084	4 170 048
	GEP withdrawals	(7 955 230)	(30 487 990)	(4 573 579)	(3 546 551)
	Monetary Adjustment	(10 290 484)	(38 749 064)	-	-
	Closing balance	9 857 771	8 931 427	9 857 771	3 409 051

28.2	Life assurance investment contract liabilities are supported by the following net assets				
	Money market assets	481 069	735 709	481 069	280 814
	Cash	329 251	696 570	329 251	265 875
	Prescribed assets	341 315	1 339 571	341 315	511 303
	Listed equity Investment	8 706 136	6 159 577	8 706 136	2 351 059
		9 857 771	8 931 427	9 857 771	3 409 051

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED	RESTATED	HISTORICAL	HISTORICAL
	30 JUN 2020 ZWL\$	31 DEC 2019 ZWL\$	30 JUN 2020 ZWL\$	31 DEC 2019 ZWL\$
29.	CATEGORIES OF FINANCIAL LIABILITIES			
	The Group's financial liabilities are carried at amortised cost are as follows:			
	Deposits	34 436 687 055	45 014 049 555	13 144 195 659
	Other liabilities	550 501 875	550 501 875	808 138 177
	Lease liability	3 723 624	10 480 153	3 723 624
		45 568 275 054	45 568 275 054	13 956 334 023

30. EQUITY AND RESERVES

30.1 Share capital

Authorised
1 000 000 000 ordinary shares of ZWL\$ 0.01each

Issued and fully paid

Reconciliation of number of shares

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 Shares	RESTATED 31 DEC 2019 Shares	HISTORICAL 30 JUN 2020 Shares	HISTORICAL 31 DEC 2019 Shares
Opening balance	522 016 108	686 962 567	522 016 108	686 962 567
Employee share options	-	4 035 388	-	4 035 388
Cancellation of treasury shares	-	(168 981 847)	-	(168 981 847)
	522 016 108	522 016 108	522 016 108	522 016 108

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
	Opening balance	97 768 656	111 793 551	5 220 162	6 869 625
	Cancellation of Treasuary shares	-	(14 148 123)	-	(1 689 820)
	Exercise of share options	-	123 228	-	40 357
		97 768 656	97 768 656	5 220 162	5 220 162
30.2	Share premium				
	Opening balance	597 459 709	651 318 690	33 876 209	40 023 014
	Cancellation of Treasuary shares	-	(55 233 606)	-	(6 596 966)
	Exercise of share options	-	1 374 625	-	450 161
	Closing balance	597 459 709	597 459 709	33 876 209	33 876 209
30.3	Treasury shares				
	Opening balance	-	286 229 625	-	17 588 582
	Cancellation shares	-	(286 229 625)	-	(17 588 582)
	Closing balance	-	-	-	-
30.4	Revaluation reserve				
	Opening balance	71 367 410	-	592 078 214	32 139 314
	Net revaluation gain	696 330 915	71 367 410	1 748 677 642	559 938 900
	Closing balance	767 698 325	71 367 410	2 340 755 856	592 078 214
30.5	Employee share option reserve				
	Opening balance	-	18 939 322	-	1 163 806
	Share options to employees	-	(238 787)	-	(78 198)
	Cancellation of share options	-	(18 700 535)	-	(1 085 608)
	Closing balance	-	-	-	-

Shares under option

The Directors are empowered to grant share options to senior executives and staff of the company up to a maximum of 40 000 000 shares. The options are granted for a period of 10 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2019 were as follows:

	Subscription price	Number of Shares
Granted 1 June 2012	ZWL\$0.0881	40 000 000
		AUDITED 31 DEC 2019 SHARES
		37 197 797 (4 035 388) (33 162 409)
		-

Movement for the period

Opening balance	8.81
Options exercised	8.81
Options cancelled	(216 847 897)
Closing balance	-

During the year ended 31 December 2019, the Group cancelled 33 162 409 share options and no payments were made to employees in respect of outstanding share options.



31. CAPITAL MANAGEMENT

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

32. CONTINGENCIES AND COMMITMENT

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWLS	RESTATE 31 DEC 2019 ZWLS	HISTORICAL 30 JUN 2020 ZWLS	HISTORICAL 31 DEC 2019 ZWLS
Guarantees	86 418 975 86 418 975	218 739 976 218 739 976	86 418 975 86 418 975	83 491 221 83 491 221

Capital Commitments

Authorised and contracted for
Authorised but not yet contracted for

38 267 915 -	43 632 815 925 773	38 267 915 -	16 654 281 353 360
38 267 915	44 558 588	38 267 915	17 007 641

The capital commitments will be funded from the Group's own resources.

33. FUNDS UNDER MANAGEMENT

Pensions
Institutional & individual clients - Equities
Institutional & individual clients - Fixed Income
Unit trust

4 527 159 558 1 807 682 617 880 862 13 947 118	2 661 768 681 539 765 043 1 637 227 5 762 481	4 527 159 558 1 807 682 617 880 862 13 947 118	1 015 974 861 206 023 806 624 916 2 199 491
6 349 670 155	3 208 933 432	6 349 670 155	1 224 823 074

34. OPERATING SEGMENTS

The Group is comprised of the following operating segments:

BANKING OPERATIONS	MORTGAGE FINANCE	ASSET MANAGEMENT	INSURANCE OPERATIONS	PROPERTY INVESTMENTS	AGRO BUSINESS OPERATIONS	OTHER OPERATIONS
Provides commercial banking products through retail banking corporate and merchant banking and investing portfolios through the treasury function.	Provides mortgage financing to its clients for both finance and commercial purposes.	Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.	Provides short term insurance and Life assurance. Also provides Risk Advisory Services to its clients as part of its insurance operations function.	Property investment arm of the Group.	Provides contract farming loans to farmers both individual and commercial	Other operations provided by the Group include microfinancing by Redshpere Finance and equity investments by the Holdings Company.

The table below shows the segment operational results for the period ended 30 June 2020:

34.1 Segment operational results

INFLATION ADJUSTED									
	Commercial banking ZWLS	Mortgage finance ZWLS	Asset management ZWLS	Insurance operations ZWLS	Property investment ZWLS	Agro business ZWLS	Other operations ZWLS	Elimination of intersegment amounts ZWLS	Consolidated ZWLS
INCOME									
Total income for the period ended 30 June 2020	2 542 322 910	1 772 477 083	66 031 495	270 200 722	113 115 985	2 623 205 072	305 000 087	(246 716 905)	7 445 636 449
Total income for the period ended 30 June 2019	2 681 360 832	599 767 609	101 641 603	244 079 944	380 884 788	-	107 312 094	(162 421 865)	3 952 625 005
Net underwriting income for the period ended 30 June 2020	-	-	-	119 778 716	-	-	-	(2 445 674)	117 333 042
Net underwriting income for the period ended 30 June 2019	-	-	-	80 201 411	-	-	-	172 921	80 374 332
Depreciation and Amortisation 30 June 2020	80 671 387	21 987 253	1 430 903	6 220 306	610 341	1 821 389	3 692 231	(5 043 033)	111 390 777
Depreciation and Amortisation 30 June 2019	50 575 043	10 177 298	689 481	5 942 671	222 318	-	2 802 806	(6 253 725)	64 155 892
Impairment of assets for the period ended 30 June 2020	431 463 528	22 073 497	-	5 408 644	-	334 119 522	1 123 725	-	794 188 916
Impairment of assets for the period ended 30 June 2019	30 563 215	(1 918 130)	625	1 101 484	-	-	2 981 986	-	32 729 180
Results									
Profit before taxation for the period ended 30 June 2020	365 868 069	1 480 662 999	(38 291 091)	89 957 885	(21 882 102)	129 773 013	92 644 192	(130 848 026)	1 967 884 939
Profit after taxation for the period ended 30 June 2019	1 417 062 584	43 529 380	62 548 902	52 835 628	390 131 224	-	170 759 106	(32 387 992)	2 104 478 832
Cash flows:									
Used in operating activities for the period ended 30 June 2020	368 974 302	82 526 435	-	11 100 724	-	-	-	271 491 338	734 092 799
Used in operating activities for the period ended 30 June 2019	7 685 631 511	224 384 874	18 465 008	(1 115 466)	26 438 755	-	-	(112 228 096)	7 841 576 586
Used in investing activities for the period ended 30 June 2020	(161 771 356)	(4 902 906)	-	(962 557)	-	-	-	(500 760 572)	(668 397 391)
Used in investing activities for the period ended 30 June 2019	(72 150 533)	(393 090)	-	(24 008)	(402 260)	-	(31 000 982)	(64 543 360)	(168 514 233)
Used in financing activities for the period ended 30 June 2020	(151 706 341)	(132 400)	-	(73 649)	(92 680)	-	-	150 567 595	(1 437 475)
Used in financing activities for the period ended 30 June 2019	(58 675 560)	(2 652 400)	-	(106 037)	-	-	-	2 546 698	(58 887 299)
Total assets and liabilities									
Reportable segment liabilities for the period ended 30 June 2020	46 565 617 289	1 420 227 137	163 280 111	265 672 849	144 630 752	6 026 636 589	118 535 187	(5 993 669 615)	48 710 930 299
Reportable segment liabilities for the period ended 31 December 2019	35 985 655 512	1 225 649 717	30 098 270	275 903 544	117 728 294	2 439 729 722	33 639 338	(773 275 853)	39 335 128 544
Total segment assets for the period ended 30 June 2020	51 196 858 888	4 565 768 677	168 564 012	804 297 898	647 392 433	6 686 594 169	1 581 991 987	(7 002 960 768)	58 648 507 296
Total segment assets for the period ended 31 December 2019	40 163 854 771	2 689 038 319	90 639 176	656 058 341	614 973 931	2 933 913 613	1 273 731 658	(1 703 277 187)	46 718 932 622

HISTORICAL									
	Commercial banking ZWLS	Mortgage finance ZWLS	Asset management ZWLS	Insurance operations ZWLS	Property investment ZWLS	Agro business ZWLS	Other operations ZWLS	Elimination of intersegment amounts ZWLS	Consolidated ZWLS

INCOME									
Total income for the period ended 30 June 2020	2 151 355 465	2 056 909 400	100 083 435	336 430 803	237 418 858	1 068 228 967	276 258 075	(202 999 690)	6 023 685 313
Total income for the period ended 30 June 2019	194 964 936	78 644 148	13 303 362	36 402 234	51 635 858	-	14 756 723	(4 414 661)	385 292 600
Net underwriting income for the period ended 30 June 2020	-	-	-	49 946 600	-	-	-	(4 225 099)	45 721 501
Net underwriting income for the period ended 30 June 2019	-	-	-	6 287 368	-	-	-	183 969	6 471 337
Depreciation and Amortisation 30 June 2020	18 856 869	6 962 367	280 075	1 406 897	105 233	821 144	1 269 436	2 452 099	32 154 120
Depreciation and Amortisation 30 June 2019	6 697 540	1 485 093	39 617	270 636	1 688	-	138 031	(65 815)	8 586 790
Impairment of assets for the period ended 30 June 2020	431 463 528	22 073 497	-	5 408 644	-	334 119 522	1 123 725	-	794 188 916
Impairment of assets for the period ended 30 June 2019	(3 778 254)	229 097	(75)	(108 533)	-	-	-	-	(3 657 765)
Results									
Profit before taxation for the period ended 30 June 2020	1 097 021 701	1 876 221 940	(4 803 210)	255 445 756	176 029 060	514 213 978	97 366 326	(112 660 896)	3 898 834 655
Profit after taxation for the period ended 30 June 2019	126 379 996	60 586 539	11 261 640	30 386 757	50 392 506	-	6 427 168	2 476 855	287 911 461
Cash flows:									
Used in operating activities for the period ended 30 June 2020	(344 587 190)	44 437 091	10 889 442	45 893 154	7 114 543	1 484 762 241	49 010 307	(1 314 836 691)	(17 317 103)
Used in operating activities for the period ended 30 June 2019	11 692 571	5 290 430	457 259	(128 044)	(73 999)	-	(2 306 162)	19 306 504	34 238 559
Used in investing activities for the period ended 30 June 2020	(131 975 852)	(4 502 902)	(9 441 760)	(33 373 095)	-	(3 311 394)	(479 779 523)	31 649 579	(630 734 947)
Used in investing activities for the period ended 30 June 2019	(6 606 014)	(29 810)	(1 583 157)	-	(86 068)	-	(553 987)	(6 670 329)	(15 529 365)
Used in financing activities for the period ended 30 June 2020	(151 073 108)	(77 609)	(353 250)	21 310 286	(52 542)	(151 250)	9 066 907	120 382 323	(948 243)
Used in financing activities for the period ended 30 June 2019	(8 156 560)	(158 148)	(70 607)	-	-	-	(6 466 398)	6 382 979	(8 468 734)
Total assets and liabilities									
Reportable segment liabilities for the period ended 30 June 2020	46 527 149 549	1 419 924 264	157 251 384	254 817 641	102 573 412	5 993 956 365	116 749 004	(6 013 604 389)	48 558 817 230
Reportable segment liabilities for the period ended 31 December 2019	13 683 775 514	467 820 254	11 343 399	103 853 855	34 436 311	905 487 918	11 809 751	(295 969 834)	14 922 557 168
Total segment assets for the period ended 30 June 2020	49 175 045 119	4 426 299 049	150 555 215	765 820 202	512 476 424	6 552 374 722	1 131 833 950	(6 575 662 013)	56 138 742 668
Total segment assets for the period ended 31 December 2019	16 689 788 306	958 983 256	31 004 181	233 737 175	192 116 999	1 015 688 318	199 112 376	(2 360 421 769)	16 960 008 842

35. RELATED PARTIES

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

Loans and advances to Directors' companies

REVIEWED INFLATION ADJUSTED						
	Gross limits ZWLS		Utilised limits ZWLS		Value of security ZWLS	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Loans to directors' companies	300 000	–	276 085	–	405 000	–

UNAUDITED HISTORICAL						
	Gross limits ZWL\$		Utilised limits ZWL\$		Value of security ZWL\$	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Loans to directors' companies	300 000	–	276 085	–	405 000	–

The loans to directors' companies above include companies directly owned or significantly influenced by executive and non executive directors and/or their close family members. The loans above are provided at commercial terms with interest rates ranging from 10% to 12% and a tenure ranging from 1 month to 3 years. The loans to directors and key management personnel are shown in note 12.3.

	REVIEWED			UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWLS	RESTATE 31 DEC 2019 ZWLS		HISTORICAL 30 JUN 2020 ZWLS	HISTORICAL 31 DEC 2019 ZWLS
Transactions with Directors' companies					
Interest income	83 684	-		49 688	-
Commission and fee income	2 405	3 914		1 382	577
	86 089	3 914		51 070	577
36. CLOSING EXCHANGE RATES					
USA	63.7442	16.7734		63.7442	16.7734
ZAR	0.3027	0.8424		0.3027	0.8424
GBP	70.3957	21.9983		70.3957	21.9983
EUR	64.3100	18.7963		64.3100	18.7963

37. RISK MANAGEMENT

37.1 Risk overview

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

37.2 Group risk management framework

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

The CBZ Group Enterprise Wide Governance and Compliance Unit evaluates quality of compliance with policies, processes and governance structures.

In terms of risk governance, the Group Board has delegated authority to the following Group Board Committees whose membership consists of Non - Executive Directors of the Group:

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

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

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

37.3 Credit risk

This is the risk of potential loss arising from the probability of borrowers and or counterparties failing to meet their repayment commitments to the Group as and when they fall due in accordance with agreed terms and conditions.

Credit risk management framework

Credit risk is managed through a framework of credit policies and standards covering the identification, management, measurement and control of credit risk. These policies are approved by the Board, which also delegates credit approvals as well as loans reviews to designated sub committees within the Group. Credit origination and approval roles are segregated.

The Group uses an internal rating system based on internal estimates of probability of default over a one year horizon and customers are assessed against a range of both quantitative and qualitative factors. Credit concentration risk is managed within set benchmarks by counterparty or a group of connected counterparties, by sector, maturity profile and by credit rating. Concentration is monitored and reviewed through the responsible risk committees set up by the Board.

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

Credit mitigation

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

37.3. (a) Credit risk exposure

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

	REVIEWED	
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REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATE 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
Collateral				
Government Guarantee	6 073 308 820	5 536 502 098	6 073 308 820	2 113 236 582
Cash cover	1 347 000 000	8 598 585	1 347 000 000	3 282 008
Collateral (mortgage security)	1 295 198 038	2 320 092 036	1 295 198 038	885 559 741
Notarial general covering bonds	7 649 826 102	4 306 262 493	7 649 826 102	1 643 664 406
	16 365 332 960	12 171 455 212	16 365 332 960	4 645 742 737

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

37.3 (c) Impairment allowance on financial assets

a. Loans and advances to customers

(i) The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment *allowances. Details of the Group's internal grading system are explained in Note 37.3.1

AUDITED INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	11 346 605 719	8 085 177 715	67 476 771	87 938 728	–	–	11 414 082 490	8 173 116 443
Special mention	"4a – 7c"	1 519 134 314	52 741 121	193 522 541	126 896 637	–	–	1 712 656 855	179 637 758
Non-performing	"8 – 10"	–	–	–	–	221 188 946	274 840 838	221 188 946	274 840 838
Total		12 865 740 033	8 137 918 836	260 999 312	214 835 365	221 188 946	274 840 838	13 347 928 291	8 627 595 039

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	11 346 605 719	3 086 044 765	67 476 771	33 565 478	–	–	11 414 082 490	3 119 610 243
Special mention	"4a – 7c"	1 519 134 314	20 130 845	193 522 541	48 435 386	–	–	1 712 656 855	68 566 231
Non-performing	"8 – 10"	–	–	–	–	221 188 946	104 904 451	221 188 946	104 904 451
Total		12 865 740 033	3 106 175 610	260 999 312	82 000 864	221 188 946	104 904 451	13 347 928 291	3 293 080 925

(ii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

GROSS CARRYING AMOUNT AUDITED INFLATION ADJUSTED									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	31 DEC 2019
Opening balance	8 137 918 834	5 840 527 502	214 835 367	2 272 997 484	274 840 838	1 629 479 816	8 627 595 039	9 743 004 802	
New assets originated or purchased (excluding write offs)	19 325 951 526	20 627 763 371	19 325 951 523	778 926 182	19 325 951 523	2 173 710	57 977 854 572	21 408 863 263	
Transfers from Stage 1	(181 364 859)	(193 810 000)	173 619 430	187 169 980	7 745 429	6 640 020	–	–	
Transfers from Stage 2	22 082 601	302 786 129	(180 620 475)	(437 737 522)	158 537 874	134 951 393	–	–	
Transfers from Stage 3	431 104	4 777 951	–	6 725 473	(431 104)	(11 503 425)	–	–	
Repayments during the year	(1 192 357 136)	(499 843 936)	(190 706 276)	(482 787 987)	(34 413 783)	(224 505 308)	(1 417 477 195)	(1 207 137 231)	
Amounts written off	–	–	–	–	–	(163 473 946)	–	(163 473 946)	
Monetary adjustment	(13 246 919 875)	(17 944 282 184)	(19 082 080 562)	(2 110 458 243)	(19 511 043 688)	(1 098 921 422)	(51 840 044 125)	(21 153 661 849)	
Gross loans and advances to customers	12 865 742 195	8 137 918 834	260 999 007	214 835 367	221 187 089	274 840 838	13 347 928 291	8 627 595 039	
ECL allowance	(864 750 486)	(499 950 399)	(33 719 789)	(55 177 828)	(206 068 439)	(176 299 904)	(1 104 538 714)	(731 428 131)	
Net loans and advances to customers	12 000 991 392	7 637 968 435	227 279 556	159 657 539	15 118 629	98 540 934	12 243 389 577	7 896 166 908	

GROSS CARRYING AMOUNT UNAUDITED HISTORICAL									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	31 DEC 2019
Opening balance	3 106 175 610	358 895 753	82 000 864	139 673 881	104 904 451	100 130 234	3 293 080 925	598 699 868	
New assets originated or purchased (excluding write offs)	11 110 774 875	2 762 005 807	376 705 464	91 560 340	4 052 735	252 859	11 491 533 074	2 853 819 006	
Transfers from Stage 1	(181 364 859)	(73 975 657)	173 619 430	71 441 217	7 745 429	2 534 440	–	–	
Transfers from Stage 2	22 082 601	115 570 935	(180 620 475)	(167 080 754)	158 537 874	51 509 819	–	–	
Transfers from Stage 3	431 104	1 823 704	–	2 567 057	(431 104)	(4 390 761)	–	–	
Repayments during the year	(1 192 357 136)	(58 144 932)	(190 706 276)	(56 160 877)	(34 413 783)	(26 115 841)	(1 417 477 195)	(140 421 650)	
Amounts written off	–	–	–	–	(19 208 513)	(19 016 299)	(19 208 513)	(19 016 299)	
Gross loans and advances to customers	12 865 742 195	3 106 175 610	260 999 007	82 000 864	221 187 089	104 904 451	13 347 928 291	3 293 080 925	
ECL allowance	(864 750 486)	(190 826 889)	(33 719 789)	(21 060 916)	(206 068 439)	(67 292 200)	(1 104 538 714)	(279 180 005)	
Net loans and advances to customers	12 000 991 406	2 915 348 721	227 279 521	60 939 948	15 118 650	37 612 251	12 243 389 577	3 013 900 920	

ECL RECONCILIATION AUDITED INFLATION ADJUSTED									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	31 DEC 2019
Opening balance	499 950 405	278 598 826	55 177 829	496 952 314	176 299 902	1 042 271 877	731 428 136	1 817 823 017	
New assets originated or purchased	732 475 035	764 048 261	113 647 096	158 076 607	66 410 052	18 581 250	912 532 183	940 706 118	
Transfers from Stage 1	(32 189 532)	(76 641 413)	26 524 441	71 394 102	5 665 091	5 247 311	–	–	
Transfers from Stage 2	1 121 671	23 127 952	(105 981 563)	(116 548 541)	104 859 892	93 420 589	–	–	
Transfers from Stage 3	64 220	413 032	–	3 038 036	(64 220)	(3 451 068)	–	–	
Amounts written off	–	(24 644 367)	–	(7 398 147)	(19 208 516)	(145 531 945)	(19 208 516)	(177 574 459)	
Monetary adjustment	(309 123 516)	(434 167 080)	(34 116 913)	(455 422 801)	(109 007 702)	(674 787 955)	(452 248 131)	(1 564 377 836)	
Amounts paid off	(27 385 845)	(30 784 806)	(21 531 217)	(94 913 747)	(19 047 896)	(159 450 628)	(67 964 958)	(285 149 181)	
Closing balance	864 912 438	499 950 405	33 719 673	55 177 823	205 906 603	176 299 431	1 104 538 714	731 427 659	

ECL RECONCILIATION UNAUDITED HISTORICAL									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	31 DEC 2019
Opening balance	190 826 889	17 119 672	21 060 916	30 537 323	67 292 200	64 046 778	279 180 005	111 703 773	
New assets originated or purchased	732 475 035	200 423 071	113 647 096	18 500 622	66 410 052	2 379 353	912 532 183	221 303 046	
Transfers from Stage 1	(32 189 532)	(29 253 387)	26 524 441	27 250 532	5 665 091	2 002 855	–	–	
Transfers from Stage 2	1 121 671	8 827 746	(105 981 563)	(44 485 604)	104 859 892	35 657 858	–	–	
Transfers from Stage 3	64 220	157 651	–	1 159 593	(64 220)	(1 317 244)	–	–	
Amounts written off	–	(2 866 785)	–	(860 598)	(19 208 516)	(16 929 175)	(19 208 516)	(20 656 558)	
Amounts paid off	(27 385 845)	(3 581 079)	(21 531 217)	(11 040 952)	(19 047 896)	(18 548 225)	(67 964 958)	(33 170 205)	
Closing balance	864 912 438	190 826 889	33 719 673	21 060 916	205 906 603	67 292 200	1 104 538 714	279 180 005	

b. Financial Securities

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment *allowances. Details of the Group's internal grading system are explained in Note 37.3.1

AUDITED INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	1 051 069 191	3 122 501 543	–	–	–	–	1 051 069 191	3 122 501 543
Total		1 051 069 191	3 122 501 543	–	–	–	–	1 051 069 191	3 122 501 543

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	1 051 069 191	1 191 832 744	–	–	–	–	1 051 069 191	1 191 832 744
Total		1 051 069 191	1 191 832 744	–	–	–	–	1 051 069 191	1 191 832 744

(ii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to financial securities as follows:

AUDITED INFLATION ADJUSTED								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Opening balance	3 122 501 543	20 260 574 611	–	–	–	–	3 122 501 543	20 260 574 611
New assets originated or purchased (excluding write offs)	49 685 818	217 934 648	–	–	–	–	49 685 818	217 934 648
Monetary Adjustment	(1 951 789 503)	(16 998 789 442)	–	–	–	–	(1 951 789 503)	(16 998 789 442)
Maturities during the period	(169 328 667)	(357 218 274)	–	–	–	–	(169 328 667)	(357 218 274)
Gross financial securities	1 051 069 191	3 122 501 543	–	–	–	–	1 051 069 191	3 122 501 543
ECL allowance	(82 330)	(205 066)	–	–	–	–	(82 330)	(205 066)
Closing balance	1 050 986 861	3 122 296 477	–	–	–	–	1 050 986 861	3 122 296 477



ECL RECONCILIATION		UNAUDITED HISTORICAL							
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	
Opening balance	224 353 351	70 744 174	–	–	–	–	224 353 351	70 744 174	
New assets originated or purchased (excluding write offs)	1 669 936 634	239 586 417	–	–	–	–	1 669 936 634	239 586 417	
Maturities during the period	(220 040 074)	(85 977 240)	–	–	–	–	(220 040 074)	(85 977 240)	
Gross money market assets	1 674 249 911	224 353 351	–	–	–	–	1 674 249 911	224 353 351	
ECL allowance	(287 241)	(188 145)	–	–	–	–	(287 241)	(188 145)	
Closing balance	1 673 962 670	224 165 206	–	–	–	–	1 673 962 670	224 165 206	

d. Financial guarantees

(i) The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 37.3.1

AUDITED INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	86 418 975	218 739 976	–	–	–	–	86 418 975	218 739 976
Total		86 418 975	218 739 976	–	–	–	–	86 418 975	218 739 976

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	86 418 975	83 491 221	–	–	–	–	86 418 975	83 491 221
Total		86 418 975	83 491 221	–	–	–	–	86 418 975	83 491 221

(ii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to financial guarantees is as follows:

AUDITED INFLATION ADJUSTED									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	
Opening balance	218 739 976	169 094 407	–	–	–	–	218 739 976	169 094 407	
New assets originated or purchased (excluding write offs)	7 012 186	218 739 976	–	–	–	–	7 012 186	218 739 976	
Monetary adjustment	(138 229 532)	(141 601 198)	–	–	–	–	(138 229 532)	(141 601 198)	
Guarantees Expired	(1 103 655)	(27 493 209)	–	–	–	–	(1 103 655)	(27 493 209)	
Gross Guarantees	86 418 975	218 739 976	–	–	–	–	86 418 975	218 739 976	
ECL allowance	(401 012)	(2 353 093)	–	–	–	–	(401 012)	(2 353 093)	
Closing balance	86 017 963	216 386 883	–	–	–	–	86 017 963	216 386 883	

UNAUDITED HISTORICAL									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	
Opening balance	83 491 221	10 493 928	–	–	–	–	83 491 221	10 493 928	
New assets originated or purchased (excluding write offs)	4 031 409	83 491 221	–	–	–	–	4 031 409	83 491 221	
Guarantees expired during the period	(1 103 655)	(10 493 928)	–	–	–	–	(1 103 655)	(10 493 928)	
Gross Guarantees	86 418 975	83 491 221	–	–	–	–	86 418 975	83 491 221	
ECL allowance	(401 012)	(898 156)	–	–	–	–	(401 012)	(898 156)	
Closing balance	86 017 963	82 593 065	–	–	–	–	86 017 963	82 593 065	

The Financial Assets that were impaired under IFRS 9 were Loans, Overdrafts, Leases, Bank Guarantees, and Letters of Credit, Credit Cards Facilities, Money Market Placements and Treasury Bills. Expected Credit Losses of these assets were calculated as at 31 December 2019. Expected Credit Losses is determined through a combination of expected credit exposures (Exposure-at-Default), likelihood of default occurring (Probability of Default) and anticipated Loss in the event of Default (Loss-Given-Default).

37.3.1 Definition of Parameters used for Calculation of Expected Credit Losses (ECL)

The Probability of Default (PD)

This is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year if the facility has not been previously derecognised and is still in the portfolio.

The Exposure at Default (EAD)

This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

The Loss Given Default (LGD)

This is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including those from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers four scenarios (a base case, an upside, a mild downside ("downside 1") and a more extreme downside ("downside 2")). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum year for which the credit losses are determined is the contractual life of a financial instrument, unless the Group has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Significant increase in credit risk and Stage Recognition

The CBZ Group has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

A significant increase in credit risk is defined as a significant increase in the probability of a default occurring since initial recognition. Credit risk has increased significantly when contractual payments are more than 30 days past due. Key consideration for a significant change in credit risk under a financial asset include the following;

- i)

The counterparty rating deteriorates.
- ii)

Breaches in conditionality or covenants.
- iii)

Deterioration in account conduct.
- iv)

Any corporate action relating to changes in corporate structure, control, acquisitions or disposals,
- v)

Significant changes in executive leadership.
- vi)

Any other factor that is reasonably expected to have a negative impact on prospects for repayment, including but not limited to legislative changes, perceived sectoral risks, and negative media coverage.
- vii)

Actual or expected significant change in the financial instrument's external credit rating (Credit Reference Bureau rating).
- viii)

Declining Asset Quality
- ix)

Reduction in financial support from the parent company
- x)

Expected changes in the loan agreement terms and conditions.
- xi)

Changes in group parents payment pattern
- xii)

Decision to change collateral
- xiii)

Deterioration of macro-economic factors of the borrower

Based on financial asset's stage, 12 Months and Life-Time Expected Credit Losses were calculated.

- a) 12 Months Expected Credit Losses is a portion of Lifetime expected credit losses that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
- b) Lifetime Expected Credit Losses are the expected present value of losses that arise if borrowers default on their obligations at some time during the life of the financial asset. These are weighted average credit losses that result from all possible default events over the expected life of the financial asset/ or instrument.

Stage 1: (Performing)

The financial assets in this stage are neither past due nor specifically impaired, and are current and fully compliant with all contractual terms and conditions. When loans are first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: (Underperforming)

The assets have early arrears but not specifically impaired loans. It covers all loans where the counterparties have failed to make contractual payments and are less than 90 days past due, but are expected that the full carrying values will be recovered when considering future cash flows including collateral. When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: (Credit Impaired)

For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. LTECLs were calculated for all the assets which were classified under this stage. Loans satisfying the followings were classified under Stage 3;

- a) Instalments (Principal and Interest) were due and unpaid for 90 days or more.
- b) The Group had identified objective evidence of default, such as a breach of a material loan covenant or condition (there is marked significant increase in credit risk i.e deterioration in asset quality).
- c) The Group had sufficient evidence about significant financial difficulties of the borrower contrary to cash flow projections.
- d) High probability of bankruptcy or other financial reorganization of the borrower has been identified.

Under this stage interest revenue recognised was based on Amortised Cost ie Gross exposure amount less allowance. The estimate of cash flow expected from collateral and credit enhancements were also factored.

Purchased or originated credit impaired (POCI)

Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Cure, Modification and Forbearance of Financial Assets

During the year under Review, some of the financial assets were cured, modified and forborne.

Curing

Cure is the reclassification of a non-performing asset or underperforming into performing status. To be reclassified as performing, a non-performing forborne exposure should fulfill the general requirements for reclassifying exposures from non-performing to performing as well as specific requirements applicable to forborne exposures. Clients whose exposures were cured had met the following conditions;

- a) Completion of a "cure year" of six months by non-performing forborne exposures and that the debtor's behaviour demonstrates that financial difficulties no longer exist.
- b) The borrower should have settled, by means of regular payments, an amount equivalent to all the amounts past due on the date the forbearance measures were granted (if there were past-due amounts at this date), or to the amount written-off as part of these forbearance measures (if there was no past-due amount at the date of the forbearance measures).
- c) It has been established that the obligor has been able to meet the requirements of the revised terms and conditions.
- d) The borrower should have settled 6 full consecutive monthly payments under the revised terms.

Cure constituted the following in each of the respective impairment stages;

Account Cure	Impairment triggers
Move from stage 3 to stage 2 (decrease in credit risk)	<div><div>•</div>Modifications</div>
Move from stage 3 to stage 1 (decrease in credit risk)	<div><div>•</div>Restructured loans</div>
Move from stage 2 to stage 1 (reduction in credit risk signified by migration from low credit risk or no significant increase in credit risk)	<div><div>•</div>Arrears re-spread</div> <div><div>•</div>Arrears deferred</div> <div><div>•</div>Loan term extended</div> <div><div>•</div>Arrears deferred and re-spread</div>

Modification and Forbearance

These are formal, contractual agreements between the customer and the Group to change cash flows from that originally agreed or previously amended as well as contractual terms and conditions. Where a contract was subjected to some or all of the above forbearance measures, it was referred to as modification. It was also referred to as Restructuring by the Group. Modification in some instances resulted in change in PD, instalment and interest rate among other factors.

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Beginning 1 January 2018, any loan that has been renegotiated or modified but not derecognised, is reassessed by the Group for potential significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum six months' probation year. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing
- The probation year of six months has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation year
- The customer does not have any contract that is more than 30 days past due

Derecognition

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. The Group de-recognizes a financial asset when, and only when:

- a) the contractual rights to the cash flows from the financial asset expire, or
- b) It transfers the financial asset and the transfer qualifies for de-recognition.

Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense

37.3.2 Market risk

This is the risk of loss under both the banking book and or trading book arising from unfavourable changes in market price such as interest rates, foreign exchanges rates, equity prices, credit spreads and commodity prices, which can cause substantial variations in earnings and or economic value of the Group and its strategic business units (SBUs) if not properly managed. The Group's exposure to market risk arises mainly from customer driven transactions.

37.3.3 Group market risks management framework

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

37.4 Liquidity risk

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

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

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

The Group's liquidity risk management framework ensures that limits are set under respective Group Strategic Business Units relating to limits such as levels of wholesale funding, retail funding, loans to deposit ratio, counter-party exposures, liquidity coverage ratio,net stable funding ratio as well as prudential liquidity ratio.

The primary funding sources under the Group are customer deposits made up of current, savings and term deposits and these are diversified by customer type and maturity profile. The Group, through the ALCO processes and statement of financial position management ensures that asset growth and maturity are funded by appropriate growth in deposits and stable funding, respectively.

37.4.1 Contractual Gap analysis

CONTRACTUAL LIQUIDITY PROFILE AS AT 30 JUNE 2020

INFLATION ADJUSTED							
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets							
Balances with banks and cash	4 871 108 688	–	–	–	–	–	4 871 108 688
Money market assets	1 654 246 985	18 319 502	1 396 183	–	–	–	1 673 962 670
Financial securities	41 587 695	11 349 649	14 204 465	4 767 335	65 185 586	913 892 131	1 050 986 861
Loans and advances to customers	734 160 420	222 840 310	10 360 157 724	289 597 765	387 188 541	249 444 817	12 243 389 577
Insurance assets	830 598	–	–	1 374 063	–	–	2 204 661
Financial guarantees	542 750	19 674 281	2 599 768	–	63 602 176	–	86 418 975
Current tax receivable	–	23 578	–	–	–	–	23 578
Other liquid assets	28 728 160 607	1 940 011 843	103 844	–	–	–	30 668 276 294
Total assets	36 030 637 743	2 212 219 163	10 378 461 984	295 739 163	515 976 303	1 163 336 948	50 596 371 304
Liabilities							
Deposits	40 962 242 229	1 930 215 230	347 657 039	839 903 133	927 157 156	6 874 768	45 014 049 555
Other liabilities	49 622 314	55 531 712	1 874 532 884	4 825 234	–	–	1 984 512 144
Current tax payable	567 362	229 234 101	990 053	796 615	–	–	231 588 131
Life Fund	663 264	–	–	–	–	–	663 264
Lease Liabilities	187 229	524 721	417 979	474 549	2 119 146	–	3 723 624
Investment contract liabilities	1 642 962	8 214 809	–	–	–	–	9 857 771
Financial guarantees	542 750	19 674 281	2 599 768	–	63 602 176	–	86 418 975
Capital Commitments	–	38 267 915	–	–	–	38 267 915	76 535 830
Total liabilities	41 015 468 110	2 281 662 769	2 226 197 723	845 999 531	992 878 478	45 142 683	47 407 349 294
Liquidity gap	(4 984 830 367)	(69 443 606)	8 152 264 261	(550 260 368)	(476 902 175)	1 118 194 265	3 189 022 010
Cumulative liquidity gap	(4 984 830 367)	(5 054 273 973)	3 097 990 288	2 547 729 920	2 070 827 745	3 189 022 010	3 189 022 010

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2019

INFLATION ADJUSTED							
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets							
*Balances with banks and cash	6 288 464 203	–	–	–	–	–	6 288 464 203
Money market assets	306 044 919	277 599 235	–	3 649 831	–	–	587 293 985
*Financial securities	88 766 180	89 376 327	30 280 244	94 602 194	396 189 230	2 423 082 302	3 122 296 477
Loans and advances to customers	283 132 335	42 661 091	94 358 503	6 473 207 302	597 440 049	405 367 628	7 896 166 908
Insurance assets	915 640	–	–	7 107 305	–	–	8 022 945
Financial guarantees	841 412	31 228 714	2 793 677	17 243 823	166 632 351	–	218 739 977
Current tax receivable	–	398 686	27 260	–	–	–	425 946
Other liquid assets	19 843 708 893	725 775 762	53 315	–	–	–	20 569 537 970
Total assets	26 811 873 582	1 167 039 815	127 512 999	6 595 810 455	1 160 261 630	2 828 449 930	38 690 948 411
Liabilities							
Deposits	32 176 434 904	374 711 704	82 883 161	1 123 935 085	459 553 478	11 784 620	34 229 302 952
Insurance liabilities	10 455 366	–	45 477 993	–	–	–	55 933 359
Other liabilities	22 360 364	2 240 672 870	2 135 437 186	11 551 780	28 437 018	–	4 438 459 218
Current tax payable	–	265 915 578	–	4 002 404	–	–	269 917 982
Life Fund	1 713 928	–	–	–	–	–	1 713 928
Lease Liability	460 021	1 355 453	1 407 668	2 521 962	4 735 049	–	10 480 153
*Investment contract liabilities	774 306	8 157 121	–	–	–	–	8 931 427
Financial guarantees	841 412	31 228 714	2 793 677	17 243 823	166 632 351	–	218 739 977
Capital Commitments	–	43 632 815	–	–	–	–	43 632 815
Total liabilities	32 213 040 301	2 965 674 255	2 267 999 685	1 159 255 054	659 357 896	11 784 620	39 277 111 811
Liquidity gap	(5 401 166 719)	(1 798 634 440)	(2 140 486 686)	5 436 555 401	500 903 734	2 816 665 310	(586 163 400)
Cumulative liquidity gap	(5 401 166 719)	(7 199 801 159)	(9 340 287 845)	(3 903 732 444)	(3 402 828 710)	(586 163 400)	(586 163 400)

*Included in cash balances and in financial securities above is a ring–fenced amount of ZWL\$1 183 881 which will be required as payment to effect the transfer of the USD–equivalent of legacy liabilities and nostro gap accounts at an exchange rate of 1:1. This amount has been included as a payable in other liabilities and was subsequently paid post year end.

CONTRACTUAL LIQUIDITY PROFILE AS AT 30 JUNE 2020

HISTORICAL							
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets							
Balances with banks and cash	4 871 108 688	–	–	–	–	–	4 871 108 688
Money market assets	1 654 246 985	18 319 502	1 396 183	–	–	–	1 673 962 670
Financial securities	41 587 695	11 349 649	14 204 465	4 767 335	65 185 586	913 892 131	1 050 986 861
Loans and advances to customers	734 160 420	222 840 310	10 360 157 724	289 597 765	387 188 541	249 444 817	12 243 389 577
Insurance assets	830 598	–	–	1 374 063	–	–	2 204 661
Financial guarantees	542 750	19 674 281	2 599 768	–	63 602 176	–	86 418 975
Current tax receivable	–	23 578	–	–	–	–	23 578
Other liquid assets	28 728 160 607	1 940 011 843	103 844	–	–	–	30 668 276 294
Total assets	36 030 637 743	2 212 219 163	10 378 461 984	295 739 163	515 976 303	1 163 336 948	50 596 371 304
Liabilities							
Deposits	40 962 242 229	1 930 215 230	347 657 039	839 903 133	927 157 156	6 874 768	45 014 049 555
Other liabilities	49 622 314	55 531 712	1 874 532 884	4 825 234	–	–	1 984 512 144
Current tax payable	567 362	229 234 101	990 053	796 615	–	–	231 588 131
Life Fund	663 264	–	–	–	–	–	663 264
Lease Liabilities	187 229	524 721	417 979	474 549	2 119 146	–	3 723 624
Investment contract liabilities	1 642 962	8 214 809	–	–	–	–	9 857 771
Financial guarantees	542 750	19 674 281	2 599 768	–	63 602 176	–	86 418 975
Capital Commitments	–	38 267 915	–	–	–	38 267 915	76 535 830
Total liabilities	41 015 468 110	2 281 662 769	2 226 197 723	845 999 531	992 878 478	45 142 683	47 407 349 294
Liquidity gap	(4 984 830 367)	(69 443 606)	8 152 264 261	(550 260 368)	(476 902 175)	1 118 194 265	3 189 022 010
Cumulative liquidity gap	(4 984 830 367)	(5 054 273 973)	3 097 990 288	2 547 729 920	2 070 827 745	3 189 022 010	3 189 022 010

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2019

HISTORICAL							
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets							
Balances with banks and cash	2 400 254 233	–	–	–	–	–	2 400 254 233
Money market assets	116 814 788	105 957 308	–	1 393 110	–	–	224 165 206
Financial securities	33 881 309	34 114 197	11 557 716	36 108 867	151 222 118	924 870 265	1 191 754 472
Loans and advances to customers	108 069 246	16 283 382	36 015 852	2 470 769 130	228 037 874	154 725 436	3 013 900 920
Insurance assets	349 492	–	–	2 712 799	–	–	3 062 291
Financial guarantees	321 160	11 919 739	1 066 323	6 581 823	63 602 176	–	83 491 221
Current tax receivable	–	152 175	10 405	–	–	–	162 580
Other liquid assets	7 574 177 849	277 022 543	20 350	–	–	–	7 851 220 742
Total assets	10 233 868 077	445 449 344	48 670 646	2 517 565 729	442 862 168	1 079 595 701	14 768 011 665
Liabilities							
Deposits	12 281 476 302	143 024 326	31 635 810	428 996 629	175 407 722	4 498 091	13 065 038 880
Insurance liabilities	3 990 726	–	17 358 570	–	–	–	21 349 296
Other liabilities	8 534 764	855 246 109	815 078 528	4 409 218	10 854 172	–	1 694 122 791
Current tax payable	–	101 497 754	–	1 527 684	–	–	103 025 438
Life Fund	654 192	–	–	–	–	–	654 192
Lease Liability	175 586	517 365	537 295	962 612	1 807 329	–	4 000 187
Investment contract liabilities	295 546	3 113 505	–	–	–	–	3 409 051
Financial guarantees	321 160	11 919 739	1 066 323	6 581 823	63 602 176	–	83 491 221
Capital commitments	–	16 654 281	–	–	–	–	16 654 281
Total liabilities	12 295 448 276	1 131 973 079	865 676 526	442 477 966	251 671 399	4 498 091	14 991 745 337
Liquidity gap	(2 061 580 199)	(686 523 735)	(817 005 880)	2 075 087 763	191 190 769	1 075 097 610	(223 733 672)
Cumulative liquidity gap	(2 061 580 199)	(2 748 103 934)	(3 565 109 814)	(1 490 022 051)	(1 298 831 282)	(223 733 672)	(223 733 672)

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

The Group's SBUs carry out static statement of financial position analysis to track statement of financial position growth drivers, the pattern of core banking deposits, statement of financial position structure, levels and direction of the SBU's maturity mismatch and related funding or liquidity gap. The Group also relies on stress testing under various scenarios i.e moderate, extreme and severe in line with RBZ Recovery Planning

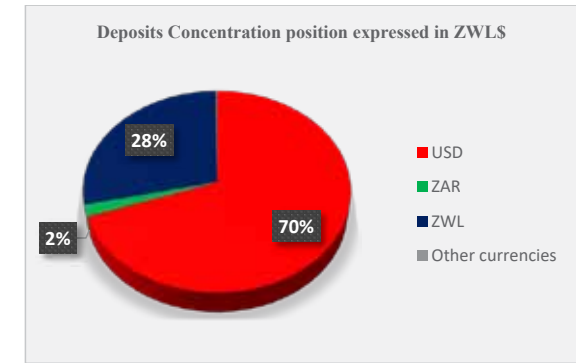
Guideline to assess and manage liquidity risk. The Asset and Liability Management Committee (ALCO) of the respective SBU comes up with strategies to manage these liquidity gaps through funding gap limits. Additionally, the Group models asset and liability behaviours to measure liquidity risk from a behavioural perspective.

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

	CBZ Bank Limited %
At 30 June 2020	42
At 31 Dec 2019	83
Average for the period	37
Maximum for the period	45
Minimum for the period	31

37.4.2 Concentration & Counterparty Risk

Concentration risk describes the level of risk in the Group's liabilities when they are concentrated in few counterparties. Given concentrated liability positions, the impact on the Group's liquidity is significant if any one of the counterparties makes a call on the liabilities. The risk associated with significant liability concentrations in specific foreign currencies is that if the exchange rate moves against the Group, assuming no adequate monetary assets denominated in the same currency, significant exchange losses will be incurred and significant cash flow will be required to expunge the associated liabilities. An analysis of the concentration of the Group's deposits is shown below;



Included in the USD deposits, are legacy liabilities and nostro gap accounts amounting to USD429.11 million. These liabilities contribute 62.45% [December 2019:59.72%] of the Group's total deposits.

The Group's significant counterparty risk encompasses risk on legacy liabilities and nostro gap accounts. The Group's deposits are held with various counterparties; the 3 largest ones which are legacy liabilities and nostro gap accounts counterparties which hold



37.5.1 Interest rate repricing (continued)

HISTORICAL								
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non– interest bearing ZWL\$	Total ZWL\$
UNAUDITED 31 DEC 2019								
Assets								
Balances with banks and cash	2 190 992 081	–	–	–	–	–	2 680 116 607	4 871 108 688
Money market assets	1 654 246 985	18 319 502	1 396 183	–	–	–	–	1 673 962 670
Financial securities	41 587 695	11 349 649	14 204 465	4 767 335	65 185 586	913 892 131	–	1 050 986 861
Loans and advances to customers	734 160 420	222 840 310	10 360 157 724	289 597 765	387 188 541	249 444 817	–	12 243 389 577
Insurance assets	–	–	–	–	–	–	147 487 981	147 487 981
Equity investments	–	–	–	–	–	–	1 173 355 033	1 173 355 033
Land inventory	–	–	–	–	–	–	141 551 269	141 551 269
Other assets	–	–	–	–	–	–	9 379 189 428	9 379 189 428
Current tax receivable	–	–	–	–	–	–	563 193	563 193
Intangible assets	–	–	–	–	–	–	2 478 967	2 478 967
Investment properties	–	–	–	–	–	–	2 069 764 661	2 069 764 661
Property and equipment	–	–	–	–	–	–	3 021 202 159	3 021 202 159
Deferred taxation	–	–	–	–	–	–	300 548 762	300 548 762
Total assets	4 620 987 181	252 509 461	10 375 758 372	294 365 100	452 374 127	1 163 336 948	18 916 258 060	36 075 589 249
Equity & Liabilities								
Deposits	21 358 472 667	1 930 215 230	347 657 039	839 903 133	467 773 299	6 874 768	–	24 950 896 136
Insurance liabilities	–	–	–	–	–	–	124 885 775	124 885 775
Other liabilities	–	–	–	–	–	–	2 145 645 580	2 145 645 580
Current tax payable	–	–	–	–	–	–	298 295 284	298 295 284
Life Fund	–	–	–	–	–	–	18 280 005	18 280 005
Investment contract liabilities	–	–	–	–	–	–	9 857 771	9 857 771
Deferred taxation	–	–	–	–	–	–	944 079 636	944 079 636
Lease liability	187 229	524 721	417 979	474 549	2 119 146	–	–	3 723 624
Equity	–	–	–	–	–	–	7 579 925 438	7 579 925 438
Total liabilities and equity	21 358 659 896	1 930 739 951	348 075 018	840 377 682	469 892 445	6 874 768	11 120 969 489	36 075 589 249
Interest rate repricing gap (16 737 672 715) (1 678 230 490) 10 027 683 354 (546 012 582) (17 518 318) 1 156 462 180 7 795 288 571 –								
Cumulative gap (16 737 672 715) (18 415 903 205) (8 388 219 851) (8 934 232 433) (8 951 750 751) (7 795 288 571) – –								

37.6 Exchange rate risk

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

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

At 30 June 2020, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the year would have been ZWL\$78 921 579 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Group as at 30 June 2020 is as below:

Foreign currency position as at 30 June 2020

INFLATION ADJUSTED							
Position expressed in ZWL\$	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	4 871 108 688	1 701 530 543	2 424 163 564	601 165 412	11 038 568	120 951 692	12 258 909
Money market assets	1 673 962 670	1 099 305 204	574 657 466	–	–	–	–
Financial securities	1 050 986 861	1 050 986 861	–	–	–	–	–
Loans and advances to customers	12 243 389 577	10 505 515 344	1 722 539 355	14 160 402	331 801	751 448	91 227
Insurance assets	151 592 933	151 592 933	–	–	–	–	–
Equity investments	1 173 355 033	1 153 268 294	–	–	–	20 086 739	–
Land inventory	1 920 518 178	1 920 518 178	–	–	–	–	–
Other assets	29 614 867 687	824 523 257	28 721 703 250	67 206 697	300 746	1 133 737	–
Current tax receivable	563 193	563 193	–	–	–	–	–
Intangible assets	21 610 447	21 610 447	–	–	–	–	–
Investment properties	2 069 764 661	2 069 764 661	–	–	–	–	–
Property and equipment	3 508 599 339	3 508 599 339	–	–	–	–	–
Deferred taxation	348 188 029	348 188 029	–	–	–	–	–
Total assets	58 648 507 296	24 355 966 283	33 443 063 635	682 532 511	11 671 115	142 923 616	12 350 136
Equity & Liabilities							
Deposits	45 014 049 555	12 759 530 843	31 291 603 580	845 841 038	8 455 881	90 846 536	17 771 677
Insurance liabilities	100 924 538	100 924 538	–	–	–	–	–
Other liabilities	2 255 980 008	1 790 951 132	457 066 232	1 207 846	2 170 563	4 567 624	16 611
Current tax payable	298 295 284	298 295 284	–	–	–	–	–
Life Fund	18 280 005	18 280 005	–	–	–	–	–
Investment contract liabilities	9 857 771	9 857 771	–	–	–	–	–
Deferred taxation	1 009 819 514	1 009 819 514	–	–	–	–	–
Lease Liability	3 723 624	3 723 624	–	–	–	–	–
Equity	9 937 576 997	9 937 576 997	–	–	–	–	–
Total equity and liabilities	58 648 507 296	25 928 959 708	31 748 669 812	847 048 884	10 626 444	95 414 160	17 788 288

Foreign currency position as at 31 December 2019

INFLATION ADJUSTED							
Postion expressed in ZWLS		Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	6 288 464 203	5 497 070 853	508 841 901	196 046 236	7 733 363	57 056 300	21 715 550
Money market assets	587 293 985	59 650 331	527 643 654	—	—	—	—
Financial securities	3 122 296 477	3 122 296 477	—	—	—	—	—
Loans and advances to customers	7 896 166 908	7 312 193 858	345 435 957	14 574 977	726 676	223 235 440	—
Insurance assets	199 311 251	199 311 251	—	—	—	—	—
Equity investments	555 654 565	540 105 967	—	—	—	15 548 598	—
Land Inventory	1 928 988 121	1 928 988 121	—	—	—	—	—
Other assets	21 693 245 227	2 079 656 815	19 605 315 656	6 467 891	344 288	1 460 577	—
Current tax receivable	1 441 014	1 441 014	—	—	—	—	—
Intangible assets	27 353 950	27 353 950	—	—	—	—	—
Investment properties	1 463 447 124	1 463 447 124	—	—	—	—	—
Property and equipment	2 677 383 249	2 640 305 775	3 863 097	33 214 377	—	—	—
Deferred taxation	277 886 548	277 886 548	—	—	—	—	—
Total assets	46 718 932 622	25 149 708 084	20 991 100 265	250 303 481	8 804 327	297 300 915	21 715 550
Equity & Liabilities							
Deposits	34 229 302 952	11 655 188 399	21 696 303 965	610 564 738	7 105 560	243 879 544	16 260 746
Insurance liabilities	155 094 713	155 094 713	—	—	—	—	—
Other liabilities	3 816 317 504	3 739 064 721	73 596 052	185 076	3 186 936	276 186	8 533
Current tax payable	269 917 985	269 917 985	—	—	—	—	—
Life Fund	10 309 091	10 309 091	—	—	—	—	—
Investment contract liabilities	8 931 427	8 931 427	—	—	—	—	—
Deferred taxation	834 774 719	834 774 719	—	—	—	—	—
Lease Liability	10 480 153	10 480 153	—	—	—	—	—
Equity	7 383 804 078	7 383 804 078	—	—	—	—	—
Total equity and liabilities	46 718 932 622	16 683 761 208	21 769 900 017	610 749 814	10 292 496	244 155 730	16 269 279

Foreign currency position as at 30 June 2020

HISTORICAL							
Position expressed in ZWL\$	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	4 871 108 688	1 701 530 543	2 424 163 564	601 165 412	11 038 568	120 951 692	12 258 909
Money market assets	1 673 962 670	1 099 305 204	574 657 466	–	–	–	–
Financial securities	1 050 986 861	1 050 986 861	–	–	–	–	–
Loans and advances to customers	12 243 389 577	10 505 515 344	1 722 539 355	14 160 402	331 801	751 448	91 227
Insurance assets	147 487 981	147 487 981	–	–	–	–	–
Equity investments	1 173 355 033	1 153 268 294	–	–	–	20 086 739	–
Land inventory	141 551 269	141 551 269	–	–	–	–	–
Other assets	29 442 342 847	651 998 417	28 721 703 250	67 206 697	300 746	1 133 737	–
Current tax receivable	563 193	563 193	–	–	–	–	–
Intangible assets	2 478 967	2 478 967	–	–	–	–	–
Investment properties	2 069 764 661	2 069 764 661	–	–	–	–	–
Property and equipment	3 021 202 159	3 021 202 159	–	–	–	–	–
Deferred taxation	300 548 762	300 548 762	–	–	–	–	–
Total assets	56 138 742 668	21 846 201 655	33 443 063 635	682 532 511	11 671 115	142 923 616	12 350 136
Equity & Liabilities							
Deposits	45 014 049 555	12 759 530 843	31 291 603 580	845 841 038	8 455 881	90 846 536	17 771 677
Insurance liabilities	124 885 775	124 885 775	–	–	–	–	–
Other liabilities	2 145 645 580	1 680 616 704	457 066 232	1 207 846	2 170 563	4 567 624	16 611
Current tax payable	298 295 284	298 295 284	–	–	–	–	–
Life Fund	18 280 005	18 280 005	–	–	–	–	–
Investment contract liabilities	9 857 771	9 857 771	–	–	–	–	–
Deferred taxation	944 079 636	944 079 636	–	–	–	–	–
Lease liability	3 723 624	3 723 624	–	–	–	–	–
Equity	7 579 925 438	7 579 925 438	–	–	–	–	–
Total equity and liabilities	56 138 742 668	23 419 195 080	31 748 669 812	847 048 884	10 626 444	95 414 160	17 788 288

Foreign currency position as at 31 December 2019

HISTORICAL							
Position expressed in ZWL\$		Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	2 400 254 233	2 098 186 005	194 220 701	74 829 210	2 951 760	21 777 913	8 288 644
Money market assets	224 165 206	22 768 033	201 397 173	—	—	—	—
Financial securities	1 191 754 472	1 191 754 472	—	—	—	—	—
Loans and advances to customers	3 013 900 920	2 791 003 287	131 850 018	5 563 147	277 366	85 207 102	—
Insurance assets	74 792 150	74 792 150	—	—	—	—	—
Equity investments	212 088 704	206 153 934	—	—	—	5 934 770	—
Land Inventory	139 034 053	139 034 053	—	—	—	—	—
Other assets	8 162 478 639	676 135 854	7 483 185 143	2 468 740	131 412	557 490	—
Current tax receivable	550 023	550 023	—	—	—	—	—
Intangible assets	2 924 000	2 924 000	—	—	—	—	—
Investment properties	558 585 537	558 585 537	—	—	—	—	—
Property and equipment	873 439 372	859 287 210	1 474 512	12 677 650	—	—	—
Deferred taxation	106 041 533	106 041 533	—	—	—	—	—
Total assets	16 960 008 842	8 727 216 091	8 012 127 547	95 538 747	3 360 538	113 477 275	8 288 644
Equity & Liabilities							
Deposits	13 065 038 880	4 448 688 008	8 281 297 906	233 047 458	2 712 133	93 086 784	6 206 591
Insurance liabilities	59 198 356	59 198 356	—	—	—	—	—
Other liabilities	1 423 998 444	1 394 511 702	28 090 998	70 642	1 216 427	105 418	3 257
Current tax payable	103 025 439	103 025 439	—	—	—	—	—
Life Fund	3 934 894	3 934 894	—	—	—	—	—
Investment contract liabilities	3 409 051	3 409 051	—	—	—	—	—
Deferred taxation	259 951 917	259 951 917	—	—	—	—	—
Lease Liability	4 000 187	4 000 187	—	—	—	—	—
Equity	2 037 451 674	2 037 451 674	—	—	—	—	—
Total equity and liabilities	16 960 008 842	8 314 171 228	8 309 388 904	233 118 100	3 928 560	93 192 202	6 209 848

37.13 Risk and Credit Ratings

CBZ Bank Limited												
Rating agent	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Global Credit Rating	A+	A+	A	A	A	A	A+	A+	A+	A+	A	A

CBZ Life Private Limited												
Rating agent	2020	2019	2018	2017	2016	2015	201 4	2013	2012	2011	2010	2009
Global Credit Rating (Financial strength)	A-	A-	A-	BBB+	BBB+	BBB+	-	-	-	-	-	-

CBZ Insurance Private Limited												
Rating agent	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Global Credit Rating(Claims paying ability)	BBB-	BBB+	BBB+	BBB+	BBB	BBB	-	-	-	-	-	-

CBZ Asset Management Private Limited												
Rating agent	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Global Credit Rating (Manager quality)	MQ2 ₍₂₀₀₎	MQ2 ₍₂₀₀₎	A	A	A	A	-	-	-	-	-	-

37.13.2 Reserve Bank Ratings

CAMELS RATING MATRIX - 31 DECEMBER 2017 RBZ ONSITE EXAMINATION							
	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank (current)	2	1	3	2	2	2	2
CBZ Bank (previous)	1	1	2	1	1	2	2

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

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

KEY	
Level of inherent risk	
Low –	reflects a lower than average probability of an adverse impact on an institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the institution's overall financial condition.
Moderate –	could reasonably be expected to result in a loss which could be absorbed by an institution in the normal course of business.
High –	reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the institution.
Adequacy of Risk Management Systems	
Weak –	risk management systems are inadequate or inappropriate given the size complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written down policies and procedures.
Acceptable –	management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses these have been recognised and are being addressed. Management information systems are generally adequate.
Strong –	management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the financial institution's risk tolerance responsibilities are effectively communicated.
Overall Composite Risk	
Low Risk –	would be assigned to low inherent risk areas. Moderate risk areas may be assigned a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.
Moderate Risk –	risk management effectively identifies and controls all types of risk posed by the relevant functional area significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organization.
Direction of Overall Composite Risk Rating	
Increasing–	based on the current information composite risk is expected to increase in the next twelve months.
Decreasing–	based on current information composite risk is expected to decrease in the next twelve months.
Stable –	based on the current information composite risk is expected to be stable in the next twelve months.

38. Going concern

The Directors have assessed the ability of the Group and its subsidiaries' (the Group) to continue operating as a going concern and believe that the preparation of these consolidated financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Group to continue to operate as a going concern and to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these consolidated financial statements.

Particular attention is given to the issues below;

- i) **Legacy liabilities and nostro gap accounts:**
Legacy debts were resolved through registration with the Reserve Bank of Zimbabwe. Subsequent to 31 December 2019, The Group fulfilled the requirements of the registration of legacy liabilities and nostro gap accounts, by transferring ZWL to the Reserve Bank of Zimbabwe (RBZ) of the amount registered as legacy debts. Currently, The Group is carrying a government grant receivable and nostro gap asset related to the legacy liabilities and nostro gap accounts respectively. Payments are being made available upon request by the Group to cover the gap.
- ii) **Impact of COVID-19**
COVID-19 is an economic shock analogous to the global financial crisis. During the period under review, economic and business activity noticeably shifted to, and revolved around, the coronavirus – which was declared a global pandemic by the World Health Organisation "WHO" on 11 March 2020.

As the virus continues to spread globally, the Group has considered the future impact it might have on its ability to continue to operate as a going concern. Both global and domestic economic activities are expected to continue on a slow-down as Governments continue adopt restrictive measures to curtail the spread of the virus. In Zimbabwe, Government and private sector efforts to fight the disease resulted in new threats and opportunities to the Group's business model.

The operations of the Group have not been spared of the effects of COVID 19. Due to the continued lockdown that has been necessitated by the need to curtail the spread of the virus, most of the Group's branches were not operating at full capacity. Most of the Group's employees are working from home with the exception of staff members that are required to be available physically within the work premises. Limited services are being offered to clients, with most of the services being restricted to clients who have been designated as essential services. Transactional volumes have declined during the lockdown period as a result of the restriction in movement and the requirement that only essential services be allowed to operate during this period. Borrowers, especially those that are in the hardest hit industries such as Tourism and Hospitality have had their businesses affected and consequently, their ability to service debts and pay premiums.

Group Business Continuity

- The Group has put in place various measures to support its clients and counter the effects of COVID 19. The measures are detailed as below:
- Aggressive use of digital channels: The Group has encouraged its customers to make use of the various digital platforms it has available in an effort to make sure that services are available to customers during the lockdown period.
 - Remote working: Most of the Group employees are available to ensure continuity of the business during lockdown by working remotely.
 - Forbearance and moratoria to clients hardest hit by the virus: The Group's level of exposure within the Hospitality and Tourism Sector which has been hardest hit by the effects of the outbreak, constitutes about 0.68% and hence, the Group is unlikely to suffer significant losses due to non-performance of borrowers in this Sector.

In April 2020, the Group experienced a decline in the level of non-interest income due to reduced transactional volume as a result of restriction in movements and branches not operating at full capacity. Non-interest income then increased in subsequent months following the easing of lockdown regulations. Currently, of the Group banking branches are operating at full capacity and measures have been put in place to ensure business continuity.

The Directors have engaged themselves to continuously assess the ability of the Group to continue to operate as a going concern. Despite the foregoing, the Group has assessed that COVID-19 will not have an inhibiting impact on its ability to continue operating as a going concern. The Directors have made a detailed impact assessment which is available at the Company registered offices.

39. Events after the reporting period.

CBZ Bank Limited has been co-operating in investigations by the Office of Foreign Asset Control (OFAC) regarding historical transactions involving a party that was subject to OFAC economic sanctions. Post the reporting date, OFAC has concluded its investigations and the matter has been resolved through the issuance of a Cautionary Letter.

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A good farmer pays attention to the weather. Like a good farmer, we diligently analyse unforeseen events that could hamper your bumper harvest or agribusiness. Our risk management and insurance experts offer sound advice that protects their people, brands and assets. We enable clients to make confident and informed decisions with peace of mind.

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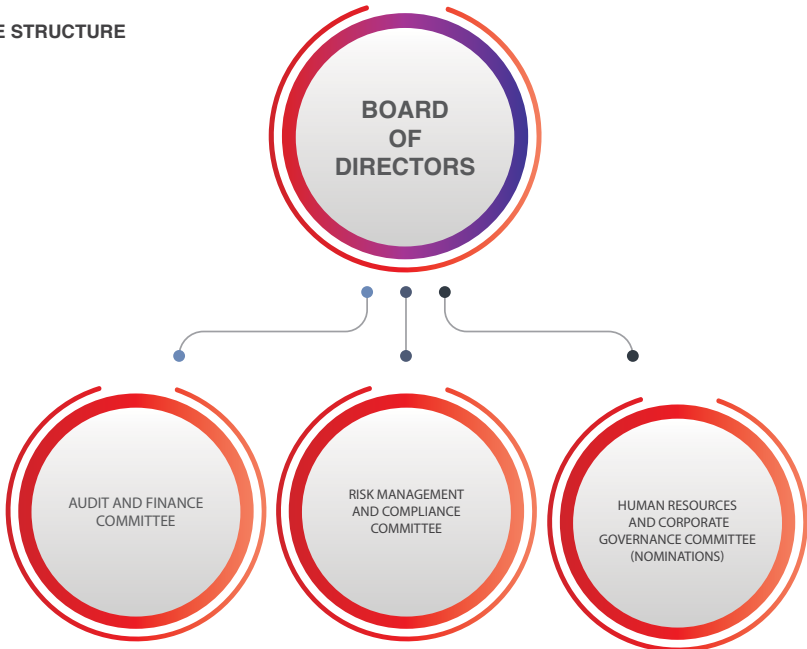


CORPORATE GOVERNANCE

The CBZ Holdings Limited governance framework supports the principles of integrity, strong ethical values and professionalism integral to the company's business. The Board recognizes that it is accountable to Shareholders for good corporate governance and is committed to high standards of governance that are recognised and understood throughout the Group. The Board is primarily accountable to shareholders, while also considering the interests of other stakeholders such as customers, employees, suppliers, regulators and the community. In an environment of increasing change and complexity of regulation, management aims to achieve a balance between the governance expectations of shareholders and other stakeholders, and the need to generate competitive financial returns.

We aim to stay abreast of developments in good governance and practice, and have a well-developed structure that ensures the continued compliance with the Zimbabwe Corporate Governance Code (ZIMCODE 2014), the Zimbabwe Stock Exchange Rules SI134/2019, the Reserve Bank of Zimbabwe Corporate governance guidelines No. 01-2004/BSD, The Banking Act [Chapter 24:20], the Banking Amendment Act of 2015 and the South African King reports.

GOVERNANCE STRUCTURE



THE BOARD OF DIRECTORS

This is the main decision making body, setting the strategic direction of the Group and ensuring that the Group manages risk effectively. The Board is involved in setting measurable objectives to promote a healthy corporate culture that is aligned with strategy and our strong commitment to our stakeholders. In addition, the board is responsible for the overall stewardship of the Group and in particular for its long term growth and profitability through implementation of agreed financial objectives.

The Board comprises of 7 directors being; 5 Non-Executive Directors and two executive directors.

Retirement and Appointment of New Directors

During the course of the year the Group experienced the following Board Changes:

Director Retirements 1 January 2020 – 30 June 2020

DIRECTOR	DESIGNATION	SUBSIDIARY BOARD	DATE OF RETIREMENT
Innocentia Tigere	Independent Non–Executive Director	CBZ Properties P/L	31 March 2020
Richard Daves	Independent Non–Executive Director	CBZ Life P/L	5 June 2020
Farai Zizhou	Independent Non–Executive Director	CBZ Life P/L	5 June 2020
Dr Virginia Masunda	Independent Non–Executive Director	CBZ Life P/L	5 June 2020

Director Appointments 1 January 2020-30 June 2020

DIRECTOR	DESIGNATION	SUBSIDIARY	DATE OF APPOINTMENT
Jiten Shah	Independent Non–Executive Director	CBZ Bank Limited	7 February 2020
Christian Beddies	Independent Non–Executive Director	CBZ Bank Limited	17 January 2020
Jamille Jinnah	Independent Non–Executive Director	Red Sphere	11 June 2020
Heena Joshi	Independent Non–Executive Director	Datvest	17 March 2020

The recruitment of new Directors is currently ongoing and the appointment of new directors is based on pre-established criteria having regard to the existing skills mix on the Board as a whole and having assessed areas where additional skill, expertise or experience is required. These appointments to the Board are made with due cognizance of the need to ensure that the board comprises of a diverse range of skills, knowledge and expertise and has the requisite independence, including, the professional and industry knowledge necessary to meet the Group's strategic objectives.

All appointments follow a transparent procedure and are subject to confirmation by shareholders at the Annual General Meeting. Before appointment, potential board appointees must undergo a fitness and Probity assessment in line with the Reserve Bank of Zimbabwe (RBZ) Prudential Guidelines and the Banking Act.

BOARD COMMITTEES

The Board committees continued to play a crucial role in the company's governance framework, undertaking their work comprehensively and effectively supporting the work of the board. The Board has established and delegated specific roles and responsibilities to three standing committees, to assist it in discharging its duties and these are :- Audit and Finance Committee; Risk Management Committee and Human Resources & Corporate Governance Committee (also sits as Nominations Committee).

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

The Boards of Directors of the various units as at 30 June 2020 were constituted as tabulated below:

CBZ Holdings Limited	CBZ Bank Limited	CBZ Asset Management	CBZ Life Limited	CBZ Insurance	CBZ Risk Advisory	CBZ Properties
Mr Marc Lawrence Holtzman (Group Chairman)	Mr Marc Lawrence Holtzman (Chairman)	Mr Never Mhlanga (Chairman)	Mr Richard Dawes (Chairman)*	Mr Ambrose Kingstone Tapiwa Matika (Chairman)	Mr Livingstone Mago–rimbo (Chairman)	Mrs Innocencia Tigere (Chairperson)
Mr Louis Charles Gerken	Dr Masiya Passmore Alex Marufu	Mr Mirirai Tapiwa Valentine Moyo	Mr Farai Bwatikona Zizhou*	Mr Wilberforce Rutendo Chitiga	Mr Nomathemba Ndi–ovu	Mr Caleb Makwiranzou
Mr Edward Ushemazoro Mashingaidze	Mr Edwin Timothy Shangwa	Mr Conrad Fungai Mukanganga	Dr. Virginia Masunda*	Dr. Blessing Mudavanhu	Mr Nhamo Marandu	Mr Motsi Sinyoro
Ms Rebecca Gaskin Gain	Dr Christian Herbert Beddies	Ms Heena Jayant Joshi	Mr Henry Tshuma	Mr Tawanda Gumbo	Dr. Blessing Muda–vanhu	Mr Hasmon Bvumburai
Mr Edward Elio Galante	Mr Jiten Gunvantrai Shah	Dr. Blessing Mudavanhu	Dr. Blessing Muda–vanhu	Mr James Mharadze**	Mr Tawanda Gumbo	Dr. Blessing Muda–vanhu
Dr. Blessing Mudavanhu*	Dr. Blessing Mudavanhu*	Mr Tawanda Gumbo	Mr Tawanda Gumbo		Mr Taka Chinyani**	Mr Tawanda Gumbo
Mr Tawanda Gumbo*	Mr Tawanda Gumbo*	Mr Jack Francis Smith*	Mr Jona Mutizwa**			
	Mr Peter Zimunya*	Mr Tendai Muzadzi*				
	Mr Lawrence Nyazema*					

Key
* - Executive Director
** - Ex-Officio Member

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2020)

	Audit & Finance	Special Audit & Finance	HR & Corporate Governance	RISK MANAGEMENT & COMPLIANCE	Special HR & Corporate Governance	Main Board	Total Committees	Total Boards
Meetings Held	2	1	2	2	4	2	8	2
Holtzman, M.L	**	**	2	**	**	2	2	2
Gerken, L C	2	1	**	2	**	2	5	2
Gaskin Gain, R L	**	**	1	2	**	2	3	2
Mashingaidze, E U	2	1	1	**	4	2	8	2
Galante, E E	2	1	**	**	**	2	3	2
Cohen, G	1		**	1	**	2	1	2
Dr Mudavanhu, B *	2	1	1	2	**	2	6	2
Gumbo, T L*	2	1	**	2	**	2	5	2

Key
* - Executive Director
** - Not Member

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2020)

NAME	AUDIT & FINANCE	RISK MANAGEMENT & COMPLIANCE	CREDIT	SPECIAL CREDIT	LOANS REVIEW	SPECIAL HR & NOMINATION	SPECIAL MAIN BOARD	MAIN BOARD	TOTAL COMMITTEES	TOTAL MAIN BOARD
Meetings Held	4	1	4	4	1	1	1	1	10	3
M L Holtzman	1	**	–	–	2	–	–	2	3	2
MPA Marutu	*	**	2	2	**	–	1	2	5	3
ET Shangwa	2	2	2	2		1	1	2	9	3
CH Beddies	2	2	–	1	**		–	2	5	3
J G Shah	2	**	**	**	2	–	–	2	4	2
Dr Mudavanhu, B	2	**	2	1	**	–	1	2	5	3
T L Gumbo	2	2	1	1	2	–	–	2	8	2
*P Zimunya	2	2	2	2	2	–	1	2	10	3
*L Nyazema	2	2	2	2	2	–	1	2	10	3

Key
* - Executive Director
** - New Appointment
*** - Retired

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2020)

NAME	AUDIT & COMPLIANCE	INVESTMENTS & RISK	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Number of meetings held	2	2	2	4	2
Mr N Mhlanga	**	2	2	2	2
Mr. MTV Moyo	2	**	2	2	2
Mr CF Mukanganga	2	2	2	4	2
Ms Heena J. Joshi	1	1	2	2	2
Dr B Mudavanhu	2	2	2	4	2
Mr. T. L Gumbo	2	2	2	4	2
Mr. JF Smith*	2	2	2	4	2
Mr. T Muzadzi*	2	2	2	4	2

Key
* - Executive Director
** - Retired

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2020)

NAME	INVESTMENTS & RISK	HR & REMUNERATION	AUDIT & FINANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings held	2	2	2	2	6	2
R Daves	**	2	*	2	2	2
F B Zizhou	1	–	1	1	2	1
V Masunda (Dr)	1	2	2	2	5	2
H Tshuma	2	–	2	2	4	2
Dr Mudavanhu, B	1	2	*	1	3	2
T L Gumbo	2	–	2	2	4	2
J Mutizwa**	2	2	2	2	6	2

Key
* - Executive Director
** - Ex-Officio Member

CBZ INSURANCE BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2020)

NAME	HR & REMUNERATION	INVESTMENTS & RISK	AUDIT & FINANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings Held	2	2	2	2	6	2
AKT Matika	2	2	*	2	4	2
W Chitiga	*	2	2	2	4	2
B Mudavanhu	2	–	–	1	2	2
T L Gumbo	2	2	2	2	6	2
J Mharadze**	2	2	2	2	6	2

Key
* - Executive Director
** - Ex-Officio Member

STATEMENT OF COMPLIANCE

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

By order of the Board

Rumbidzayi Angeline Jakanani
GROUP LEGAL CORPORATE SECRETARY

25 September 2020

CBZ RISK ADVISORY SERVICES BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2020)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings Held	2	2
L Magorimbo	2	2
N Ndlovu	2	2
N Marandu	2	2
Dr B Mudavanhu	2	2
T L Gumbo	2	2
T Chinyani**	2	2

Key
* - Executive Director
** - Ex-Officio Member

CBZ PROPERTIES BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2020)

NAME	BOARD	TOTAL BOARD
Meetings held	2	2
C Makwiranzou	2	2
M. Sinyoro	1	1
Dr B Mudavanhu	*	*
T L Gumbo	2	2
*H Bvumburai	2	2

Key
* - Executive Director



REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2020

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWLS	RESTATED 30 JUN 2019 ZWLS	HISTORICAL 30 JUN 2020 ZWLS	HISTORICAL 30 JUN 2019 ZWLS
Interest income	2.1	1 208 423 811	722 165 327	835 319 209	60 444 162
Interest expense	2.2	(259 498 770)	(237 287 560)	(167 852 415)	(19 434 771)
Net interest income		948 925 041	484 877 767	667 466 794	41 009 391
Non interest income	3	1 593 397 869	2 196 483 065	1 483 888 672	189 316 018
Total income		2 542 322 910	2 681 360 832	2 151 355 466	230 325 409
Operating expenditure	4	(988 237 154)	(752 046 348)	(622 870 236)	(64 934 935)
Operating income		1 554 085 756	1 929 314 484	1 528 485 230	165 390 474
Credit loss expense	12.1	(431 463 528)	(30 559 944)	(431 463 528)	(3 650 005)
Monetary Loss		(756 754 159)	(481 691 956)	-	-
Profit before taxation		365 868 069	1 417 062 584	1 097 021 702	161 740 469
Taxation	5	(84 198 401)	(590 024 822)	(229 020 936)	(3 511 889)
Profit for the period after tax		281 669 668	827 037 762	868 000 766	158 228 580
Other comprehensive income					
Gains on property revaluations		485 374 414	511 741 223	1 200 093 709	124 868 373
Gains / (losses) on equity instruments at FVOCI		(46 333 890)	(35 391 729)	21 527 955	724 991
Exchange gains on change of functional currency		-	680 639 767	-	47 096 208
Deferred income tax relating to components of other comprehensive income	5.3	(117 667 861)	(130 003 779)	(297 739 562)	(32 298 605)
Other comprehensive income for the period net of tax		321 372 663	1 026 985 482	923 882 102	140 390 967
Total comprehensive income for the period		603 042 331	1 854 023 244	1 791 882 868	298 619 547
Profit for the period attributable to:					
Equity holders of parent		281 669 668	827 037 762	868 000 766	158 228 580
		281 669 668	827 037 762	868 000 766	158 228 580
Total comprehensive income for the period attributable to:					
Equity holders of parent		603 042 331	1 854 023 244	1 791 882 868	298 619 547
		603 042 331	1 854 023 244	1 791 882 868	298 619 547
Earnings per share (cents)					
Basic	6.1	110.07	323.18	339.18	61.83
Fully Diluted	6.1	110.07	323.18	339.18	61.83

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWLS	RESTATED 31 DEC 2019 ZWLS	HISTORICAL 30 JUN 2020 ZWLS	HISTORICAL 31 DEC 2019 ZWLS
ASSETS					
Balances with banks and cash	8	4 754 440 925	6 099 917 266	4 754 440 925	2 328 287 443
Money market assets	9	1 668 337 832	567 141 877	1 668 337 832	216 473 314
Financial securities	10	1 049 275 847	3 114 645 856	1 049 275 847	1 188 834 294
Loans and advances to customers	11	10 077 705 986	6 516 457 803	10 077 705 986	2 487 277 484
Other assets	13	29 091 485 831	20 035 738 894	29 073 084 469	7 666 967 010
Land inventory	14	1 699 857 940	1 712 863 705	124 333 649	124 236 247
Equity investments	15	63 420 157	109 754 047	63 420 157	41 892 202
Property and equipment	18	2 198 188 049	1 683 932 409	1 782 145 925	517 851 459
Investment properties	19	581 708 001	306 354 626	581 708 001	116 933 000
Intangible assets	20	12 438 320	17 048 292	592 328	1 035 853
TOTAL ASSETS		51 196 858 888	40 163 854 775	49 175 045 119	14 689 788 306
LIABILITIES					
Deposits	22	43 798 939 076	33 225 084 811	43 798 939 076	12 681 737 208
Other liabilities	23	2 271 514 311	2 287 682 734	2 167 135 276	841 128 943
Current tax payable		66 539 909	29 082 629	66 539 909	11 100 598
Deferred taxation	21	425 603 373	433 315 706	491 514 578	145 804 962
Lease liability		3 020 620	10 489 627	3 020 620	4 003 803
		46 565 617 289	35 985 655 507	46 527 149 459	13 683 775 514
EQUITY					
Share capital	25.1	83 291 237	83 291 237	5 118 180	5 118 180
Share premium	25.2	272 122 510	272 122 510	16 721 711	16 721 711
Revaluation reserve	25.3	403 704 937	38 315 079	1 205 319 859	301 889 314
Retained earnings	25.4	3 157 762 917	3 026 093 249	1 315 313 623	597 312 857
Fair value reserve	25.5	33 720 231	77 737 426	58 326 079	37 874 522
Foreign currency translation reserve	25.6	680 639 767	680 639 767	47 096 208	47 096 208
TOTAL EQUITY		4 631 241 599	4 178 199 268	2 647 895 660	1 006 012 792
TOTAL LIABILITIES AND EQUITY		51 196 858 888	40 163 854 775	49 175 045 119	14 689 788 306

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2020

		INFLATION ADJUSTED				
		Share capital ZWLS	Share premium ZWLS	Revaluation reserve ZWLS	*FCTR ZWLS	Fair value reserve ZWLS
Reviewed 30 June 2019						
Opening balance	83 291 237	272 122 510	-	-	47 758 228	2 715 821 771
Profit for the period	-	-	-	-	-	827 037 762
Other comprehensive income for the period	-	-	379 967 858	680 639 767	(33 622 143)	-
Dividend paid	-	-	-	-	-	(52 378 840)
Closing balance	83 291 237	272 122 510	379 967 858	680 639 767	14 136 085	3 490 480 693
Reviewed 30 June 2020						
Opening balance	83 291 237	272 122 510	38 315 079	680 639 767	77 737 426	3 026 093 249
Profit for the period	-	-	-	-	-	281 669 668
Other comprehensive income for the period	-	-	365 389 858	-	(44 017 195)	-
Dividend paid	-	-	-	-	-	(150 000 000)
Closing balance	83 291 237	272 122 510	403 704 937	680 639 767	33 720 231	3 157 762 917

		HISTORICAL				
		Share capital ZWLS	Share premium ZWLS	Revaluation reserve ZWLS	*FCTR ZWLS	Fair value reserve ZWLS
Unaudited 30 June 2019						
Opening balance	5 118 180	16 721 711	14 484 354	-	2 934 705	152 400 726
Profit for the period	-	-	-	-	-	158 228 580
Other comprehensive income for the period	-	-	92 714 767	47 096 208	579 992	-
Dividend paid	-	-	-	-	-	(6 256 000)
Closing balance	5 118 180	16 721 711	107 199 121	47 096 208	3 514 697	304 373 306
Unaudited 30 June 2020						
Opening balance	5 118 180	16 721 711	301 889 314	47 096 208	37 874 522	597 312 857
Profit for the period	-	-	-	-	-	868 000 766
Other comprehensive income for the period	-	-	903 430 545	-	20 451 557	-
Dividend paid	-	-	-	-	-	(150 000 000)
Closing balance	5 118 180	16 721 711	1 205 319 859	47 096 208	58 326 079	1 315 313 623

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2020

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWLS	RESTATED 30 JUN 2019 ZWLS	HISTORICAL 30 JUN 2020 ZWLS	HISTORICAL 30 JUN 2019 ZWLS
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		365 868 069	1 417 062 584	1 097 021 702	161 740 469
Non cash items:					
Depreciation		76 519 901	46 913 241	18 588 344	6 151 319
Amortisation of intangible assets		4 151 487	3 661 802	268 525	546 220
Monetary loss		756 754 159	481 691 956	-	-
Write offs other assets		458 485	-	175 000	-
Fair value adjustments on properties		(230 480 261)	(118 493 761)	(419 901 887)	(28 403 000)
Expected credit loss expense		431 463 528	30 559 950	431 463 527	3 650 005
Exchange gains on change of functional currency		-	(1 208 954 657)	-	(83 652 444)
Unrealised gain on foreign currency position		(623 763 487)	(108 093 116)	(623 763 487)	(12 910 376)
(Profit)/loss on sale of property and equipment		(70 440)	2 927	(101 601)	(57 169)
Write offs and impairment of fixed assets		-	3 271	-	128 250
Interest on lease liability		171 053	711 396	89 926	327 562
Operating cash flows before changes in operating assets and liabilities		781 072 494	545 065 593	503 840 049	47 520 836
Changes in operating assets and liabilities					
Deposits		17 971 429 099	1 716 567 893	(1 202 563 195)	137 259 618
Loans and advances to customers		(19 112 101 501)	(1 323 512 893)	(6 893 001 017)	(99 661 546)
Financial securities		4 373 495 267	920 764 668	139 563 576	72 549 077
Money market assets		(3 743 964 194)	(1 705 033 780)	(886 272 668)	(134 344 167)
Land inventory		13 005 765	11 757 597	(97 402)	(1 980 798)
Other assets		(1 253 934 300)	(156 701 776)	7 250 230 456	(12 161 988)
Other Liabilities		1 512 092 986	7 733 717 217	869 324 580	8 814 673
		(239 976 878)	7 197 558 926	(722 815 670)	(29 525 131)
TAXATION					
Corporate tax paid		(172 121 316)	(56 993 009)	(125 611 570)	(6 303 135)
Net cash inflow/(outflow) from operating activities		368 974 300	7 685 631 510	(344 587 191)	11 692 570
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment property		(44 873 114)	-	(44 873 114)	-
Proceeds on disposal of property and equipment		120 838	988 977	120 838	118 121
Purchase of property and equipment		(117 019 080)	(73 139 510)	(87 223 576)	(6 724 135)
Net cash outflow from investing activities		(161 771 356)	(72 150 533)	(131 975 852)	(6 606 014)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(150 000 000)	(52 378 840)	(150 000 000)	(6 256 000)
Lease liability payment		(1 535 288)	(5 585 324)	(983 183)	(1 572 998)
Interest on lease liability		(171 053)	(711 396)	(89 926)	(327 562)
Net cash outflow from financing activities		(151 706 341)	(58 675 560)	(151 073 109)	(8 156 560)
Net increase/ (decrease) in cash and cash equivalents		55 496 603	7 554 805 417	(627 636 152)	(3 070 004)
Cash and cash equivalents at beginning of period		6 099 917 266	5 851 856 047	2 328 287 443	359 591 883
Exchange gains on foreign cash balances		3 053 789 634	1 966 332 853	3 053 789 634	391 092 317
Inflation effects on cash and cash equivalents		(4 454 762 578)	(9 113 537 051)	-	-
Cash and cash equivalents at end of period		4 754 440 925	6 259 457 266	4 754 440 925	747 614 196
ADDITIONAL INFORMATION ON OPERATIONAL CASH FLOWS ON DIVIDENDS					
Dividends received from Bank's unquoted equity instruments		18 510 757	6 821 625	9 315 231	492 712
		18 510 757	6 821 625	9 315 231	492 712

NOTES TO THE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

1. INCORPORATION ACTIVITIES

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

1.1 Basis of preparation

Refer to Group accounting policies note 1.1 for basis of preparation.

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
2.	NET INTEREST INCOME				
2.1	Interest income				
	Bankers acceptances				
	Overdrafts	367 412 319	158 235 547	190 094 901	15 614 638
	Loans	701 023 726	80 029 183	553 522 378	6 684 199
	Mortgage loans	5 127	123 215	2 069	10 377
	Staff loans	3 115 073	17 230 846	1 847 005	1 357 348
	Securities investments	101 042 862	457 458 223	65 404 847	36 117 245
	Other investments	35 824 704	9 088 313	24 448 009	660 355
		1 208 423 811	722 165 327	835 319 209	60 444 162
2.2	Interest expense				
	Call deposits	198 994	4 625 313	149 955	344 955
	Savings deposits	32 925 638	53 909 074	20 833 085	4 316 235
	Money market deposits	197 130 539	147 638 806	125 628 808	11 522 258
	Other offshore deposits	29 072 546	30 402 971	21 150 641	2 923 762
	Lease liability	171 053	711 396	89 926	327 561
		259 498 770	237 287 560	167 852 415	19 434 771
3	NET NON-INTEREST INCOME				
	Fair value adjustments on properties	230 480 261	118 493 761	419 901 888	28 403 000
	Net income from foreign currency dealing	78 203 831	137 035 382	45 274 461	12 530 936
	Unrealised profit on foreign currency exchange	623 763 487	108 093 116	623 763 487	12 910 376
	Exchange gains on change of functional currency	-	1 208 954 657	-	83 652 444
	Commission and fee income	618 000 446	536 560 046	369 858 548	44 875 827
	Profit/(loss) on disposal of fixed assets	70 440	(2 927)	101 601	57 169
	Bad debts recovered	9 229 142	36 594 163	9 066 713	2 849 744
	Property sales	13 005 765	39 292 267	5 134 063	3 177 657
	Lease income	3 800 036	4 603 343	2 435 364	363 311
	Other operating income	16 844 461	6 859 257	8 352 547	495 554
		1 593 397 869	2 196 483 065	1 483 888 672	189 316 018

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
4.	OPERATING EXPENDITURE				
	Staff costs	562 254 990	408 743 947	394 008 227	33 575 621
	Administration expenses	342 436 992	272 305 464	208 668 618	22 842 974
	Audit fees	1 017 749	1 829 010	585 119	158 829
	Depreciation	76 519 901	46 913 241	18 588 344	6 151 320
	Amortisation of intangible assets	4 151 487	3 661 802	268 525	546 220
	Property cost of sales	1 397 550	18 589 613	576 403	1 531 721
	Write offs and impairment of fixed assets	-	3 271	-	128 250
	Write offs of intangible assets	458 485	-	175 000	-
		988 237 154	752 046 348	622 870 236	64 934 935
	Remuneration of directors and key management personnel (included in staff costs)				
	Fees for services as directors	1 884 418	654 146	1 083 380	78 130
	Pension and retirement benefits for past and present directors	1 502 910	1 409 360	864 045	168 330
	Salaries and other benefits	51 578 075	27 384 461	29 652 997	3 270 733
		54 965 403	29 447 967	31 600 422	3 517 193



REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business



5. TAXATION

The following constitutes the major components of income tax expense recognised in the Statement of Profit or Loss.

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
5.1 Analysis of tax charge in respect of the profit or loss				
The following constitutes the major components of income tax expense recognised in the statement of profit or loss.				
Current income tax charge	209 578 594	81 156 225	181 050 881	8 344 338
Deferred income tax	(125 380 193)	508 868 597	47 970 055	(4 832 449)
Income tax expense	84 198 401	590 024 822	229 020 936	3 511 889
5.2 Income tax rate reconciliations				
Notional tax	24.00	25.00	24.00	25.00
Aids levy	0.72	0.75	0.72	0.75
Non deductible expenses	27.85	49.77	5.16	2.97
Exempt income	(29.51)	(33.82)	(8.99)	(21.34)
Tax credit	(0.05)	(0.06)	(0.02)	(0.20)
Effective tax rate	23.01	41.64	20.87	7.18

Included in exempt income is income from government bills, mortgage housing income and dividend income. Non- Deductible expenses include expenditure on exempt income, excess management fees, excess pension costs and disallowable donations.

5.3 Analysis of tax effects in respect of other comprehensive income

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

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
Deferred tax expense on revaluation gains	119 984 556	131 773 365	296 663 164	32 153 606
Deferred tax expense on fair value adjustment on financial assets	(2 316 695)	(1 769 586)	1 076 398	144 999
Total taxation relating to components of other comprehensive income	117 667 861	130 003 779	297 739 562	32 298 605

6. EARNINGS PER SHARE

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

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

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

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
6.1 Earnings per share (cents)				
Basic	110.07	323.18	339.18	61.83
Fully Diluted	110.07	323.18	339.18	61.83
6.2 Earnings				
Basic (earnings attributable to holders of parent)	281 669 668	827 037 762	868 000 766	158 228 580
Fully Diluted	281 669 668	827 037 762	868 000 766	158 228 580
6.3 Number of shares used in calculations (weighted)				
Basic	511 817 951	511 817 951	511 817 951	511 817 951
Fully diluted	511 817 951	511 817 951	511 817 951	511 817 951

7. DIVIDENDS

Cash dividend on ordinary shares declared and paid:
Dividend paid

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
8. BALANCES WITH BANKS AND CASH				
Cash & bank	1 286 494 540	580 406 072	1 286 494 540	221 536 147
Nostro accounts	2 190 992 081	2 353 936 844	2 190 992 081	898 478 021
Balances with the Reserve Bank of Zimbabwe	1 068 367 584	2 741 157 815	1 068 367 584	1 046 277 030
RBZ Statutory reserve	208 586 720	424 416 535	208 586 720	161 996 245
	4 754 440 925	6 099 917 266	4 754 440 925	2 328 287 443

RBZ Statutory reserve balance relates to restricted liquid reserve, determined in line with the RBZ Statutory reserve guidelines currently, 2.5% of qualifying RTGS deposits.

9. MONEY MARKET ASSETS

Treasury Placements	1 665 561 254	566 637 504	1 665 561 254	216 280 800
Accrued interest	2 880 511	644 202	2 880 511	245 886
Total gross money market assets	1 668 441 765	567 281 706	1 668 441 765	216 526 686
Expected credit loss	(103 933)	(139 829)	(103 933)	(53 372)
Total net money market assets	1 668 337 832	567 141 877	1 668 337 832	216 473 314
Maturity analysis				
The maturity analysis of money market assets is shown below.				
Between 0 and 3 months	1 650 441 765	567 281 706	1 650 441 765	216 526 686
Between 3 and 6 months	18 000 000	-	18 000 000	-
	1 668 441 765	567 281 706	1 668 441 765	216 526 686

10. FINANCIAL SECURITIES

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

Treasury bills	1 017 820 629	3 037 014 265	1 017 820 629	1 159 202 965
Accrued interest	31 501 908	77 767 350	31 501 908	29 683 147
Total gross financial securities	1 049 322 537	3 114 781 615	1 049 322 537	1 188 886 112
Expected credit loss	(46 690)	(135 759)	(46 690)	(51 818)
Total net financial securities	1 049 275 847	3 114 645 856	1 049 275 847	1 188 834 294
Maturity analysis				
The maturity analysis of financial securities is shown below:				
Between 0 and 3 months	51 257 363	175 003 421	51 257 363	66 797 343
Between 3 and 6 months	14 220 125	30 280 247	14 220 125	11 557 717
Between 6 and 12 months	4 767 335	90 226 422	4 767 335	34 438 671
Between 1 and 5 years	65 185 586	396 189 230	65 185 586	151 222 118
Above 5 years	913 892 128	2 423 082 295	913 892 128	924 870 263
	1 049 322 537	3 114 781 615	1 049 322 537	1 188 886 112

Maturity analysis is based on the remaining period from 30 June 2020 to contractual maturity.

11. LOANS AND ADVANCES TO CUSTOMERS

Overdrafts	3 512 148 045	5 507 424 298	3 512 148 045	2 102 137 828
Commercial loans	6 695 076 624	1 116 178 368	6 695 076 624	426 035 955
Staff loan	74 977 991	123 347 213	74 977 991	47 080 600
Mortgage advances	-	142 026	-	54 210
Interest accrued	372 161 906	41 983 919	372 161 906	16 024 910
Total gross advances	10 654 364 566	6 789 075 824	10 654 364 566	2 591 333 503
Allowance for Expected Credit Loss (ECL)	(576 658 580)	(272 618 021)	(576 658 580)	(104 056 019)
Total net advances	10 077 705 986	6 516 457 803	10 077 705 986	2 487 277 484
11.1 Maturity analysis				
Less than 1 month	810 755 084	4 703 683 017	810 755 084	1 795 356 499
Between 1 and 3 months	109 825 273	43 598 425	109 825 273	16 641 155
Between 3 and 6 months	4 491 054 609	81 417 006	4 491 054 609	31 076 191
Between 6 months and 1 year	4 870 201 279	1 336 754 822	4 870 201 279	510 228 144
Between 1 and 5 years	327 994 237	520 032 514	327 994 237	198 492 064
More than 5 years	44 534 084	103 590 040	44 534 084	39 539 450
	10 654 364 566	6 789 075 824	10 654 364 566	2 591 333 503

	REVIEWED				UNAUDITED			
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	%	RESTATED 31 DEC 2019 ZWL\$	%	HISTORICAL 30 JUN 2020 ZWL\$	%	HISTORICAL 31 DEC 2019 ZWL\$	%
11.2 Sectoral Analysis								
Private	294 296 852	3	252 343 860	4	294 296 852	3	96 317 543	4
Agriculture	4 618 861 375	43	4 597 020 535	68	4 618 861 375	43	1 754 644 320	68
Mining	1 972 525 600	19	316 590 230	5	1 972 525 600	19	120 839 845	5
Manufacturing	1 212 629 486	11	330 555 895	5	1 212 629 486	11	126 170 422	5
Distribution	1 444 458 045	14	752 817 127	11	1 444 458 045	14	287 344 006	11
Construction	13 167 264	-	16 205 440	-	13 167 264	-	6 185 481	-
Transport	42 255 810	-	27 724 129	-	42 255 810	-	10 582 068	-
Communication	3 355 675	-	2 633 561	-	3 355 675	-	1 005 208	-
Services	607 118 052	6	459 998 576	7	607 118 052	6	175 577 612	7
Financial organisations	445 696 407	4	33 186 471	-	445 696 407	4	12 666 998	-
	10 654 364 566	100	6 789 075 824	100	10 654 364 566	100	2 591 333 503	100

Maturity analysis is based on the remaining period from 30 June 2020 to contractual maturity.

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
11.3 Loans to directors and key management personnel and employees				
Loans to directors and key management personnel				
Opening balance	34 563 017	137 249 773	13 192 415	8 433 889
Advances made during the period	13 126 720	44 676 405	7 546 745	5 197 035
Monetary adjustment	(26 552 511)	(143 593 509)	-	-
Repayment during the period	(936 439)	(3 769 652)	(538 372)	(438 509)
Closing balance	20 200 787	34 563 017	20 200 788	13 192 415
Loans to employees				
Included in advances are loans to employees: -				
Opening balance	88 784 194	589 196 669	33 888 185	36 205 665
Advances made during the period	42 478 672	55 378 907	24 421 615	6 442 016
Monetary adjustment	(70 341 104)	(480 490 215)	-	-
Repayments during the period	(6 144 558)	(75 301 165)	(3 532 597)	(8 759 496)
Closing balance	54 777 204	88 784 196	54 777 203	33 888 185
11.4 Allowance for Expected Credit Loss (ECL)				
Opening balance	272 618 021	1 508 343 971	104 056 019	92 686 533
Credit loss expense on loans and advances	431 782 230	58 170 963	431 782 230	22 203 370
Interest in suspense	54 484 927	10 276 934	54 484 928	3 922 619
Monetary adjustment	(158 458 558)	(1 177 319 303)	-	-
Amounts written off during the period	(23 768 040)	(126 854 544)	(13 664 597)	(14 756 503)
Closing balance	576 658 580	272 618 021	576 658 580	104 056 019

12. IMPAIRMENT ON FINANCIAL INSTRUMENTS

12.1 Expected credit loss expense (ECL)

The table below shows the ECL charges on financial instruments for the period recorded in the Statement of Profit or Loss:

INFLATION ADJUSTED								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
Money market assets	50 561	47 615	-	-	-	-	50 561	47 615
Financial securities	(5 129)	(28 450)	-	-	-	-	(5 129)	(28 450)
Loans and advances to customers	321 915 711	7 147 560	10 133 411	6 278 579	99 733 110	15 936 593	431 782 232	29 362 732
Financial guarantees	(496 193)	(718 434)	-	-	-	-	(496 193)	(718 434)
Lease receivables	132 057	1 896 481	-	-	-	-	132 057	1 896 481
Expected credit loss expense	321 597 007	8 344 772	10 133 411	6 278 579	99 733 110	15 936 593	431 463 528	30 559 944

HISTORICAL								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
Money market assets	50 561	5 687	-	-	-	-	50 561	5 687
Financial securities	(5 129)	(3 398)	-	-	-	-	(5 129)	(3 398)
Loans and advances to customers	321 915 711	853 687	10 133 411	749 898	99 733 110	1 903 428	431 782 232	3 507 013
Financial guarantees	(496 193)	(85 808)	-	-	-	-	(496 193)	(85 808)
Lease receivables	132 057	226 511	-	-	-	-	132 057	226 511
Expected credit loss expense	321 597 007	996 679	10 133 411	749 898	99 733 110	1 903 428	431 463 528	3 650 005

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
13.	OTHER ASSETS				
	Prepayments and deposits	82 357 957	41 080 814	63 956 595	35 173 117
	*Other receivables	29 009 127 874	19 994 658 080	29 009 127 874	7 631 793 893
		29 091 485 831	20 035 738 894	29 073 084 469	7 666 967 010



REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business

17. FAIR VALUE MEASUREMENT

17.1 The following table presents items of the Statement of Financial Position of the Bank which are recognised at fair value:

INFLATION ADJUSTED								
	Level 1		Level 2		Level 3		Total carrying amount	
	30 Jun 2020 ZWL\$	31 Dec 2019 ZWL\$	30 Jun 2020 ZWL\$	31 Dec 2019 ZWL\$	30 Jun 2020 ZWL\$	31 Dec 2019 ZWL\$	30 Jun 2020 ZWL\$	31 Dec 2019 ZWL\$
Equity investments	–	–	–	–	63 420 157	109 754 047	63 420 157	109 754 047
Land and Buildings	–	–	1 640 710 000	1 250 983 296	–	–	1 640 710 000	1 250 983 296
Investment properties	–	–	581 708 001	306 354 626	–	–	581 708 001	306 354 626
Total assets at fair value	–	–	2 222 418 001	1 557 337 922	63 420 157	109 754 047	2 285 838 158	1 667 091 969

HISTORICAL								
	Level 1		Level 2		Level 3		Total carrying amount	
	30 Jun 2020 ZWL\$	31 Dec 2019 ZWL\$	30 Jun 2020 ZWL\$	31 Dec 2019 ZWL\$	30 Jun 2020 ZWL\$	31 Dec 2019 ZWL\$	30 Jun 2020 ZWL\$	31 Dec 2019 ZWL\$
Equity investments	–	–	–	–	63 420 157	41 892 203	63 420 157	41 892 203
Land and Buildings	–	–	1 640 710 000	454 299 082	–	–	1 640 710 000	454 299 082
Investment properties	–	–	581 708 001	116 933 001	–	–	581 708 001	116 933 001
Total assets at fair value	–	–	2 222 418 001	571 232 083	63 420 157	41 892 203	2 285 838 158	613 124 286

The fair values of the non-listed equities which have been classified as level 3 investments.

Fair values were derived using a combination of income and market approaches depending on the appropriateness of the methodologies to the type of equity instruments held. The valuation took into account certain assumptions about the model inputs, including but not limited to liquidity discounts, country factor, inflation, credit risk and volatility. A range of probabilities were also applied to these inputs and the fair values derived therefrom were deemed to be within acceptable fair values ranges of the equities.

The following table shows the valuation techniques used in measuring the fair value of unquoted equities as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
<ul style="list-style-type: none">Discounted Cash Flow TechniqueDividend Growth model.Earnings Multiple	<ul style="list-style-type: none">Inflation shock adjusted return (1.5%)Growth rate (0.05%)Liquidity discountGDP Growth	The fair values would increase/ decrease if : <ul style="list-style-type: none">Inflation shock adjusted return was higher/lowerThe risk adjusted discount were lower / higherThe GDP growth was higher or lowerThe Liquidity discount was higher or lower

If the fair value adjustment had been 5% up or down, the Bank's other comprehensive income would be ZWL\$ 2 200 860 and the Statement of Financial Position would be ZWL\$ 2 316 695 higher or lower than the reported position

18. PROPERTY AND EQUIPMENT

REVIEWED 30 JUNE 2020	INFLATION ADJUSTED								
	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computers ZWL\$	Equipment ZWL\$	Furniture & fittings ZWL\$	Work in progress ZWL\$	Total ZWL\$
COST									
Opening balance	164 792 709	1 081 445 782	12 152 932	81 527 893	418 235 236	164 807 823	104 545 123	174 433 848	2 201 941 346
Additions	–	–	–	23 592	16 105 157	619 269	503 908	99 767 154	117 019 080
Revaluation gain	74 248 291	376 236 325	–	–	–	–	–	–	450 484 616
Disposals	–	–	–	–	(150 136)	(4 416)	(34 655)	–	(189 207)
Transfers to other assets	–	–	–	–	–	–	–	(11 567 556)	(11 567 556)
Transfers(PPE Intercategories)	–	–	–	2 312 066	52 441 565	5 431 788	–	(60 185 419)	–
Closing balance	239 041 000	1 457 682 107	12 152 932	83 865 551	486 631 822	170 854 464	105 014 376	202 448 027	2 757 688 279
Accumulated depreciation									
Opening balance	–	18 159 200	8 735 568	70 643 348	235 400 033	126 648 403	58 422 385	–	518 008 937
Right of use assets	–	8 338 642	–	–	–	–	–	–	8 338 642
Charge for the period	–	34 889 798	538 483	2 206 084	22 525 598	4 252 791	3 768 504	–	68 181 258
Disposals	–	–	–	–	(114 767)	(3 833)	(20 209)	–	(138 809)
Revaluation	–	(34 889 798)	–	–	–	–	–	–	(34 889 798)
Closing balance	–	26 497 842	9 274 051	72 849 432	257 810 864	130 897 361	62 170 680	–	559 500 230
Net Book Value	239 041 000	1 431 184 265	2 878 881	11 014 119	228 820 958	39 957 103	42 843 696	202 448 027	2 198 188 049

Audited 31 December 2019									
COST									
Opening balance	61 026 016	444 822 703	12 152 932	84 371 017	375 559 329	158 600 042	94 147 049	51 754 073	1 282 433 161
Right of use assets	–	56 013 106	–	–	–	–	–	–	56 013 106
Foreign currency translation movement	81 293 141	592 551 126	–	–	–	–	–	–	673 844 267
Additions	–	700 297	–	1 381 953	48 902 482	5 688 219	7 457 453	137 467 709	201 598 113
Revaluation surplus	22 473 552	(8 489 478)	–	–	–	–	–	–	(13 984 074)
Disposals	–	–	–	(4 225 077)	(11 611 619)	(1 410 707)	(1 989 106)	–	(19 238 509)
Transfers to intangible assets	–	–	–	–	–	–	–	(1 578 951)	(1 578 951)
Transfers to Investment Properties	–	(4 719 345)	–	–	–	–	–	–	(4 719 345)
Write offs	–	–	–	–	(42 165)	(344 152)	(10 253)	–	(396 570)
Transfers(PPE Intercategories)	–	567 373	–	–	5 427 209	2 274 421	4 939 980	(13 208 983)	–
Closing balance	164 792 709	1 081 445 782	12 152 932	81 527 893	418 235 236	164 807 823	104 545 123	174 433 848	2 201 941 346

Accumulated depreciation & impairment									
Opening balance	–	–	7 658 602	69 994 904	198 051 914	119 091 278	51 690 077	–	446 486 775
Right of use assets	–	18 159 200	–	–	–	–	–	–	18 159 200
Charge for the year	–	36 912 683	1 076 966	4 451 014	47 741 496	9 090 826	8 029 975	–	107 302 960
Disposals	–	–	–	(3 802 570)	(10 355 430)	(1 223 965)	(1 290 197)	–	(16 672 162)
Writeoffs	–	–	–	–	–	–	–	–	–
Transfers / Acquisitions	–	–	–	–	(37 947)	(309 736)	(7 470)	–	(355 153)
Revaluation	–	(36 912 683)	–	–	–	–	–	–	(36 912 683)
Closing balance	–	18 159 200	8 735 568	70 643 348	235 400 033	126 648 403	58 422 385	–	518 008 937

Net Book Value	164 792 709	1 063 286 582	3 417 364	10 884 545	182 835 203	38 159 420	46 122 738	174 433 848	1 683 932 409
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UNAUDITED 30 JUNE 2020	HISTORICAL								
	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computers ZWL\$	Equipment ZWL\$	Furniture & fittings ZWL\$	Work in progress ZWL\$	Total ZWL\$
COST									
Opening balance	62 900 000	396 757 397	746 788	5 412 427	35 013 382	10 646 919	7 387 324	31 632 452	550 496 689
Additions	–	–	–	17 918	12 247 628	401 150	425 684	–	87 223 575
Revaluation gain	176 141 000	1 010 206 000	–	–	–	–	–	–	1 186 347 000
Disposals	–	–	–	–	(57 306)	–	(13 226)	–	(72 217)
Transfers (to)/ from other assets	–	–	–	–	–	–	–	(4 415 239)	(4 415 239)
Transfers(PPE Intercategories)	–	–	–	882 496	20 016 507	2 073 268	–	(22 972 271)	–
Closing balance	239 041 000	1 406 963 397	746 788	6 312 841	67 220 211	13 119 852	7 799 782	78 376 137	1 819 579 808

Accumulated depreciation & impairment									
Opening balance	–	1 373 010	536 794	4 356 727	14 918 353	7 823 871	3 636 475	–	32 645 230
Impact of IFRS 16	–	986 522	–	–	–	–	–	–	986 522
Charge for the period	–	13 746 709	18 364	168 491	3 004 311	359 322	304 625	–	17 601 822
Disposals	–	–	–	–	(43 806)	(1 463)	(7 713)	–	(52 982)
Revaluation	–	(13 746 709)	–	–	–	–	–	–	(13 746 709)
Closing balance	–	2 359 532	555 158	4 525 218	17 878 858	8 181 730	3 933 387	–	37 433 883

Net Book Value	239 041 000	1 404 603 865	191 630	1 787 623	49 341 353	4 937 922	3 866 395	78 376 137	1 782 145 925
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UNAUDITED 31 DEC 2019									
Cost									
Opening balance	3 750 000	27 334 000	746 788	5 184 532	23 077 821	9 745 846	5 785 261	3 180 246	78 804 494
Right of use Asset	–	5 358 314	–	–	–	–	–	–	5 358 314
Foreign currency translation movement	5 625 000	41 001 000	–	–	–	–	–	–	46 626 000
Additions	–	50 579	–	487 523	12 318 179	869 147	1 421 364	29 661 893	44 808 685
Revaluation surplus	53 525 000	323 268 639	–	–	–	–	–	–	376 793 639
Disposals	–	–	–	(259 620)	(713 525)	(86 687)	(122 229)	–	(1 182 069)
Transfers (to)/ from intangible assets	–	–	–	–	–	–	–	(97 025)	(97 025)
Transfers (to)/ from other assets	–	–	–	–	–	–	–	(300 980)	(300 980)
Transfers(to)/ from Investment Properties	–	(290 000)	–	–	–	–	–	–	(290 000)
Write offs	–	–	–	–	(2 591)	(21 148)	(630)	–	(24 369)
Transfers(PPE Intercategories)	–	34 865	–	–	333 498	139 761	303 558	(811 682)	–
Closing balance	62 900 000	396 757 397	746 788	5 412 427	35 013 382	10 646 919	7 387 324	31 632 452	550 496 689

Accumulated depreciation & impairment									
Opening balance	–	–	470 615	4 301 130	12 170 131	7 318 063	3 176 316	–	27 436 255
Right of use asset	–	1 373 010	–	–	–	–	–	–	1 373 010
Charge for the year	–	10 778 110	66 179	289 262	3 386 887	600 052	539 900	–	15 660 390
Disposals	–	–	–	(233 665)	(636 333)	(75 212)	(79 282)	–	(1 024 492)
Writeoffs	–	–	–	–	(2 332)	(19 032)	(459)	–	(21 823)
Revaluation	–	(10 778 110)	–	–	–	–	–	–	(10 778 110)
Closing balance	–	1 373 010	536 794	4 356 727	14 918 353	7 823 871	3 636 475	–	32 645 230
Net Book Value	62 900 000	395 384 387	209 994	1 055 700	20 095 029	2 823 048	3 750 849	31 632 452	517 851 459

Properties were revalued on an open market basis by an internal professional valuer, as at 30 June 2020 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The revaluation of land and buildings entailed the following:

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

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

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

Adjustments were made to the following aspects:

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

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

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

The carrying amount of buildings would have been ZWL\$117 845 562 (December 2019: ZWL\$119 611 512) had they been carried at cost.

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

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$

18.1a	Right of Use Assets	37 853 906 (8 338 642) 29 515 264	56 013 104 (18 159 198) 37 853 906	3 985 304 (986 522) 2 998 782	5 358 314 (1 373 010) 3 985 304
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18.1b	Lease liability	10 489 627 171 053 (1 706 341) (5 933 719) 3 020 620	56 013 104 4 270 855 (14 569 501) (35 224 831) 10 4
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REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business



	REVIEWED			UNAUDITED	
	INFLATION 30 JUN 2020 ZWL\$	ADJUSTED 31 DEC 2019 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
24. CATEGORIES OF FINANCIAL LIABILITIES					
The Bank's financial liabilities are carried at amortised cost are as follows:					
Deposits	43 798 939 076	33 225 084 811	43 798 939 076	12 681 737 208	
Other liabilities	2 164 866 681	2 287 682 734	2 164 866 681	841 128 943	
Lease liability	3 020 620	10 489 627	3 020 620	4 003 803	
	45 966 826 377	35 523 257 172	45 966 826 377	13 526 869 954	
25. EQUITY					
25.1 Share capital Authorised 600 000 000 ordinary shares of \$0.01 each	6 000 000	6 000 000	6 000 000	6 000 000	
Issued and fully paid 511 817 951 ordinary shares of \$0.01 each	83 291 237	83 291 237	5 118 180	5 118 180	
25.2 Share premium Opening balance Closing balance	272 122 510 272 122 510	272 122 510 272 122 510	16 721 711 16 721 711	16 721 711 16 721 711	
25.3 Revaluation reserve Opening balance Net revaluation gain Closing balance	38 315 079 365 389 858 403 704 937	- 38 315 079 38 315 079	301 889 314 903 430 545 1 205 319 859	14 484 354 287 404 960 301 889 314	
25.4 Retained earnings Opening balance Profit for the period Dividend paid	3 026 093 249 281 669 668 (150 000 000) 3 157 762 917	2 715 821 771 567 135 980 (256 864 502) 3 026 093 249	597 312 857 868 000 766 (150 000 000) 1 315 313 623	152 400 726 495 168 131 (50 256 000) 597 312 857	
25.5 Fair value reserve Opening balance Other comprehensive income	77 737 426 (44 017 195) 33 720 231	47 758 228 29 979 198 77 737 426	37 874 522 20 451 557 58 326 079	2 934 705 34 939 817 37 874 522	
25.6 Foreign currency translation reserve Opening balance Exchange gains on change of functional currency	680 639 767 - 680 639 767	- 680 639 767 680 639 767	47 096 208 - 47 096 208	- 47 096 208 47 096 208	

26. RELATED PARTY DISCLOSURES

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

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

(a) Loans and advances to Directors' companies

There were no loans and advances to Director's Companies during the period.

	REVIEWED			UNAUDITED	
	INFLATION 30 JUN 2020 ZWL\$	ADJUSTED 31 DEC 2019 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
Commission and fee income	-	3 915	-	577	
	-	3 915	-	577	
b) Deposits from directors and key management personnel: Closing balances Interest expnes on deposits from directors and key management personnel	115 388 238	56 991 1 000	115 388 137	21 753 210	
c) Balances with group companies Amounts due from group companies Deposits held for group companies	4 957 733 918 108 635 947	- 24 352 273	4 957 733 918 108 635 947	- 9 295 059	
d) Transactions with group companies Interest income on amounts due from group companies Interest expense on amounts due from group companies Non Interest income on amounts due from group companies Costs charged by group companies	589 736 154 2 270 112 3 177 608 116 434 287	124 292 472 7 852 354 1 412 242 50 007 495	475 049 054 1 383 215 1 367 334 69 720 847	47 441 398 2 997 178 539 041 19 087 443	

27. RISK MANAGEMENT

27.1 Risk overview

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

27.2 Bank risk management framework

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

27.3 Credit risk

27.3.1 Credit risk exposure

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

	REVIEWED			UNAUDITED	
	INFLATION 30 JUN 2020 ZWL\$	ADJUSTED 31 DEC 2019 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
Balances with banks	3 467 946 385	5 519 511 195	3 467 946 385	2 106 751 296	
Money market assets	1 668 337 832	567 141 875	1 668 337 832	216 473 314	
Financial securities	1 049 275 847	3 114 645 856	1 049 275 847	1 188 834 294	
Loans and advances to customers	10 077 705 986	6 516 457 801	10 077 705 986	2 487 277 484	
Other assets	29 009 127 874	19 994 658 079	29 009 127 874	7 631 793 892	
Total	45 272 393 924	35 712 414 806	45 272 393 924	13 631 130 280	
Financial guarantees	86 383 975	215 848 491	86 383 975	82 387 565	

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

The Bank held cash and cash equivalents of ZWL\$3 467 946 385 (excluding notes and coins) as at 30 June 2020 (31 Dec 2019:ZWL\$5 519 511 195), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank and foreign banks.

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

	INFLATION ADJUSTED		RESTATED		HISTORICAL			
	30 June 2020 ZWL\$	30 June 2020 ZWL\$	31 DEC 2019 ZWL\$	31 DEC 2019 ZWL\$	30 June 2020 ZWL\$	30 June 2020 ZWL\$	31 DEC 2019 ZWL\$	31 DEC 2019 ZWL\$
	Net maximum exposure (not covered by mortgage security)		Net maximum exposure (not covered by mortgage security)		Net maximum exposure (not covered by mortgage security)		Net maximum exposure (not covered by mortgage security)	
	Gross maximum exposure		Gross maximum exposure		Gross maximum exposure		Gross maximum exposure	
Private	294 296 852	205 109 882	252 343 860	117 293 178	294 296 852	205 109 882	96 317 543	44 769 826
Agriculture	4 618 861 375	-	4 597 020 535	49 946 577	4 618 861 375	-	1 754 644 320	19 064 191
Mining	1 972 525 600	714 491 086	316 590 230	1 511 223	1 972 525 600	714 491 086	120 839 845	576 821
Manufacturing	1 212 629 486	686 743 369	330 555 895	25 083 400	1 212 629 486	686 743 369	126 170 422	9 574 124
Distribution	1 444 458 045	469 945 034	752 817 127	31 354 826	1 444 458 045	469 945 034	287 344 006	11 967 875
Construction	13 167 264	-	16 205 440	1 912 953	13 167 264	-	6 185 481	730 158
Transport	42 255 810	17 908 329	27 724 129	2 581 964	42 255 810	17 908 329	10 582 068	985 514
Communication	3 355 676	3 254 249	2 633 561	-	3 355 676	3 254 249	1 005 208	-
Services	607 118 052	413 855 191	459 988 576	7 844 356	607 118 052	413 855 191	175 577 612	2 994 125
Financial organisations	445 696 406	15 170 563	33 186 471	-	445 696 406	15 170 563	12 666 998	-
Gross value	10 654 364 566	2 526 477 703	6 789 075 824	237 528 477	10 654 364 566	2 526 477 703	2 591 333 503	90 662 634

	REVIEWED			UNAUDITED	
	INFLATION 30 JUN 2020 ZWL\$	ADJUSTED 31 DEC 2019 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
Collateral analysis					
Government guarantee	4 188 020 985	4 110 256 997	4 188 020 985	1 568 850 746	
Cash cover	945 000 000	8 497 288	945 000 000	3 243 344	
Collateral (mortgage security)	847 278 459	1 696 623 230	847 278 459	647 586 908	
(NGCBs) cessions etc.	3 450 761 308	196 005 494	3 450 761 308	74 813 659	
	9 431 060 752	6 011 383 009	9 431 060 752	2 294 494 657	

The Bank holds collateral against loans and advances to customers in the form of mortgage bonds over property, other registered securities over assets, guarantees, cash cover, assignment of crop or export proceeds and leasebacks. Estimates of fair values are based on the values of collateral assessed at the time of borrowing, and are regularly aligned with trends in the market.

28. Credit quality per class of financial assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 37.3.1 of the Group's results.

a. Loans and advances to customers

(i) Impairment allowance for loans and advances to customers

INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	9 257 141 021	6 309 809 494	56 380 452	68 195 674	-	-	9 313 521 473	6 378 005 168
Special mention	"4a – 7c"	947 723 047	48 184 134	185 416 887	118 542 674	-	-	1 133 139 939	166 726 808
Non-performing	"8 – 10"	-	-	-	-	207 703 159	244 343 848	207 703 159	244 343 848
Total		10 204 864 068	6 357 993 628	186 738 348	270 703 159	244 343 848	10 654 364 566	6 789 075 824	

HISTORICAL									
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	9 257 141 021	2 408 401 552	56 380 452	26 029 719	-	-	9 313 521 473	2 434 431 271
Special mention	"4a – 7c"	947 723 047	18 391 482	185 416 887	45 246 748	-	-	1 133 139 934	63 638 230
Non-performing	"8 – 10"	-	-	-	-	207 703 159	93 264 002	207 703 159	93 264 002
Total		10 204 864 068	2 426 793 034	241 797 339	71 276 467	207 703 159	93 264 002	10 654 364 566	2 591 333 503

(ii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

GROSS CARRYING AMOUNT									
INFLATION ADJUSTED									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	
Opening balance	6 357 993 628	4 031 029 042	186 738 348	2 136 993 177	244 343 848	1 346 569 338	6 789 075 824	7 514 591 557	
New assets originated or purchased (excluding write offs)	9 107 551 129	18 705 211 767	356 627 223	721 835 906	2 804 370	2 172 333	9 466 982 722	19 429 220 006	
Transfers from Stage 1	(165 960 955)	(175 965 689)	161 340 464	169 500 978	4 620 491	6 464 711	-	-	
Transfers from Stage 2	18 631 138	293 982 656	(162 164 765)	(410 849 571)	143 533 627	116 866 915	-	-	
Transfers from Stage 3	81 278	4 452 803	128	4 852 448	(81 406)	(9 305 251)	-	-	
Amounts paid off	(1 182 231 551)	(374 479 642)	(185 282 179)	(461 975 679)	(22 773 335)	(158 972 005)	(1 390 287 065)	(995 427 326)	
Amounts written off	-	-	-	-	(13 664 597)	(126 924 290)	(13 664 597)	(126 924 290)	
Monetary adjustment	(3 931 200 599)	(16 126 237 309)	(115 461 880)	(1 973 618 911)	(151 079 839)	(932 527 903)	(4 197 742 318)	(19 032 384 123)	
Gross loans and advances to customers	10 204 864 068	6 357 993 628	241 797 339	186 738 348	207 703 159	244 343 848	10 654 364 566	6 789 075 824	
Expected credit loss allowance	(348 379 430)	(69 332 717)	(29 778 561)	(51 468 640)	(198 500 590)	(151 816 664)	(576 658 580)	(272 618 021)	
Net loans and advances to customers	9 856 484 638	6 288 660 911	212 018 778	135 269 708	9 202 570	92 527 184	10 077 705 986	6 516 457 803	

GROSS CARRYING AMOUNT									
HISTORICAL									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	
Opening balance	2 426 793 034	247 703 517	71 276 467	131 316 524	93 264 002	82 745 611	2 591 333 503	461 765 652	
New assets originated or purchased (excluding write offs)	9 107 551 129	2 175 905 613	356 627 221	83 968 406	2 804 371	252 697	9 466 982 721	2 260 126 716	



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(ii). An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to financial securities is as follows:

INFLATION ADJUSTED								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Gross carrying amount	3 114 781 615	20 205 853 391	–	–	–	–	3 114 781 615	20 205 853 391
New assets originated or purchased	28 205 117	689 186 839	–	–	–	–	28 205 117	689 186 839
Maturities during the year	(167 768 693)	(1 142 631 244)	–	–	–	–	(167 768 693)	(1 142 631 244)
Monetary adjustment	(1 925 895 502)	(16 637 627 371)	–	–	–	–	(1 925 895 502)	(16 637 627 371)
Gross financial securities	1 049 322 537	3 114 781 615	–	–	–	–	1 049 322 537	3 114 781 615
ECL allowance	(46 690)	(135 759)	–	–	–	–	(46 690)	(135 759)
Net financial securities	1 049 275 847	3 114 645 856	–	–	–	–	1 049 275 847	3 114 645 856

HISTORICAL								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Gross carrying amount	1 188 886 113	1 241 633 562	–	–	–	–	1 188 886 113	1 241 633 562
New assets originated or purchased	28 205 117	80 170 465	–	–	–	–	28 205 117	80 170 465
Maturities during the year	(167 768 693)	(132 917 914)	–	–	–	–	(167 768 693)	(132 917 914)
Gross financial securities	1 049 322 537	1 188 886 113	–	–	–	–	1 049 322 537	1 188 886 113
ECL allowance	(46 690)	(51 819)	–	–	–	–	(46 690)	(51 819)
Net financial securities	1 049 275 847	1 188 834 294	–	–	–	–	1 049 275 847	1 188 834 294

c. Money market
(i) Impairment allowance for money market assets

INFLATION ADJUSTED								
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020 31 DEC 2019
Internal rating grade								
Performing	"1 – 3c"	1 668 441 765	567 281 706	–	–	–	–	1 668 441 765 567 281 706
Total		1 668 441 765	567 281 706	–	–	–	–	1 668 441 765 567 281 706

HISTORICAL								
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020 31 DEC 2019
Internal rating grade								
Performing	"1 – 3c"	1 668 441 765	216 526 686	–	–	–	–	1 668 441 765 216 526 686
Total		1 668 441 765	216 526 686	–	–	–	–	1 668 441 765 216 526 686

(ii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to money market is as follows:

INFLATION ADJUSTED								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Gross carrying amount	567 281 706	961 905 855	–	–	–	–	567 281 706	961 905 855
New assets originated or purchased (excluding write offs)	1 668 441 766	1 861 375 562	–	–	–	–	1 668 441 766	1 861 375 562
Maturities during the year	(216 526 687)	(508 125 971)	–	–	–	–	(216 526 687)	(508 125 971)
Monetary adjustment	(350 755 020)	(1 747 873 740)	–	–	–	–	(350 755 020)	(1 747 873 740)
Gross money market assets	1 668 441 765	567 281 706	–	–	–	–	1 668 441 765	567 281 706
ECL allowance	(103 933)	(139 829)	–	–	–	–	(103 933)	(139 829)
Net money market assets	1 668 337 832	567 141 877	–	–	–	–	1 668 337 832	567 141 877

HISTORICAL								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Gross carrying amount at beginning of period	216 526 686	59 108 347					216 526 686	59 108 347
New assets originated or purchased (excluding write offs)	1 668 441 766	216 526 686					1 668 441 766	216 526 686
Maturities during the year	(216 526 687)	(59 108 347)					(216 526 687)	(59 108 347)
Gross money market assets	1 668 441 765	216 526 686	–	–	–	–	1 668 441 765	216 526 686
ECL allowance	(103 933)	(53 372)					(103 933)	(53 372)
Net money market asset	1 668 337 832	216 473 314	–	–	–	–	1 668 337 832	216 473 314

d. Financial guarantees
(i) Impairment allowance for financial guarantees

INFLATION ADJUSTED								
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020 31 DEC 2019
Internal rating grade								
Performing	"1 – 3c"	86 383 976	215 848 491	–	–	–	–	86 383 976 215 848 491
Total		86 383 976	215 848 491	–	–	–	–	86 383 976 215 848 491

HISTORICAL								
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$
		30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020 31 DEC 2019
Internal rating grade								
Performing	"1 – 3c"	86 383 976	82 387 565	–	–	–	–	86 383 976 82 387 565
Total		86 383 976	82 387 565	–	–	–	–	86 383 976 82 387 565

(ii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to financial guarantees is as follows:

INFLATION ADJUSTED								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Gross carrying opening balance	215 848 491	169 081 578	–	–	–	–	215 848 491	169 081 578
New assets originated or purchased (excluding write offs)	3 996 411	708 246 192	–	–	–	–	3 996 411	708 246 192
Guarantees Expired	–	(89 317 206)	–	–	–	–	–	(89 317 206)
Monetary adjustment	(133 460 926)	(572 162 073)					(133 460 926)	(572 162 073)
Gross financial guarantees	86 383 976	215 848 491	–	–	–	–	86 383 976	215 848 491
Expected credit loss allowance	(400 859)	(2 350 198)					(400 859)	(2 350 198)
Net financial guarantees	85 983 116	213 498 293	–	–	–	–	85 983 116	213 498 293

HISTORICAL								
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019	30 JUN 2020	31 DEC 2019
Gross carrying opening balance	82 387 565	10 389 927					82 387 565	10 389 927
New assets originated or purchased (excluding write offs)	3 996 411	82 387 566					3 996 411	82 387 566
Guarantees Expired	–	(10 389 928)					–	(10 389 928)
Gross financial guarantees	86 383 976	82 387 565	–	–	–	–	86 383 976	82 387 565
Expected credit loss allowance	(400 859)	(897 051)					(400 859)	(897 051)
Net financial guarantees	85 983 117	81 490 514	–	–	–	–	85 983 117	81 490 514

29. Liquidity risk

Liquidity relates to the Bank's ability to fund its growth in assets and to meet obligations as they fall due without incurring unacceptable losses. The Bank recognises two types of liquidity risks i.e. Market liquidity risk and Funding liquidity risk. Market liquidity risk is the risk that the Bank cannot cover or settle a position without significantly affecting the market price because of limited market depth.

Funding risk, on the other hand, is the risk that the Bank will not be able to efficiently meet both its expected as well as the unexpected current and future cash flow needs without affecting the financial condition of the Bank. The Bank's liquidity risk management framework ensures that limits are set relating to levels of wholesale funding, retail funding, loans to deposit ratio, counter- party exposures as well as prudential liquidity ratio.

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

29.1 Contractual Liquidity Gap Analysis

INFLATION ADJUSTED								
REVIEWED 30 JUNE 2020	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$	
Assets								
Balances with banks and cash	4 754 440 925	–	–	–	–	–	4 754 440 925	
Money market assets	1 650 307 832	18 000 000	–	–	–	–	1 668 307 832	
Financial securities	39 861 024	11 349 649	14 220 125	4 767 335	65 185 586	913 892 128	1 049 275 847	
Loans and advances to customers	766 873 643	103 881 072	4 247 980 030	4 606 605 704	310 241 823	42 123 714	10 077 705 986	
Financial guarantees	542 750	19 639 281	2 599 768	–	63 602 176	–	86 383 975	
Other liquid assets	28 676 470 680	332 657 194	–	–	–	–	29 009 127 874	
Total assets	35 888 496 854	485 527 196	4 264 799 923	4 611 373 039	439 029 585	956 015 842	46 645 242 439	
Liabilities								
Deposits	39 641 684 523	2 038 765 277	347 612 039	839 827 133	924 175 336	6 874 768	43 798 939 076	
Other liabilities	–	–	2 167 135 273	–	–	–	2 167 135 273	
Current tax payable	–	66 539 909	–	–	–	–	66 539 909	
Lease Liabilities	165 664	496 991	384 088	438 448	1 535 429	–	3 020 620	
Financial guarantees	542 750	19 639 281	2 599 768	–	63 602 177	–	86 383 976	
Capital Commitments	–	38 267 915	–	–	–	–	38 267 915	
Total liabilities	39 642 392 937	2 163 709 373	2 517 731 168	840 265 581	989 312 942	6 874 768	46 160 286 769	
Liquidity gap	(3 753 896 083)	(1 678 182 177)	1 747 068 755	3 771 107 458	(550 283 357)	949 141 074	484 955 670	
Cumulative liquidity gap	(3 753 896 083)	(5 432 078 260)	(3 685 009 505)	86 097 953	(464 185 404)	484 955 670	484 955 670	

INFLATION ADJUSTED								
REVIEWED 31 DECEMBER 2019	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$	
Assets								
*Balances with banks and cash	6 099 917 266	—	—	—	—	—	6 099 917 266	
Money market assets	290 372 915	276 768 962	—	—	—	—	567 141 877	
*Financial securities	85 491 335	89 376 327	30 280 247	90 226 422	396 189 230	2 423 082 295	3 114 645 856	
Loans and advances to customers	4 514 804 772	41 847 715	78 147 674	1 283 076 905	499 150 402	99 430 335	6 516 457 803	
Financial guarantees	403 991	28 958 046	2 610 280	17 243 823	166 632 351	—	215 848 491	
Other liquid assets	19 843 383 072	151 275 007	—	—	—	—	19 994 658 079	
Total assets	30 834 373 351	588 226 057	111 038 201	1 390 547 150	1 061 971 983	2 522 512 630	36 508 669 372	
Liabilities								
Deposits	31 032 222 929	522 716 768	82 883 161	1 123 935 084	451 542 249	11 784 620	33 225 084 811	
Other liabilities	—	2 199 947 860	—	—	—	—	2 199 947 860	
Current tax payable	—	29 082 629	—	—	—	—	29 082 629	
Lease liabilities	424 812	1 285 084	1 301 213	2 327 025	5 151 493	—	10 489 627	
Financial guarantees	403 991	28 958 046	2 610 280	17 243 823	166 632 351	—	215 848 491	
Capital Commitments	—	43 632 815	—	—	—	—	43 632 815	
Total liabilities	31 033 051 732	2 825 623 202	86 794 654	1 143 505 932	623 326 093	11 784 620	35 724 086 233	
Liquidity gap	(198 678 381)	(2 237 397 145)	24 243 547	247 041 218	438 645 890	2 510 728 010	784 583 139	
Cumulative liquidity gap	(198 678 381)	(2 436 075 526)	(2 411 831 979)	(2 164 790 761)	(1 726 144 871)	784 583 139	784 583 139	



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30. Interest rate risk

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

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

30.1 Interest rate repricing and gap analysis

INFLATION ADJUSTED								
REVIEWED 30 JUNE 2020	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets								
Balances with banks and cash	2 190 992 081	–	–	–	–	–	2 563 448 844	4 754 440 925
Money market assets	1 650 337 832	18 000 000	–	–	–	–	–	1 668 337 832
Financial securities	39 861 024	11 349 649	14 220 125	4 767 335	65 185 586	913 892 128	–	1 049 275 847
Loans and advances to customers	766 873 642	103 881 072	4 247 980 030	4 606 605 704	310 241 823	42 123 715	–	10 077 705 986
Equity investments	–	–	–	–	–	–	63 420 157	63 420 157
Land inventory	–	–	–	–	–	–	1 699 857 940	1 699 857 940
Other assets	–	121 380 420	–	–	–	–	28 970 105 411	29 091 485 831
Intangible assets	–	–	–	–	–	–	12 438 320	12 438 320
Investment properties	–	–	–	–	–	–	581 708 001	581 708 001
Property and equipment	–	–	–	–	–	–	2 198 188 049	2 198 188 049
Total assets	4 648 064 579	254 611 141	4 262 200 155	4 611 373 039	375 427 409	956 015 843	36 089 166 722	51 196 858 888
Equity & Liabilities								
Deposits	39 641 684 522	2 038 765 277	347 612 039	839 827 133	924 175 336	6 874 769	–	43 798 939 076
Other liabilities	–	1 605 909 177	–	–	–	–	665 605 134	2 271 514 311
Current tax payable	66 539 909	–	–	–	–	–	–	66 539 909
Deferred taxation	–	–	–	–	–	–	425 603 373	425 603 373
Lease liability	165 664	496 991	384 088	438 448	1 535 429	–	–	3 020 620
Equity	–	–	–	–	–	–	4 631 241 599	4 631 241 599
Total liabilities and equity	39 708 390 095	3 645 171 445	347 996 127	840 265 581	925 710 765	6 874 769	5 722 450 106	51 196 858 888
Interest rate repricing gap								
	(35 060 325 516)	(3 390 560 304)	3 914 204 028	3 771 107 458	(550 283 356)	949 141 074	30 366 716 616	–
Cumulative gap								
	(35 060 325 516)	(38 450 885 820)	(34 536 681 792)	(30 765 574 334)	(31 315 857 690)	(30 366 716 616)	–	–

INFLATION ADJUSTED								
REVIEWED 31 DECEMBER 2019	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets								
Balances with banks and cash	2 353 936 846	–	–	–	–	–	3 745 980 420	6 099 917 266
Money market assets	290 372 912	276 768 965	–	–	–	–	–	567 141 877
Financial securities	85 491 335	89 376 327	30 280 244	90 226 419	396 189 235	2 423 082 296	–	3 114 645 856
Loans and advances to customers	4 514 804 770	41 847 715	78 147 674	1 283 076 905	499 150 402	99 430 337	–	6 516 457 803
Equity investments	–	–	–	–	–	–	109 754 047	109 754 047
Other assets	–	–	–	–	–	–	1 712 863 705	1 712 863 705
Current tax receivable	–	–	–	–	–	–	20 035 738 894	20 035 738 894
Investment properties	–	–	–	–	–	–	17 048 292	17 048 292
Property and equipment	–	–	–	–	–	–	306 354 626	306 354 626
Deferred taxation	–	–	–	–	–	–	1 683 932 409	1 683 932 409
Total assets	7 244 605 863	407 993 007	108 427 918	1 373 303 324	895 339 637	2 522 512 633	27 611 672 393	40 163 854 775
Equity & Liabilities								
Deposits	31 032 222 933	522 716 768	82 883 161	1 123 935 085	451 542 247	11 784 617	–	33 225 084 811
Other liabilities	–	–	–	–	–	–	2 287 682 734	2 287 682 734
Current tax payable	–	–	–	–	–	–	29 082 629	29 082 629
Deferred taxation	–	–	–	–	–	–	433 315 706	433 315 706
Lease Liability	424 812	1 285 084	1 301 213	2 327 025	5 151 493	–	–	10 489 627
Equity	–	–	–	–	–	–	4 178 199 268	4 178 199 268
Total liabilities and equity	31 032 647 745	524 001 852	84 184 374	1 126 262 110	456 693 740	11 784 617	6 928 280 337	40 163 854 775
Interest rate repricing gap								
	(23 788 041 882)	(116 008 845)	24 243 544	247 041 214	438 645 897	2 510 728 016	20 683 392 056	–
Cumulative gap								
	(23 788 041 882)	(23 904 050 727)	(23 879 807 183)	(23 632 765 969)	(23 194 120 072)	(20 683 392 056)	–	–

HISTORICAL								
UNAUDITED 30 JUNE 2020	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets								
Balances with banks and cash	4 754 440 925	–	–	–	–	–	–	4 754 440 925
Money market assets	1 650 337 832	18 000 000	–	–	–	–	–	1 668 337 832
Financial securities	39 861 024	11 349 649	14 220 125	4 767 335	65 185 586	913 892 128	–	1 049 275 847
Loans and advances to customers	766 873 642	103 881 072	4 247 980 030	4 606 605 704	310 241 823	42 123 715	–	10 077 705 986
Equity investments	–	–	–	–	–	–	63 420 157	63 420 157
Land inventory	–	–	–	–	–	–	124 333 649	124 333 649
Other assets	–	121 380 420	–	–	–	–	28 951 704 049	29 073 084 469
Intangible assets	–	–	–	–	–	–	592 328	592 328
Investment properties	–	–	–	–	–	–	581 708 001	581 708 001
Property and equipment	–	–	–	–	–	–	1 782 145 925	1 782 145 925
Total assets	7 211 513 423	254 611 141	4 262 200 155	4 611 373 039	375 427 409	956 015 843	31 503 904 109	49 175 045 119
Equity & Liabilities								
Deposits	39 641 684 522	2 038 765 277	347 612 039	839 827 133	924 175 336	6 874 769	–	43 798 939 076
Other liabilities	–	1 605 909 177	–	–	–	–	561 226 099	2 167 135 276
Current tax payable	–	–	–	–	–	–	66 539 909	66 539 909
Deferred taxation	–	–	–	–	–	–	491 514 578	491 514 578
Lease liability	165 664	496 991	384 088	438 448	1 535 429	–	–	3 020 620
Equity	–	–	–	–	–	–	2 647 895 660	2 647 895 660
Total liabilities and equity	39 641 850 186	3 645 171 445	347 996 127	840 265 581	925 710 765	6 874 769	3 767 176 246	49 175 045 119
Interest rate repricing gap								
	(32 430 336 763)	(3 390 560 304)	3 914 204 028	3 771 107 458	(550 283 356)	949 141 074	27 736 727 863	–
Cumulative gap								
	(32 430 336 763)	(35 820 897 067)	(31 906 693 039)	(28 135 585 581)	(28 685 868 937)	(27 736 727 863)	–	–

HISTORICAL								
UNAUDITED 31 DECEMBER 2019	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets								
Balances with banks and cash	898 478 022	–	–	–	–	–	1 429 809 421	2 328 287 443
Money market assets	110 832 914	105 640 400	–	–	–	–	–	216 473 314
Financial securities	32 631 328	34 114 197	11 557 716	34 438 670	151 222 120	924 870 263	–	1 188 834 294
Loans and advances to customers	1 723 263 250	15 972 923	29 828 314	489 739 732	190 521 537	37 951 728	–	2 487 277 484
Equity investments	–	–	–	–	–	–	41 892 202	41 892 202
Land inventory	–	–	–	–	–	–	124 236 247	124 236 247
Other assets	–	–	–	–	–	–	7 666 967 010	7 666 967 010
Intangible assets	–	–	–	–	–	–	1 035 853	1 035 853
Investment properties	–	–	–	–	–	–	116 933 000	116 933 000
Property and equipment	–	–	–	–	–	–	517 851 459	517 851 459
Total assets	2 765 205 514	155 727 520	41 386 030	524 178 402	341 743 657	962 821 991	9 898 725 192	14 689 788 306
Equity & Liabilities								
Deposits	11 844 740 155	199 516 622	31 635 810	428 996 629	172 349 902	4 498 090	–	12 681 737 208
Other liabilities	–	–	–	–	–	–	841 128 943	841 128 943
Current tax payable	–	–	–	–	–	–	11 100 598	11 100 598
Deferred taxation	–	–	–	–	–	–	145 804 962	145 804 962
Lease Liability	162 147	490 506	496 662	888 206	1 966 282	–	–	4 003 803
Equity	–	–	–	–	–	–	1 006 012 792	1 006 012 792
Total liabilities and equity	11 844 902 302	200 007 128	32 132 472	429 884 835	174 316 184	4 498 090	2 004 047 295	14 689 788 306
Interest rate repricing gap								
	(9 079 696 788)	(44 279 608)	9 253 558	94 293 567	167 427 473	958 323 901	7 894 677 897	–
Cumulative gap								
	(9 079 696 788)	(9 123 976 396)	(9 114 722 838)	(9 020 429 271)	(8 853 001 798)	(7 894 677 897)	–	–

31. Foreign exchange risk

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

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

At 30 June 2020 if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant post tax profit for the period would have been ZWL\$69 947 713 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Bank as at 30 June 2020 is as below

FOREIGN CURRENCY POSITION

Foreign currency position as at 30 June 2020

INFLATION ADJUSTED							
	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	4 754 440 925	1 651 980 822	2 362 132 234	596 125 848	11 031 176	120 918 251	12 252 594
Money market assets	1 668 337 832	1 093 680 366	574 657 466	—	—	—	—
Financial securities	1 049 275 847	1 049 275 847	—	—	—	—	—
Loans and advances to customers	10 077 705 986	8 930 499 234	1 135 213 342	10 818 949	331 798	751 436	91 227
Equity investments	63 420 157	43 333 418	—	—	—	20 086 739	—
Land inventory	1 699 857 940	1 699 857 940	—	—	—	—	—
Other assets	29 091 485 831	302 533 365	28 720 422 010	67 107 269	291 106	1 132 081	—
Intangible assets	12 438 320	12 438 320	—	—	—	—	—
Investment properties	581 708 001	581 708 001	—	—	—	—	—
Property and equipment	2 198 188 049	2 198 188 049	—	—	—	—	—
	51 196 858 888	17 563 495 362	32 792 425 052	674 052 066	11 654 080	142 888 507	12 343 821
Equity & Liabilities							
Deposits	43 798 939 076	12 028 994 137	30 871 684 050	781 368 469	8 273 754	90 846 534	17 771 677
Other liabilities	2 271 514 311	1 807 049 991	456 511 456	1 198 071	2 170 558	4 567 624	16 611
Current tax payable	66 539 909	66 539 909	—	—	—	—	—
Deferred taxation	425 603 373	425 603 373	—	—	—	—	—
Lease Liability	3 020 620	3 020 620	—	—	—	—	—
Equity	4 631 241 599	4 631 241 599	—	—	—	—	—
Total equity and liabilities	51 196 858 888	18 962 449 629	31 328 195 961	782 566 540	10 444 312	95 414 158	17 788 288

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

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

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

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

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

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

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

32.4 Reputation risk

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

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

32.5 Money laundering risk

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

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

32.6 Risk and Credit Ratings

32.6.1 External Credit Rating

Rating Agent	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Global Credit Rating Co.(Short Term)	A1	A1	A1-	A1-	A1-	A1	A1	A1	-	-	-	-
Global Credit Rating Co. (Long Term)	A+	A+	A	A	A	A	A+	A+	A+	A+	A	A

No short-term ratings were provided by the rating agent from 2009 to 2012.

32.6.2 Reserve Bank of Zimbabwe Ratings

CAMELS RATING MATRIX - 31 December 2018 RBZ ONSITE EXAMINATION

	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank Limited	2	1	3	2	2	2	2

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

33. CAPITAL MANAGEMENT

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

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

33.1 Capital Adequacy

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

	UNAUDITED 30 JUN 2020 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$
Risk Weighted Assets	8 297 338 484	2 805 580 556
Total Qualifying Capital	1 086 525 638	1 031 590 554
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	16 721 711	16 721 711
Retained earnings	1 315 313 625	597 312 857
Exposure to insiders	(514 644 446)	(9 491 995)
	822 509 070	609 660 753
Less Tier 3	135 751 546	93 994 488
	686 757 523	515 666 265
Tier 2		
Revaluation reserves	1 205 319 859	301 889 314
Fair value Reserve	58 326 079	37 874 522
Foreign currency translation reserve	47 096 208	47 096 208
General provisions	103 716 731	35 089 757
Excess of Tier 1 capital		591 949 808
	822 509 069	421 929 801
Tier 3		
Capital allocated for market risk	67 967 621	26 210 563
Capital allocated to operations risk	67 783 925	67 783 925
	135 751 546	93 994 488
Capital Adequacy (%)		
Tier 1	8.28%	18.38%
Tier 2	9.91%	15.04%
Tier 3	1.64%	3.35%
Total	13.09%	36.77%

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

34. CORPORATE GOVERNANCE STATEMENT

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

35. DISCLOSURE POLICY

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

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

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

36. GOING CONCERN

For going concern assessment refer to CBZ Holdings note 38.

37. Events after the reporting period.

CBZ Bank Limited has been co-operating in investigations by the Office of Foreign Asset Control (OFAC) regarding historical transactions involving a party that was subject to OFAC economic sanctions. Post the reporting date, OFAC has concluded its investigations and the matter has been resolved through the issuance of a Cautionary Letter.



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UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

Banking | Insurance | Investments | Agro-Business



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2020

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
Gross written premium	37 631 414	72 993 410	21 608 107	5 718 377
Reinsurance premium	(361 809)	(2 272 166)	(202 254)	(174 034)
Net written premium	37 269 605	70 721 244	21 405 853	5 544 343
Unearned premium movement	(2 026 068)	(3 607 393)	(2 026 068)	(255 712)
Net earned premium	35 243 537	67 113 851	19 379 785	5 288 631
Net commission	(1 061 496)	(5 997 999)	(633 542)	(511 568)
Net claims	(5 686 743)	(17 625 061)	(3 425 040)	(1 417 418)
Underwriting profit	28 495 298	43 490 791	15 321 203	3 359 645
Operating expenditure	(54 982 886)	(43 744 437)	(33 635 646)	(3 352 750)
Transfer to annuity reserve	(12 309 972)	-	(12 309 972)	-
Expected credit loss	(57 719)	(1 113)	(57 719)	(133)
Monetary gain/(loss)	844 859	(65 463 359)	-	-
Operating profit	(38 010 420)	(65 718 118)	(30 682 134)	6 762
Investment and Other income	110 036 585	154 663 193	225 676 996	28 488 089
Interest from money market investments	209 187	4 377 579	120 462	340 003
Profit before taxation	72 235 352	93 322 654	195 115 325	28 834 854
Taxation	(61 805)	(222 431)	(41 551)	(25 821)
Profit for the period	72 173 547	93 100 223	195 073 774	28 809 033
Other comprehensive income				
Gains on property revaluation	27 726 445	20 666 926	61 011 772	5 779 838
Exchange gains on change of functional currency	-	36 852 891	-	2 550 000
Other comprehensive income for the period net of tax	27 726 445	57 519 817	61 011 772	8 329 838
Total comprehensive income	99 899 992	150 620 040	256 085 546	37 138 871

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
ASSETS				
Current assets				
Cash and cash equivalents	8 852 005	4 943 944	8 852 005	1 887 062
Money market assets	5 503 793	19 321 835	5 503 793	7 374 983
Financial securities	1 711 014	7 650 621	1 711 014	2 920 178
Equity investments	46 409 096	12 120 302	46 409 096	4 626 218
Insurance contract assets	5 341 636	5 018 753	1 236 684	632 327
Other receivables	2 204 796	758 754	1 954 041	242 279
Current tax receivables	23 578	27 268	23 578	10 408
	70 045 918	49 841 477	65 690 211	17 693 455
Non-current assets				
Intangible assets	628 537	1 754 620	38 622	107 819
Property and equipment	98 977 914	73 103 656	83 387 028	22 902 817
Investment properties	261 606 083	184 612 373	261 606 083	70 465 000
	361 212 534	259 470 649	345 031 733	93 475 636
TOTAL ASSETS	431 258 452	309 312 126	410 721 944	111 169 091
EQUITY AND LIABILITIES				
Liabilities				
Life fund	18 280 005	10 309 091	18 280 005	3 934 894
Investment contract liabilities	9 857 771	8 931 427	9 857 771	3 409 051
Other payables	30 585 642	17 436 567	29 328 869	6 655 392
	58 723 418	36 677 085	57 466 645	13 999 337
Equity				
Share capital	31	31	2	2
Share premium	22 587 958	22 587 958	1 388 012	1 388 012
Revaluation reserve	27 726 445	-	76 914 653	15 902 881
Foreign currency translation reserve	36 852 890	36 852 890	2 550 000	2 550 000
Revenue reserves	285 367 710	213 194 162	272 402 632	77 328 859
	372 535 034	272 635 041	353 255 299	97 169 754
TOTAL EQUITY AND LIABILITIES	431 258 452	309 312 126	410 721 944	111 169 091

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2020

	Share capital ZWL\$	Share premium ZWL\$	Revaluation reserve ZWL\$	FCTR ZWL\$	Revenue reserves ZWL\$	Total ZWL\$
INFLATION ADJUSTED						
Unaudited 30 June 2020						
Opening balance	31	22 587 958	-	36 852 890	213 194 162	272 635 041
Total comprehensive income	-	-	27 726 445	-	72 173 548	99 899 992
Dividend paid	-	-	-	-	-	-
Closing balance	31	22 587 958	27 726 445	36 852 890	285 367 710	372 535 033
Unaudited 30 June 2019						
Opening balance	31	22 587 958	-	-	303 231 490	325 819 479
Total comprehensive income	-	-	20 666 926	36 852 891	93 100 224	150 620 041
Dividend paid	-	-	-	-	(8 934 553)	-
Closing balance	31	22 587 958	20 666 926	36 852 891	387 397 161	467 504 967
HISTORICAL						
Unaudited 30 June 2020						
Opening balance	2	1 388 012	15 902 881	2 550 000	77 328 859	97 169 754
Total comprehensive income	-	-	61 011 772	-	195 073 773	256 085 545
Closing balance	2	1 388 012	76 914 653	2 550 000	272 402 632	353 255 299
Unaudited 30 June 2019						
Opening balance	2	1 388 012	-	-	18 393 279	19 781 293
Closing balance	2	1 388 012	-	-	18 393 279	19 781 293

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2020

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	72 235 352	93 322 654	195 115 325	28 834 854
Non cash items:				
Depreciation	2 272 539	1 471 304	746 617	54 781
Amortisation	1 126 083	2 392 510	69 197	69 196
Unearned premium movement	2 026 068	3 607 393	2 026 068	255 712
Monetary gain/loss	(844 859)	65 463 359	-	-
Claims incurred but not reported	9 071	(341 223)	9 071	(25 704)
Unearned commission on reinsurance premium movement	(145 620)	623 774	(39 085)	87 086
Fair value adjustment on investment properties	(78 208 192)	(80 861 366)	(190 240 308)	(19 417 560)
Fair value adjustment on financial instruments	(16 676 816)	28 741 635	(25 437 220)	(1 933 089)
Loss on sale of property and equipment	-	106 405	-	8 683
Annuity reserve movement	12 309 972	-	12 309 973	-
Credit loss expense	57 719	1 113	57 719	133
Unrealised loss on foreign currency position	5 354 567	-	5 354 567	326 825
Gains on functional currency change	-	(100 565 035)	-	(6 958 500)
Profit on disposal of investment properties	(17 473 036)	-	(12 658 010)	-
Operating profit before changes in operating assets and liabilities	(17 957 152)	13 962 523	(12 686 087)	1 302 417
Changes in operating assets and liabilities				
Other receivables	(3 072 016)	(4 092 427)	(1 711 762)	12 599
Insurance contract assets	(1 103 218)	1 458 516	(565 272)	127 004
Other payables	14 625 395	6 751 716	17 318 910	605 732
Money market assets	3 170 306	27 354 163	1 822 656	2 155 429
Financial securities	2 087 231	(6 060 143)	1 199 979	(57 035)
Life assurance investment contract liabilities	11 216 828	4 397 866	6 448 720	346 539
	26 924 526	29 809 691	24 513 231	3 190 268
Corporate tax paid	(58 115)	(91 847)	(54 722)	(10 265)
Net cash inflow from operating activities	8 909 259	43 680 367	11 772 423	4 482 420
CASH FLOWS FROM INVESTING ACTIVITIES				
Net change in investments	(17 611 978)	(22 836 875)	(16 345 658)	(1 660 653)
Purchase of property and equipment	(420 352)	(18 784 169)	(219 056)	(1 799 111)
Proceeds on disposal of property and equipment	-	12 779	-	1 567
Proceeds on disposal of investment properties	22 924 280	-	14 738 705	-
Purchase of investment properties	(4 236 762)	(6 682 556)	(2 981 470)	(468 806)
Net cash inflow/ (outflow) from investing activities	655 188	(48 290 821)	(4 807 479)	(3 927 003)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	-	(8 934 553)	-	(1 067 121)
Net cash outflow from financing activities	-	(8 934 553)	-	(1 067 121)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9 564 446	(13 545 007)	6 964 944	(511 704)
Cash and cash equivalents at the beginning of the period	4 943 944	21 907 951	1 887 062	1 346 204
Exchange gains on foreign cash balances	-	57 177	-	57 177
Effects of inflation on cash and cash equivalents	(5 656 387)	(954 127)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8 852 003	7 465 634	8 852 006	891 677

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2020

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
Gross written premium	203 048 693	174 352 452	129 550 622	14 017 429
Reinsurance premium	(95 700 160)	(95 753 611)	(65 038 817)	(7 734 374)
Net written premium	107 348 533	78 598 841	64 511 805	6 283 055
Unearned premium movement	7 212 799	(24 396 586)	(18 366 228)	(1 900 226)
Net earned premium	114 561 332	54 202 255	46 145 577	4 382 829
Net commission	(6 427 506)	690 221	(1 312 621)	65 653
Net Claims	(16 850 408)	(18 181 856)	(10 207 559)	(1 520 758)
Technical result	91 283 418	36 710 620	34 625 397	2 927 724
Operating expenditure	(33 176 961)	(25 333 823)	(22 464 769)	(2 105 628)
Impairment loss	(5 109 669)	(519 421)	(5 109 669)	(62 038)
Under writing profit	52 996 788	10 857 376	7 050 959	760 058
Other income	13 883 835	(8 011 861)	42 418 698	(208 136)
Monetary loss	(47 278 756)	(46 883 654)	-	-
Profit before taxation	19 601 867	(44 038 139)	49 469 657	551 922
Taxation	(13 259 621)	(15 213 625)	(1 979 564)	36 322
Profit for the period	6 342 246	(59 251 764)	47 490 093	588 244
Other Comprehensive Income				
Gains/losses on property revaluations	27 589 543	20 417 778	60 888 871	5 984 302
Foreign currency translation gains	-	36 852 891	-	2 550 000
Deferred income tax relating to components of other comprehensive income	(6 820 135)	(5 257 578)	(13 968 803)	(1 798 330)
Total comprehensive income for the period	27 111 654	(7 238 673)	94 410 161	7 324 216
Basic earnings per share (cents)	17.35	(4.63)	60.43	4.69
Diluted earnings per share (cents)	17.35	(4.63)	60.43	4.69

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATED 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
ASSETS				
Bank and cash balances	20 663 637	15 177 921	20 663 637	5 793 286
Investments - short term	3 542 980	3 914 205	3 542 980	1 494 020
Other receivables	9 643 923	9 904 825	4 930 907	2 157 087
Tax receivable	387 439	1 015 058	387 439	387 439
Premium receivables	72 349 779	74 867 089	72 349 779	28 576 142
Technical assets				
Reinsurance receivables	7 137 117	15 739 760	7 137 117	6 007 735
Reinsurance Claims outstanding	2 779 836	6 014 243	2 779 836	2 295 586
Deferred acquisition cost	12 678 745	17 885 253	12 678 745	6 826 651
Reinsurance unearned premium reserve	49 931 759	72 678 847	49 931 759	27 740 909
Listed investments at fair value	48 129 119	5 760 860	48 129 118	2 198 872
Investment property	22 432 000	5 273 891	22 432 000	2 013 000
Property & equipment	88 263 136	79 089 748	82 157 099	23 774 283
Intangible assets	3 531 531	3 616 783	198 134	264 179
Deferred Tax	7 909 195	10 454 464	6 135 250	3 985 623
TOTAL ASSETS	349 380 196	321 392 947	333 453 800	113 514 812
EQUITY AND LIABILITIES				
LIABILITIES				
Other payables	28 582 789	22 814 391	28 582 789	8 193 308
Deferred Tax	32 063 256	15 158 011	23 023 253	4 926 296
Technical liabilities				
Reinsurance payables	35 229 072	45 477 993	35 229 072	17 358 570
Gross outstanding claims	3 381 273	10 455 368	3 381 273	3 990 727
Incurred but not yet reported claims	4 516 827	5 653 635	4 515 827	2 157 368
Unearned commission reserve	12 643 706	18 685 956	12 643 706	7 132 273
Gross unearned premium reserve	83 907 553	113 574 596	83 907 553	43 350 474
Total liabilities	200 323 476	231 820 010	191 283 473	87 109 616
EQUITY				
Share capital	1 271 368	1 271 245	78 199	78 117
Share premium	56 442 132	24 070 126	22 833 978	1 479 090
Foreign currency translation reserve	36 852 891	36 852 891	2 550 000	2 550 000
Revaluation Reserve	20 769 408	-	58 475 464	11 555 395
Retained earnings	33 720 921	27 378 675	58 232 686	10 742 594
Total equity	149 056 720	89 572 937	142 170 327	26 405 196
Total equity and liabilities	349 380 196	321 392 947	333 453 800	113 514 812

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2020

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATE 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
Revenue	66 919 192	101 971 898	100 663 298	13 303 362
Operating expenditure	(46 284 922)	(24 212 204)	(24 473 086)	(2 041 721)
Operating income	20 634 270	77 759 694	76 190 212	11 261 641
Monetary gain/(loss)	22 295 662	(14 359 816)	-	-
Profit before taxation	42 929 932	63 399 878	76 190 212	11 261 641
Taxation	(16 414 973)	(14 195 880)	(19 264 910)	(2 921 538)
Profit for the period	26 514 959	49 203 998	56 925 302	8 340 103
Other comprehensive loss	898 917	-	1 118 422	-
Total comprehensive income	27 413 876	49 203 998	58 043 724	8 340 103

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATE 31 DEC 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 31 DEC 2019 ZWL\$
ASSETS				
Balances with banks and cash	1 515 121	1 094 978	1 515 121	417 944
Money market assets	1 684 279	4 773 023	1 684 279	1 821 823
Equity investments	20 949 815	5 499 823	20 949 815	2 099 236
Other assets	14 669 438	5 131 804	13 778 910	1 958 767
Investment property	94 994 139	59 913 110	94 994 139	22 868 333
Intangible assets	175 484	140 640	51 748	53 681
Property and equipment	21 362 061	14 085 797	4 367 529	5 376 432
TOTAL ASSETS	155 350 337	90 639 175	137 341 541	34 596 216
LIABILITIES				
Current taxation	1 157 297	136 523	1 157 297	52 110
Other liabilities	31 091 698	9 850 912	30 225 074	3 760 011
Lease liability	4 219 958	4 555 595	4 219 958	1 738 832
Deferred taxation	28 128 982	12 757 619	22 966 879	4 869 476
TOTAL LIABILITIES	64 597 935	27 300 649	58 569 208	10 420 429
EQUITY				
Share capital	1 025 318	1 025 318	63 005	391 355
Share premium	31 325 777	31 325 777	1 924 944	11 956 787
Revenue reserves	58 281 898	31 766 939	75 665 962	12 125 177
Fair value reserve	119 409	(779 508)	1 118 422	(297 532)
TOTAL EQUITY	90 752 402	63 338 526	78 772 333	24 175 787
TOTAL LIABILITIES AND EQUITY	155 350 337	90 639 175	137 341 541	34 596 216

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2020

	Share capital ZWL\$	Share premium ZWL\$	Fair value reserve ZWL\$	Revenue reserves ZWL\$	Total ZWL\$
INFLATION ADJUSTED					
Unaudited 30 June 2019					
Opening balance	1 025 318	31 325 777	-	40 037 448	72 388 543
Profit for the period	-	-	-	49 203 998	49 203 998
Dividend paid	-	-	-	(591 163)	(591 163)
Closing balance	1 025 318	31 325 777	-	88 650 283	121 001 378
Unaudited 30 June 2020					
Opening balance	1 025 318	31 325 777	(779 508)	31 766 939	63 338 526
Profit for the period	-	-	-	26 514 959	26 514 959
Other comprehensive income	-	-	898 917	-	898 917
Closing balance	1 025 318	31 325 777	119 409	58 281 898	90 752 402
HISTORICAL					
Unaudited 30 June 2019					
Opening balance	63 005	1 924 944	-	2 460 269	4 448 218
Profit for the period	-	-	-	8 340 103	8 340 103
Dividend paid	-	-	-	(70 607)	(70 607)
Closing balance	63 005	1 924 944	-	10 729 765	12 717 714
Unaudited 30 June 2020					
Opening balance	63 005	1 924 944	-	18 740 660	20 728 609
Profit for the period	-	-	-	56 925 302	56 925 302
Other comprehensive income	-	-	1 118 422	-	1 118 422
Closing balance	63 005	1 924 944	1 118 422	75 665 962	78 772 333

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2020

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2020 ZWL\$	RESTATE 30 JUN 2019 ZWL\$	HISTORICAL 30 JUN 2020 ZWL\$	HISTORICAL 30 JUN 2019 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	42 929 932	63 399 878	76 190 212	11 261 641
Adjust for:				
Fair value adjustments	(38 763 698)	(26 753 495)	(80 248 868)	(7 600 799)
Depreciation and amortisation	1 430 903	689 482	280 075	39 617
Monetary loss	(22 295 662)	14 359 816	-	-
Exchange gains on change of functional currency	-	(39 671 053)	-	(2 745 000)
Unrealised gain on foreign currency position	(2 746)	-	(2 746)	-
Loss on sale of property and equipment	-	2 665	-	91
Interest on lease liability	302 049	330 295	173 027	25 833
Operating cash inflow before changes in operating assets and liabilities	(16 399 222)	12 357 588	(3 608 300)	981 383
Changes in operating assets and liabilities				
Money market assets	239 243	3 771 037	137 544	(537 750)
Equity investments	(4 085 338)	(10 282 891)	(3 747 035)	(843 280)
Other assets	(14 395 661)	1 844 651	(11 820 143)	(321 020)
Other liabilities	32 159 116	4 047 874	26 465 063	710 291
	13 917 360	(619 329)	11 035 429	(991 759)
Corporate tax paid	(318 018)	(3 555 571)	(284 724)	(328 316)
Net cash inflow from operating activities	(2 799 880)	8 182 688	7 142 405	(338 692)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investment property	(6 487 888)	(1 124 197)	(5 494 800)	(76 900)
Proceeds on disposal of equipment	-	653	-	78
Purchase of equipment	(250 057)	(453 782)	(156 128)	(36 357)
Purchase of intangible assets	(78 103)	(18 641)	(43 796)	(2 226)
Net cash inflow from investing activities	(6 816 048)	(1 595 967)	(5 694 724)	(115 405)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(591 163)	-	(70 607)
Lease liability repayment	(335 636)	(272 426)	(180 223)	(21 493)
Interest on lease liability	(302 049)	(330 295)	(173 027)	(25 833)
Net cash outflow from financing activities	(637 685)	(1 193 884)	(353 250)	(117 933)
NET INCREASE IN BALANCES WITH BANKS AND CASH	(10 253 613)	5 392 837	1 094 431	(572 030)
Balances with banks and cash at the beginning of the period	1 094 978	16 545 829	417 944	1 016 727
Exchange gains on foreign cash balances	2 746	-	2 746	-
Effects of IAS 29	10 671 010	(18 215 407)	-	-
BALANCES WITH BANKS AND CASH AT THE END OF THE PERIOD	1 515 121	3 723 259	1 515 121	444 697

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INDEPENDENT AUDITOR'S REVIEW CONCLUSION

To the Shareholders of CBZ Holdings Limited

Introduction

We have reviewed the accompanying inflation adjusted interim condensed consolidated financial information of CBZ Holdings Limited, as set out on pages 2 to 13, which comprise the inflation adjusted interim condensed consolidated statement of financial position as at 30 June 2020 and the related inflation adjusted interim condensed consolidated statement of profit or loss and other comprehensive income, the inflation adjusted interim condensed consolidated statement of changes in equity and the inflation adjusted interim condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this inflation adjusted interim condensed consolidated financial information in accordance with the International Financial Reporting Standards. Our responsibility is to express a review conclusion on the inflation adjusted interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for adverse review conclusion

Matter 1: Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in prior period

As explained in Note 1.1 to the inflation adjusted interim condensed consolidated financial information, the Group changed its functional currency from the United States Dollar (US\$) to Zimbabwe Dollars (ZWL) on 23 February 2019 in order to comply with Statutory Instrument 33 of 2019 issued on the same date. We however believe that the change in currency occurred prior to that date. The financial information is presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US\$ Accounts during October 2018.

INDEPENDENT AUDITOR'S REVIEW CONCLUSION (CONTINUED)

CBZ Holdings Limited

Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US\$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG\$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTG\$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US\$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21. We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US\$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US\$ exchange rate and this occurred effective 1 October 2018.

The issues discussed above were the basis of modifying our audit opinion as at 31 December 2019 hence some of the opening balances for the period ended 30 June 2020 are affected by the misstatements which occurred in 2019.

Management has not restated the opening balances to resolve this matter which resulted in the adverse audit report in the prior period in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. As a result, the closing balances for the following accounts as stated on the Statement of Financial Position remain misstated: Intangible Assets of ZWL 21,610,447, ZWL 240,666,020 included in Property and equipment of ZWL 3,481,624,658, Deferred tax asset of ZWL 348,188,029, Share Premium of ZWL 597,459,709, Revaluation Reserve of ZWL 767,698,325, Retained earnings of ZWL 6,879,930,284, Non-Controlling Interests of ZWL 1,857,420 and Deferred Tax liability of ZWL 1,009,819,514.

As a consequential impact, the application of IAS 29 is inappropriate. It is noted that the application of IAS 29 was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers and start date been used, the accounts stated in the preceding paragraph would have been materially different. In addition, Land inventory of ZWL 1,920,518,178, Right of use assets of ZWL 27,464,913, Share capital of ZWL 97,768,656, Fair value reserve of ZWL 263,685,187, Foreign currency translation reserve of ZWL 1,329,177,416 and Lease liability of ZWL 3,723,624 and virtually all amounts on the statement of profit or loss and other comprehensive income on the inflation adjusted interim condensed financial information would have been materially different.

Matter 2: Valuation of investment properties, land inventory and owner-occupied properties classified under property and equipment

The Group's investment properties, land inventory and freehold land and buildings are carried at ZWL 2 069 764 661 (2019: ZWL 1,463,447,124); ZWL 1 920 518 178 (2019: ZWL 1,928,988,121) and ZWL 2 884 168 290 (2019: ZWL 2,114,037,232) respectively as at 30 June 2020.

INDEPENDENT AUDITOR'S REVIEW CONCLUSION (CONTINUED)

CBZ Holdings Limited

At 30 June 2020, CBZ's investment properties, land inventory and freehold land and buildings were valued using inputs denominated in the United States Dollar currency and converted to local currency using the weighted average exchange rate per Note 16; Note 20 and Note 21 to the inflation adjusted condensed financial information.

Commercial properties were valued in terms of the income capitalisation method/implicit investment approach, while residential properties were valued in terms of the market comparable approach. Both valuation methods rely on historical market evidence for calculation of inputs. This includes transaction prices for comparable properties, annual rentals and capitalisation rates.

However, using USD historical data and applying conversion rates to those USD valuation inputs to calculate ZWL property values would in our view not be an appropriate reflection of market dynamics. There is therefore a disagreement with management on the inputs used. Owing to the nature of the matter and the inputs arriving from external sources and not the accounting records, we are unable to determine the appropriate correct inputs and therefore cannot quantify the possible impact. Our prior year audit report was also modified for this matter.

Matter 3: Exchange rates used (Non-compliance with IAS 21- The Effects of Changes in Foreign Exchange Rates)

Further contributing to the adverse opinion in prior year was the disagreement on exchange rates used. The interbank exchange rate was used to translate foreign denominated transactions and balances. The interbank rate does not meet the IAS 21 definition of a spot rate. Management continued to use the interbank exchange rate to translate foreign denominated transactions and balances for the current half year period, and the foreign exchange auction weighted average rate to translate foreign denominated balances at period end. These rates did not meet the definition of a spot rate as at 30 June 2020 and as a result all amounts in the Statement of Profit or Loss and Other Comprehensive Income are impacted except for Credit loss expense and Transfers to annuities reserve.

In addition, the following accounts on the Statement of Financial Position are misstated.

- ZWL 1,701,530,543 included in Balances with banks and cash of ZWL4,871,108,688
- ZWL1,099,305,204 included in Money market assets of ZWL 1,673,962,670
- ZWL 1,153,268,294 included in Equity Investments of ZWL1,173,355,033
- ZWL 10,505,515,344 included in Loans and advances to customers of ZWL12,243,389,577
- ZWL 824,523,257 included in Other assets of ZWL29,614,867,687
- ZWL 12,759,530,843 included in Deposits of ZWL45,014,049,555
- ZWL1,790,951,132 included in Other liabilities of ZWL2,255,980,008

INDEPENDENT AUDITOR'S REVIEW CONCLUSION (CONTINUED)

CBZ Holdings Limited

In addition, Retained earnings of ZWL6, 879,930,284, Current tax payable of ZWL298, 295,284 and Deferred tax liabilities of ZWL1, 009,819,514 are consequentially impacted by the impact from profit or loss and some of the balances noted above.

However, owing to the lack of information on the spot rates available to the entity and the other matters discussed above it is not possible to quantify the impacts of this departure from IFRS on the amounts noted above.

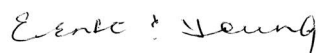
Emphasis of Matter- Settlement of legacy liabilities and nostro gap:

We draw attention to Notes 15 and 24.2 in the inflation adjusted interim condensed consolidated financial information, which collectively provide information relevant to legacy liabilities and Nostro gap affecting the Group. These notes highlight Management's assessment of risks associated with these foreign denominated debts and the settlement arrangement with the Reserve Bank of Zimbabwe. Our review conclusion is not modified in respect of this matter.

Adverse review conclusion

In view of the matters described in the preceding paragraphs, the inflation adjusted interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards.

The engagement partner on the review audit resulting in this review conclusion report on the inflation adjusted interim condensed consolidation financial information is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

28 September 2020