



Celebrating 40 Years Of Successful Partnerships

For over four decades we have celebrated significant growth through diversity, innovation and partnerships. Our true measure of success has been in growing together with you our Valued Customers and Partners. For the next 40 years and beyond, we will strive to continue this incredible journey with you as we continue to offer financial solutions that bring you success.

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AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Partners for Success

Banking | Insurance | Investments | Agro-Business



CHAIRMAN'S STATEMENT



It is a great pleasure to present the financial and strategic performance of CBZ Holdings Limited (CBZH) and its subsidiaries "The Group" for the year ended 31 December 2020.

Given the unique circumstances around 2020, it is important to outline the environmental context under which this performance was achieved. The pandemic has resulted in an unprecedented disruption to global production, international trade, global supply chains and aggregate demand as well as a shift in national, organisational and household priorities with the primary focus being on health and safety. The World Bank estimated global economic activity to have contracted by 4.3% in 2020 – the sharpest decline in more than seven decades. Zimbabwe's economic environment has not been spared of the effects of this pandemic. At the center of economic activity, the financial services sector naturally faced downside risks from the overall reduction in economic activity.

Locally, the authorities continued the macroeconomic reforms started in 2019, while introducing more policy measures targeted at supporting businesses, saving lives, strengthening community resilience and supporting the economy. These included, among others, partial relaxation of monetary policy measures – through lowering of the central bank rate, fiscal incentives and introduction of a foreign currency auction system. These measures, together with the move to allow economic agents to use foreign currencies for local purchases of goods and services, somewhat aided businesses performance. After the initial rise in inflationary pressures and currency devaluation during the first half of the year, the exchange rate subsequently stabilised around ZW\$82 against the United States dollar (US\$) while inflationary pressures eased during the last quarter of the year.

The CBZ Group continued to leverage on its strong capital and balance sheet positions, deep understanding of the local markets, extensive investment in digital platforms and a culture of innovation to provide much-needed support which was greatly appreciated by our employees, clients and other stakeholders. The regulatory authorities' decision to allow local use of foreign currencies enhanced the Group's ability to better respond to the evolving demands of our wide range of customers, including through developing customer centric products and preserving shareholder value. Furthermore, the addition of new and strengthening of existing correspondent banking relationships, enabled the Group's banking subsidiaries to better meet the trade finance requirements of its clients.

Finally, since 2014 CBZ had been cooperating in investigations by the Department of the Treasury's Office of Foreign Assets Control (OFAC) and after much hard work by our team, August 2020 brought the great news of the resolution of this long-standing matter. OFAC issued CBZ a Cautionary Letter which removed a potential fine of US\$385million and this effectively brought to a close their investigations, restoring our relationship with the US Treasury and lifting prohibitions which had an impact on CBZ transacting internationally using the United States Dollar.

Share Price Performance

On the capital markets, the CBZH share price outperformed the overall market after it rose by 12.093% to end the year at ZW\$500 cents. The ZSE benchmark index rose by 1.726% growth. CBZH resolutely ended the year as the largest counter on the Zimbabwe Stock Exchange with a market capitalisation of ZW\$58.4 billion. The graph below highlights the movements in the CBZH share price and the benchmark industrial index from December 2019 to December 2020.



Corporate & Social Responsibility

The Group continued to support the community through a number of initiatives during the year. The main focus was towards the fight against the global COVID-19 pandemic. During 2020, the Group donated an ambulance to Harare Metropolitan Province for ferrying COVID-19 patients and conducting contact tracing. Laboratory equipment was also donated to the University of Zimbabwe's Department of Medical Microbiology and a borehole was drilled for the Harare Fire Brigade. Major referral hospitals were provided with bulk personal protective equipment (PPE) and sanitizer while funding was extended to St Annes Hospital for capacitation as a COVID-19 Centre. The Group contributed funding to the Victoria Falls Famine Appeal Trust and the 'I am for Bulawayo Trust' for struggling SMEs and capacitation of hospitals in the southern region respectively.

The Group successfully hosted the CBZ Marathon in March 2020 in support of the Health Sporting Excellence awareness where more than 2000 athletes registered.

Governance & Directorship

The CBZH 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 highest standards of governance which 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, the Board aims to achieve a balance between the governance expectations of shareholders and other stakeholders as well as the need to generate competitive financial returns.

The Group Board is composed of exceptional men and women who have done amazing work under challenging circumstances. The Board has performed amazing work setting the strategic direction of the Group and ensuring that the Group manages risk effectively. The Board has set measurable objectives to promote a healthy corporate culture that is aligned with strategy and our strong commitment to our stakeholders.

Board changes during the period under review are highlighted in the Corporate Governance section.

Overview of the Group's Performance

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED DECEMBER 2020 ZWL \$m	AUDITED DECEMBER 2019 ZWL \$m	UNAUDITED DECEMBER 2020 ZWL \$m	UNAUDITED DECEMBER 2019 ZWL \$m
Key Financial Highlights				
Profit after taxation	5 073.7	1 402.0	6 147.1	925.0
Total comprehensive income	5 513.1	3 963.4	9 502.4	1 733.3
Total assets	94 882.1	79 992.8	88 353.6	16 960.0
Total equity	17 621.6	12 642.6	11 064.2	2 037.5
Total deposits	65 186.9	58 607.9	65 186.9	13 065.0
Total advances	29 438.9	13 519.9	29 438.9	3 013.9
Other statistics				
Basic earnings per share (cents)	977.53	270.86	1 184.09	178.45
Non-interest income to total income (%)	72.8	83.4	79.6	91.3
Cost to income ratio (%)	38.2	40.1	29.2	29.8
Return on assets (%)	5.8	5.3	11.7	11.6
Return on equity (%)	33.5	13.1	93.8	78.6
Growth in deposits (YTD %)	11.2	1.2	398.9	528.4
Growth in advances (YTD %)	117.7	(0.4)	876.8	518.9
Growth in PAT (YOY %)	261.9	(30.3)	564.6	1 181.6

Dividend

The Board has proposed the declaration of a final dividend of ZWL\$1 500 000 000 or 287.37 cents per share. This declaration brings the total dividend declaration to ZWL\$1 850 000 000 representing a growth of 1 373% on the prior year declaration. A separate dividend announcement with entitlement dates will be published.

Outlook

Economic and business recovery and transition into the next normal is likely to be uneven across many economies and sectors. In the financial services sector, the transformation that was accelerated by the COVID-19 pandemic in 2020 is expected to further crystallise by formalizing new business models, further embracing disruptive technologies and transitioning to flexible working arrangements among other initiatives. The indexation of minimum capital requirements to the US dollar is expected to strengthen those institutions that would have managed to comply. However, the regulatory landscape would also need to evolve with the rapid adoption of non-traditional systems and solutions such as digital transactions, cloud computing and open banking. The recent finalisation of the Fintech Regulatory Sandbox is a remarkable step which shows authorities' transition towards allowing greater innovation across the financial sector.

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 especially Dr. Blessing Mudavanhu for exceptional service above and beyond the call of duty.

M. Holtzman

M Holtzman
Group Chairman
18 May 2021

DIRECTORS' STATEMENT

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies and Other Business Entities Act (Chapter 24:31). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The management report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Directors face.

The Group consolidated inflation adjusted financial statements are required by Law and International Financial Reporting Standards (IFRS) to present fairly the financial position of the Group and its performance for that period. In preparation of the Group financial statements, the Directors are required to:

- state whether they have been prepared in accordance with IFRS; and
- prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent;

Compliance with Local Legislation

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) and the Companies and Other Business Entities Act (Chapter 24:31) and have been prepared in the manner required by Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), the Building Societies Act (Chapter 24:02), securities Act (Chapter 24:25) and Asset Management Act (Chapter 24:06). Further, these Consolidated Inflation adjusted financial statements have been prepared to comply with the Statutory Instrument 33 of 2019, which specified, among other things, that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars (other than assets and liabilities referred to in section 44C (2) of the Reserve Bank of Zimbabwe Act), shall on and after the effective date, (22 February 2019) be deemed to be valued in RTGS dollars at a rate of one-to-one to the United States Dollar.

Compliance with IFRS

The financial statements have been prepared to take account of the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. These Statements are prepared in order to comply with International Financial Reporting Standards (IFRS), (promulgated by the International Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as International Accounting Standards (IAS) and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions).

The historic cost amounts are shown herein 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 in Hyperinflationary Economies). The Group's External auditors have therefore not expressed an opinion on this historic financial information.

Pursuant to the recognition of the RTGS dollar (ZWL) as currency in Zimbabwe in February 2019 and as reported in the 2019 financial statements, the Group adopted the change in functional currency translation guidelines as per Statutory Instrument (S.I.) 33 which prescribed parity between the RTGS dollar and the US dollar for certain balances. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the consolidated financial statements for the prior period to comply with statutory requirements created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes in foreign exchange rates), principles embedded in the IFRS Conceptual Framework as well as the requirements of Companies and Other Business Entities Act (Chapter 24:31).

In addition, following the introduction of the interbank market on 22 February 2019 and the Foreign Exchange Auction trading system on 23 June 2020 through Exchange control Directive RU 28/2019 and Exchange control Directive RV 175/2020, respectively, the Group adopted the interbank rate up to 22 June 2020 as the spot and closing rate to translate all its balances and transactions denominated in foreign currency to the functional and presentation currency, the Zimbabwe Dollar (ZWL). After the promulgation of Exchange control Directive RV 175/2020, the Group then applied the Auction rate. The use of these exchange rates created inconsistencies with International Accounting Standard (IAS) 21.

The Directors are of the view that the accounting treatment adopted as a result of adopting the prescribed statutory instruments and Exchange Control Directives in the preparation of these Financial Statements are different from that which the Directors would have adopted if the Group had been able to fully comply with IFRSs.

Going concern

The Covid 19 pandemic has cast unpredictability as to its potential impact on Group's ability to continue as a going concern. The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these 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 financial statements.

Responsibility

The Directors are responsible for preparing the annual financial statements. The financial statements were prepared by CBZ Holdings Limited Group Finance Department under the direction and supervision of the Group Chief Finance Officer Mr Tawanda Gumbo, (PAAB Number 0223).

By order of the Board.

T. GUMBO
GROUP CFO
18 May 2021

DR B. MUDAVANHU
GROUP CEO
18 May 2021

AUDITOR'S STATEMENT

The Group's consolidated inflation adjusted financial statements from which these abridged results have been extracted, have been audited by the Groups' external auditors, Ernst and Young Chartered Accountants (Zimbabwe), who have issued a qualified opinion as a result of the impact of the following matters: non-compliance with International Accounting Standard (IAS) 21, "The Effects of Changes in Foreign Exchange Rates", IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", the consequential impact on the inflation adjusted amounts determined in terms of IAS 29, "Financial Reporting in Hyperinflationary Economies" and inappropriate valuation of investment properties, land inventory and owner-occupied properties classified under property and equipment. The audit report also includes an emphasis of matter paragraph on settlement of legacy liabilities and nostro funding gap, as well as key audit matters in respect of interest income and valuation of loans and advances. The auditor's opinion on the Group's consolidated inflation adjusted financial statements is available for inspection at the Company's registered office. The engagement partner for this audit is Mr Fungai Kuipa (PAAB Practising Certificate Number 335).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Interest income	2	5 087 529	2 412 315	3 335 968
Interest expense	2	(1 400 533)	(697 535)	(574 610)
Net interest income		3 686 996	1 714 780	2 761 358
Net Non-interest income	3	10 622 416	10 170 345	11 166 804
Net underwriting income	4	288 256	311 171	100 660
Total income		14 597 668	12 196 296	14 028 822
Operating expenditure	5	(5 571 790)	(4 894 106)	(4 092 266)
Operating income		9 025 878	7 302 190	9 936 556
Transfer to life fund		(99 497)	(7 466)	(86 795)
Credit loss expense	14	(946 914)	(993 395)	(946 914)
Charge for impairment on insurance assets		(15 439)	(11 006)	(15 439)
Monetary loss		(729 166)	(2 335 145)	-
Profit before taxation		7 234 862	3 955 178	8 887 408
Taxation	6.1	(2 161 185)	(2 553 196)	(2 740 341)
Profit after tax for the year		5 073 677	1 401 982	6 147 067
Items that will not be reclassified to profit or loss in subsequent periods				
Other comprehensive income				
Gains on property revaluations		284 115	146 580	2 994 769
Gains on equity instruments at FVOCI		109 556	168 048	788 333
Exchange gains on change of functional currency		-	2 280 228	-
Deferred income tax relating to components of other comprehensive income	6.3	(34 379)	(32 437)	(507 665)
Items that will be reclassified to profit or loss in subsequent periods		359 292	2 562 419	3 275 437
Exchange gains/(losses) on translation of foreign subsidiary	30.9	80 176	(907)	79 854
Other comprehensive income for the year net of tax		439 468	2 561 512	3 355 291
Total comprehensive income for the year		5 513 145	3 963 494	9 502 358
Profit for the year attributable to:				
Equity holders of parent		5 073 766	1 403 868	6 145 925
Non-controlling interests	30.7	(89)	(1 886)	1 142
Profit for the year attributable to:		5 073 677	1 401 982	6 147 067
Total comprehensive income for the year attributable to:				
Equity holders of parent		5 513 214	3 964 377	9 500 216
Non-controlling interests	30.7	(69)	(883)	2 142
Total comprehensive income for the year		5 513 145	3 963 494	9 502 358
Earnings per share (cents)				
Basic	7.1	977.53	270.86	1 184.09
Fully diluted	7.1	977.53	259.27	1 184.09
Headline	7.1	964.81	261.81	897.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

NOTES	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
ASSETS				
Balances with banks and cash	9	19 752 126	10 767 194	19 752 126
Money market assets	10	7 583 721	1 005 573	7 583 721
Financial securities	11	982 879	5 346 038	982 879
Loans and advances to customers	12	29 438 930	13 519 924	29 438 930
Insurance assets	13	608 073	341 263	608 073
Equity investments	17	1 923 830	951 399	1 923 830
Land inventory	16	3 702 935	3 302 840	470 639
Other assets	15	22 762 584	37 143 470	20 503 312
Current tax receivable		540	2 467	540
Intangible assets	22	123 529	46 836	87 202
Property and equipment	20	4 793 121	4 584 252	3 790 193
Investment properties	21	2 748 368	2 505 734	2 748 368
Deferred tax asset	23.1	461 490	475 801	463 832
TOTAL ASSETS		94 882 126	79 992 791	88 353 645
LIABILITIES				
Deposits	24	65 186 915	58 607 878	65 186 915
Insurance liabilities	25	553 007	265 555	553 007
Other liabilities	26	8 669 071	6 534 351	8 467 292
Current tax payable		667 592	462 157	667 592
Life fund	27	92 765	17 651	92 765
Investment contract liabilities	28	14 625	15 293	14 625
Deferred tax liability	23.2	2 055 421	1 429 313	2 286 125
Lease liability	20.1b	21 144	17 944	21 144
LIABILITIES		77 260 540	67 350 142	77 289 465
EQUITY				
Share capital	30.1	167 401	167 401	5 220
Share premium	30.2	1 022 979	1 022 979	33 876
Revaluation reserve	30.4	333 371	122 196	2 810 911
Fair value reserve	30.8	490 257	387 187	913 712
Retained earnings	30.6	13 246 324	8 626 126	7 126 176
Foreign currency translation reserve	30.9	2 358 494	2 278 318	171 378
Equity attributable to equity holders of the parent		17 618 826	12 640 207	11 061 273
Non-controlling interests	30.7	2 760	2 442	2 907
TOTAL EQUITY		17 621 586	12 642 649	11 064 180
TOTAL LIABILITIES AND EQUITY		94 882 126	79 992 791	88 353 645

The historical cost information has been shown as supplementary information for the benefit of users. 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.

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED INFLATION ADJUSTED										
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Treasury shares ZWL\$ 000	Share option reserve ZWL\$ 000	Revaluation reserve ZWL\$ 000	Fair value reserve ZWL\$ 000	*FCTR ZWL\$ 000	Retained earnings ZWL\$ 000	Total equity attributable to parent ZWL\$ 000	Non-controlling interests ZWL\$ 000	Total ZWL\$ 000
RESTATE											
31 DEC 2019											
Opening balance	191 414	1 115 197	(490 086)	32 428	-	227 192	-	7 719 887	8 796 032	3 398	8 799 430
Profit for the year	-	-	-	-	-	-	-	1 403 868	1 403 868	(1 886)	1 401 982
Other comprehensive income for the year	-	-	-	-	122 196	159 995	2 278 318	-	2 560 509	1 003	2 561 512
Employee share option expense	-	-	-	297	-	-	-	-	297	-	297
Exercise of share options	211	2 354	-	(706)	-	-	-	-	1 859	-	1 859
Dividend paid	-	-	-	-	-	-	-	(122 358)	(122 358)	(73)	(122 431)
Cancellation of share options	-	-	-	(32 019)	-	-	-	32 019	-	-	-
Treasury shares cancellation	(24 224)	(94 572)	490 086	-	-	-	-	(371 290)	-	-	-
Closing balance	167 401	1 022 979	-	-	122 196	387 187	2 278 318	8 662 126	12 640 207	2 442	12 642 649
31 DEC 2020											
Opening balance	167 401	1 022 979	-	-	122 196	387 187	2 278 318	8 662 126	12 640 207	2 442	12 642 649
Profit for the year	-	-	-	-	-	-	-	5 073 766	5 073 766	(89)	5 073 677
Other comprehensive income for the year	-	-	-	-	256 202	103 070	80 176	-	439 448	20	439 668
Dividend paid	-	-	-	-	-	-	-	(534 595)	(534 595)	-	(534 595)
Rights issue (NCI)	-	-	-	-	-	-	-	-	-	387	387
Inter-category transfer	-	-	-	-	(45 027)	-	-	45 027	-	-	-
Closing balance	167 401	1 022 979	-	-	333 371	490 257	2 358 494	13 246 324	17 618 826	2 760	17 621 586
	UNAUDITED HISTORICAL										
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Treasury shares ZWL\$ 000	Share option reserve ZWL\$ 000	Revaluation reserve ZWL\$ 000	Fair value reserve ZWL\$ 000	*FCTR ZWL\$ 000	Retained earnings ZWL\$ 000	Total equity attributable to parent ZWL\$ 000	Non-controlling interests ZWL\$ 000	Total ZWL\$ 000
31 DEC 2019											
Opening balance	6 870	40 023	(17 589)	1 164	32 139	8 154	-	244 918	315 679	122	315 801
Profit for the year	-	-	-	-	-	-	-	924 896	924 896	82	924 978
Other comprehensive income for the year	-	-	-	-	559 939	156 654	91 524	-	808 117	225	808 342
Employee share option expense	-	-	-	57	-	-	-	-	57	-	57
Exercise of share options	40	450	-	(135)	-	-	-	-	355	-	355
Dividend paid	-	-	-	-	-	-	-	(12 071)	(12 071)	(9)	(12 080)
Cancellation of share options	-	-	-	(1 086)	-	-	-	1 086	-	-	-
Treasury shares cancellation	(1 690)	(6 597)	17 589	-	-	-	-	(9 302)	-	-	-
Closing balance	5 220	33 876	-	-	592 078	164 808	91 524	1 149 527	2 037 033	420	2 037 453
31 Dec 2020											
Opening balance	5 220	33 876	-	-	592 078	164 808	91 524	1 149 527	2 037 033	420	2 037 453
Profit for the year	-	-	-	-	-	-	-	6 145 925	6 145 925	1 142	6 147 067
Other comprehensive income for the year	-	-	-	-	2 525 533	748 904	79 854	-	3 354 291	1 000	3 355 291
Dividend paid	-	-	-	-	-	-	-	(475 976)	(475 976)	-	(475 976)
Rights Issue (NCI)	-	-	-	-	-	-	-	-	-	345	345
Inter-category transfer	-	-	-	-	(306 700)	-	-	306 700	-	-	-
Closing balance	5 220	33 876	-	-	2 810 911	913 712	171 378	7 126 176	11 061 273	2 907	11 064 180

* FCTR - Foreign Currency Translation Reserve

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation				
Non cash items:				
Monetary loss	729 166	2 335 145	-	-
Depreciation	268 590	262 653	143 408	25 663
Amortisation of intangible assets	23 404	19 895	14 915	1 198
Write-offs of property and equipment	160	53 706	128	(93)
Write off of intangible assets	300	-	175	-
Write off of land inventory	818	-	818	-
Write off of investment properties	86 073	-	50 270	-
Write off of other assets	-	693	-	630
Fair value adjustments on investment properties	(176 308)	(122 725)	(2 041 705)	(461 632)
Write off of right of use asset and lease liability	1 627	-	(896)	-
Fair value adjustments on financial instruments	52 534	232 969	(374 155)	(11 631)
Expected credit loss expense	946 914	993 395	946 915	221 450
Impairment on insurance assets	15 439	11 006	15 439	2 454
Unrealised profit on foreign currency position	(3 122 519)	(1 356 391)	(3 122 519)	(302 371)
Exchange gains on change of functional currency	-	(3 256 602)	-	(131 787)
Loss/(profit) on disposal of investment properties	98 243	(1 192)	(9 251)	(428)
Unearned premium reserve movement	17 605	18 413	70 575	13 805
Incurred But Not Reported (IBNR) claims provisions	13 766	10 540	13 760	1 773
Deferred commission movement	(2 049)	2 110	764	271
(Profit)/loss on sale of property and equipment	(368)	5 875	17 881	59
Transfer to life fund	99 497	7 466	86 795	1 664
Employee share option expense	-	297	-	57
Interest on lease liability	1 748	7 288	1 139	128
Operating cash flows before changes in operating assets and liabilities	6 289 502	3 179 719	4 701 864	486 014

Changes in operating assets and liabilities

Deposits	40 472 335	52 887 214	13 589 510	3 593 107
Loans and advances to customers	(69 454 103)	(37 928 533)	(23 320 799)	(2 550 148)
Life assurance investment contract liabilities	12 674	14 949	11 216	90 069
Money market assets	(13 736 988)	526 664	(4 612 506)	35 781
Financial securities	598 496	1 325 613	202 949	1 016
Insurance assets	(508 040)	(271 918)	(422 353)	(36 220)
Insurance liabilities	309 097	119 904	284 378	2 419
Land inventory	(400 914)	276 963	(332 424)	9 121
Other assets	19 550 046	13 319 586	9 252 465	(1 095 848)
Other Liabilities	20 719 539	(15 005 304)	2 742 784	1 318 123
	(2 437 858)	15 265 138	(2 604 780)	1 367 420

TAXATION

Corporate tax paid	(1 347 780)	(241 097)	(1 015 045)	(32 232)
Net cash inflow from operating activities	2 503 864	18 203 760	1 082 039	1 821 202

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds on disposal of investment property	79 206	2 061	49 293	459
Equity investments disposed during the year	(962 872)	(82 787)	(583 356)	(5 027)
Investment disposed during the year	47 463	39 425	34 103	5 235
Purchase of investment property	(301 220)	(80 292)	(236 157)	(5 829)
Proceeds on disposal of property and equipment	297 278	1 501	293 055	211
Purchase of property and equipment	(578 827)	(520 058)	(452 058)	(61 566)
Purchase of intangible assets	(2 036)	(14 837)	(1 397)	(2 243)
Net cash outflow from investing activities	(1 421 009)	(654 987)	(896 517)	(68 759)

CASH FLOWS FROM FINANCING ACTIVITIES

Exercise of employee share options	-	1 859	-	355
Rights Issue (Non-Controlling Interest)	387	-	345	-
Lease liability principal repayment	(11 542)	(7 642)	(6 562)	(730)
Interest on lease liability paid	(1 748)	(7 288)	(1 139)	(128)
Dividend paid	(534 595)	(122 431)	(475 976)	(12 080)
Net cash outflow from financing activities	(547 498)	(135 502)	(483 332)	(12 583)
Net increase in cash and cash equivalents	535 358	17 413 271	(297 810)	1 739 859
Cash and cash equivalents at beginning of the year	10 767 194	10 486 247	2 400 254	376 338
Exchange gains on foreign cash balances	17 649 682	1 274 250	17 649 682	284 057
Inflation effects on cash and cash equivalents	(9 200 108)	(18 406 574)	-	-
Cash and cash equivalents at end of the year	19 752 126	10 767 194	19 752 126	2 400 254

The historical cost information has been shown as supplementary information for the benefit of users. 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 YEAR ENDED 31 DECEMBER 2020

1 Group Accounting Policies

The following paragraphs describe the main accounting policies of the Group. For a detailed analysis of the Group's accounting policies, kindly refer to the Group's 2020 annual report which is available at the Company registered office.

1.1 BASIS OF PREPARATION

The Group Consolidated financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC). In addition, these Consolidated financial statements have also been prepared with the aim of fully complying with the with the Companies and Other Business Entities Act (Chapter 24:31) and have been prepared in the manner required by the Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07); the Building Societies Act (Chapter 24:02), securities Act (Chapter 24:25) and Asset Management Act (Chapter 24:06). The consolidated financial statements have been restated take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

Compliance with IFRS is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019, Exchange control Directive RV 175/2020 and Exchange control Directive RU 28/2019. The Directors are of the view that the requirement to comply with the Statutory Instrument and the exchange control directives created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in these Financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The Group prepares financial statements with the aim to fully comply with International Accounting Standards (IAS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC). Compliance with IFRS

is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to fully comply with IFRS, due to the need to comply with local legislation and Exchange control Directive RU 28/2019, specifically Statutory Instrument 33 of 2019, Exchange control Directive RV 175/2020. The Directors are of the view that the requirement to comply with the Statutory Instrument and the exchange control directives has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2019 and 2020 Financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS.

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 with effect 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. The assessment included consideration of whether the use of free funds in paying for goods and services may represent a change in functional currency. In doing so management considered parameters set in IAS 21 as follows:

- The currency that mainly influences the sales prices for goods and services
- The currency of the competitive forces and regulations that mainly determines the sales prices of goods and services.
- The currency that mainly influences labour, material and other costs of providing goods and services (normally the currency in which such costs are denoted and settled)
- The currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained.

In light of the developments summarised above and guidance from IAS 21, the Directors concluded that the Group's functional currency remains the Zimbabwe dollar (ZWL) as presented in the prior year financial statements and all values are rounded to the nearest ZWL\$ except when otherwise indicated.

Basis of Consolidation

The Group's consolidated financial results incorporate the financial results of the Company and entities controlled by the Company.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Control is achieved when the Company has power over the investee, is exposed or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired 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 last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to legacy liabilities and nostro gap accounts.

Management has disclosed relevant sensitivities or ranges of possible outcomes for judgements involving significant estimation uncertainty to assist primary users of accounts to understand the assumptions made and the extend of the changes that might be reasonably possible in the next twelve months.

Changes in significant accounting policies

Except as described below, the accounting policies applied in these financial results are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2019. The changes in accounting policies are reflected in the Group's annual report for the year ending 31 December 2020.



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1.2 INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 18 May 2021. 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.

2. INTEREST

Interest Income

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Bankers acceptances	666	1 616	100	111
Overdrafts	2 525 308	446 521	1 886 557	38 805
Loans	1 836 254	526 341	938 686	65 860
Mortgage loans	108 938	206 719	65 708	17 320
Staff loans	36 674	46 083	30 278	3 168
Securities investments	298 230	1 127 705	178 852	83 137
Other investments	281 459	57 330	235 787	5 582
5 087 529	2 412 315	3 335 968	213 983	
Interest expense				
Call deposits	619	9 097	313	495
Savings deposits	627 166	162 312	74 872	14 375
Money market deposits	692 519	401 062	451 310	34 155
Other offshore deposits	78 481	117 776	46 976	13 020
Lease liability	1 748	7 288	1 139	128
1 400 533	697 535	574 610	62 173	
NET INTEREST INCOME	3 686 996	1 714 780	2 761 358	151 810

3. NET NON-INTEREST INCOME

Net income from trading securities	33	21 707	15 326	3 532
Fair value adjustments on financial instruments	(52 534)	(232 969)	374 155	11 631
Fair value adjustments on investment properties	176 308	122 725	2 041 705	461 632
Net income from foreign currency dealing	526 129	586 313	386 327	65 452
Unrealised profit on foreign currency exchange	3 122 519	1 356 391	3 122 519	302 371
Agro business income	4 246 701	2 088 187	3 147 984	463 928
Functional currency change exchange gains	-	3 256 602	-	131 787
Commission and fee income	2 117 145	2 599 858	1 626 110	274 891
Profit/(loss) on disposal of property and equipment	368	(5 875)	(17 881)	(59)
Profit/(loss) on disposal of investment property	(98 243)	1 192	9 251	428
Bad debts recovered	181 548	116 760	172 101	14 162
Property sales	61 648	159 150	41 890	15 184
Lease income	47 412	39 715	34 671	3 933
Other operating income	293 382	60 589	212 646	8 891
10 622 416	10 170 345	11 166 804	1 757 763	

4. Underwriting Income (Net)

Gross premium insurance	931 868	892 754	644 205	90 829
Reinsurance	(530 922)	(433 513)	(405 318)	(49 707)
Net written premium	400 946	459 241	238 887	41 122
Unearned premium	(17 605)	(18 413)	(70 575)	(13 805)
Net earned premium	383 341	440 828	168 312	27 317
Net commission(a)	(13 536)	(11 932)	(8 647)	(550)
Net claims (b)	(81 549)	(117 725)	(59 005)	(11 758)
288 256	311 171	100 660	15 009	
(a) Net Commissions				
Commission received	128 438	111 289	97 187	12 509
Commission paid	(144 023)	(121 111)	(106 598)	(12 788)
Deferred acquisition costs	2 049	(2 110)	764	(271)
(13 536)	(11 932)	(8 647)	(550)	
(b) Net Claims				
Gross claims incurred	165 077	269 417	122 410	25 301
Reinsurance claims	(103 443)	(168 602)	(79 376)	(17 058)
Incurred but not yet reported claims	13 766	10 540	13 760	1 773
Gross outstanding claims	15 530	10 697	11 592	2 707
Reinsurance share of outstanding claims	(9 381)	(4 327)	(9 381)	(965)
81 549	117 725	59 005	11 758	

5. OPERATING EXPENDITURE

Staff costs	3 179 349	1 834 456	2 154 006	160 242
Administration expenses	1 948 756	2 598 053	1 675 385	373 411
Audit fees	55 189	36 192	49 004	4 524
Depreciation	268 590	262 653	143 408	25 663
Amortisation of intangible assets	23 404	19 895	14 915	1 198
Write offs of property and equipment	160	53 706	128	(93)
Write off of land Inventory	818	-	818	-
Property cost of sales	7 524	88 458	5 053	8 635
Write offs other assets	-	693	-	630
Write off intangible assets	300	-	175	-
Write off of investment properties	86 073	-	50 270	-
Write offs of right of use asset and lease liability	1 627	-	(896)	-
5 571 790	4 894 106	4 092 266	574 210	

Remuneration of directors and key management personnel (included in staff costs)

Fees for services as directors	50 262	8 541	24 581	746
Pension and retirement benefits for past and present directors	30 577	10 056	14 954	879
Salaries and other benefits	468 659	234 218	229 201	20 462
549 498	252 815	268 736	22 087	

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 year				
Current income tax charge	1 555 142	739 345	1 579 622	136 091
Deferred income tax	606 043	1 813 851	1 160 719	63 735
Income tax expense	2 161 185	2 553 196	2 740 341	199 826

6.2 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	31.06	64.99	29.25	24.06
Exempt income	(21.66)	(21.69)	(19.25)	(27.39)
Tax credit	(0.06)	(0.06)	(0.06)	(0.09)
Effect of rebasing tax bases	(4.18)	-	(3.65)	-
Effect of changes in tax rate on deferred tax	-	(4.44)	-	(4.74)
Effective tax rate	29.88	64.55	31.01	17.59

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	27 872	24 384	468 336	114 246
Unlisted equities	6 507	8 053	39 329	7 970
Total taxation relating to components of other comprehensive income	34 379	32 437	507 665	122 216

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 year.

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

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

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
7.1 Annualised earnings per share (ZWL cents)				
Basic	977.53	270.86	1 184.09	178.45
Fully diluted	977.53	259.27	1 184.09	170.81
Headline	964.81	261.81	897.89	112.31
7.2 Earnings				
Basic (earnings attributable to holders of parent)	5 073 766	1 403 868	6 145 925	924 896
Fully diluted	5 073 766	1 403 868	6 145 925	924 896
Headline	5 007 747	1 356 984	4 660 403	582 109
Number of shares used in calculations (weighted)				
Basic	519 042	518 300	519 042	518 300
Fully diluted	518 042	511 478	519 042	511 478
Headline	519 042	518 300	519 042	518 300

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

	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Weighted average number of shares used for basic EPS	519 042	518 300	519 042	518 300
Potentially dilutive shares employee share options	-	23 178	-	23 178
Weighted average number of shares used for diluted EPS	519 042	541 478	519 042	541 478

7.4 Headline Earnings

Profit attributable to ordinary shareholders	5 073 766	1 403 868	6 145 925	924 896
Impairment on property and equipment and land inventory	160	53 706	128	(93)
Write off of investment properties	86 073	-	50 270	-
Write off of Intangible assets	300	-	175	-
Write offs of right of use asset and lease liability	1 627	-	(896)	-
Write off of land Inventory	818	-	818	-
Disposal (gain)/loss on property and equipment	(368)	5 875	17 881	59
Gains on investment properties valuation	(176 308)	(122 725)	(2 041 705)	(461 632)
Tax relating to re-measurements	21 679	16 260	487 807	118 879
Headline earnings	5 007 747	1 356 984	4 660 403	582 109

8. DIVIDENDS

Cash dividends on ordinary shares declared and paid:

Interim dividend	153 520	29 099	121 520	5 565
Final Dividend	381 075	93 332	354 456	6 515
534 595	122 431	475 976	12 080	
Interim paid per share (cents)	29.41	10.63	23.28	1.07
Final dividend paid per share (cents)	73.00	5.47	67.90	0.95

Dividends are paid on shares held at the record date net of treasury shares held on the same date.

Proposed dividend on ordinary shares:

Final dividend	1 500 000	538 303	1 500 000	120 000
Final dividend per share (cents)	287.35	103.12	287.35	22.99

Proposed dividends on ordinary shares are subject to approval and are not recognised as a liability as at 31 December 2020

9. BALANCES WITH BANKS AND CASH

Cash	7 482 600	1 281 299	7 482 600	285 631
Nostro accounts	4 084 829	4 030 470	4 084 829	898 484
Balances with the Reserve Bank of Zimbabwe	7 653 728	4 693 448	7 653 728	1 046 277
RBZ Statutory reserve	530 969	761 977	530 969	169 862
19 752 126	10 767 194	19 752 126	2 400 254	

RBZ Statutory reserve balances relates to restricted liquid reserve, determined in line with the RBZ Statutory reserve guidelines currently 5% for demand deposits and 2.5% for term deposits denominated in ZWL.

10. MONEY MARKET ASSETS

Interbank Placements	7 582 644	1 001 047	7 582 644	223 156
RBZ Savings bonds	-	4 037	-	900
Accrued interest	13 560	1 333	13 560	297
Total gross money market assets	7 596 204	1 006 417	7 596 204	224 353
Expected credit loss	(12 483)	(844)	(12 483)	(188)
Total net money market assets	7 583 721	1 005 573	7 583 721	224 165

10.1 Maturity analysis

The maturity analysis of money market assets is shown below.

Between 0 and 3 months	7 596 204	995 521	7 596 204	221 924
Between 3 and 6 months	-	4 107	-	916
Between 6 and 12 months	-	6 789	-	1 513
7 596 204	1 006 417	7 596 204	224 353	

11. FINANCIAL SECURITIES

Treasury bills	967 789	5 210 640	967 789	1 161 570
Savings bonds	-	897	-	200
Accrued interest	21 095	134 852	21 095	30 062
Total gross financial securities	988 884	5 346 389	988 884	1 191 832
Expected credit loss	(6 005)	(351)	(6 005)	(78)
Total net financial securities	982 879	5 346 038	982 879	



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
12.3 Loans to directors and key management				
Included in advances are loans to Executive Directors and key management:-				
Opening balance	74 329	235 001	16 570	8 434
Advances made during the year	480 740	126 554	235 109	8 598
Monetary adjustment	(270 894)	(280 423)	-	-
Repayment during the year	(63 601)	(6 803)	(31 105)	(462)
Closing balance	220 574	74 329	220 574	16 570
Loans to employees				
Included in advances are loans to employees:-				
Opening balance	182 648	1 193 094	40 717	42 819
Advances made during the year	2 164 347	112 655	1 058 489	7 654
Monetary adjustment	(1 139 351)	(979 505)	-	-
Repayments during the year	(212 230)	(143 596)	(103 792)	(9 756)
Closing balance	995 414	182 648	995 414	40 717
12.4 Allowance for Expected Credit Loss (ECL)				
Opening balance	1 252 361	3 112 501	279 180	111 704
Credit loss expense on loans and advances	924 708	810 857	924 708	180 758
Interest in suspense	18 586	25 686	9 088	5 726
Monetary adjustment	(865 038)	(2 416 900)	-	-
Amounts written off during the year	(156 193)	(279 783)	(38 552)	(19 008)
Closing balance	1 174 424	1 252 361	1 174 424	279 180
12.5 Collateral				
Government Guarantee	15 047 438	9 479 674	15 047 438	2 113 237
Cash cover	1 448 024	14 723	1 448 024	3 282
Mortgage bonds	3 901 531	3 972 493	3 901 531	885 560
Notarial general covering bonds	10 922 495	7 373 241	10 922 495	1 643 664
Closing balance	31 319 488	20 840 131	31 319 488	4 645 743
13. INSURANCE ASSETS				
Reinsurance unearned premium reserve	197 223	125 382	197 223	27 744
Reinsurance receivables	26 299	37 827	26 299	8 433
Deferred acquisition costs	50 223	36 709	50 223	7 106
Insurance premium receivables	352 045	157 400	352 045	35 088
Suspended premium	(1 588)	(340)	(1 588)	(76)
Impairment provision	(16 129)	(15 715)	(16 129)	(3 503)
Closing balance	608 073	341 263	608 073	74 792
13.1 Reinsurance unearned premium reserve				
Opening balance	125 382	56 524	27 744	2 028
Written premiums	845 853	222 993	403 028	49 379
Premiums earned during the year	(774 012)	(154 135)	(233 549)	(23 663)
Closing balance	197 223	125 382	197 223	27 744
13.2 Impairment provision on insurance assets				
Opening balance	15 715	29 938	3 503	1 074
Charge for impairment on insurance receivables	15 439	11 006	15 439	2 454
Monetary adjustment	(11 922)	(25 118)	-	-
Amounts written off during the year	(3 103)	(111)	(2 813)	(25)
Closing Balance	16 129	15 715	16 129	3 503
14. EXPECTED CREDIT LOSSES (ECL) ON FINANCIAL INSTRUMENTS AND IMPAIRMENT ON INSURANCE ASSETS				

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\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Money market assets	12 295	831	-	-	-	-	12 295	831
Financial securities	5 926	107	-	-	-	-	5 926	107
Loans and advances to customers	859 063	780 438	47 059	(43 721)	18 586	74 140	924 708	810 857
Financial guarantees	(316)	3 561	-	-	(79)	(7)	(395)	3 554
Other commitments	-	174 472	-	-	-	-	-	174 472
Lease receivables	96	1	882	17	3 402	3 556	4 380	3 574
877 064	959 410	47 941	(43 704)	21 909	77 689	946 914	993 395	
Insurance assets impairment charge	15 439	11 006	-	-	-	-	15 439	11 006
Total	892 503	970 416	47 941	(43 704)	21 909	77 689	962 353	1 004 401

	UNAUDITED HISTORICAL							
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Money market assets	12 295	185	-	-	-	-	12 295	185
Financial securities	5 926	24	-	-	-	-	5 926	24
Loans and advances to customers	859 063	173 707	47 059	(9 476)	18 586	16 528	924 708	180 758
Financial guarantees	(316)	794	-	-	(79)	(1)	(395)	793
Other commitments	-	38 894	-	-	-	-	-	38 894
Lease receivables	96	-	882	4	3 402	793	4 380	796
877 064	213 604	47 941	(9 472)	21 909	17 320	946 914	221 450	
Insurance assets impairment charge	15 439	2 454	-	-	-	-	15 439	2 454
Total	892 503	216 058	47 941	(9 472)	21 909	17 320	962 353	223 904

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
15. OTHER ASSETS				
Work in progress	-	2 087	-	466
Prepayments and deposits	4 702 810	3 232 181	2 443 538	602 875
Transfers	18 059 774	33 909 202	18 059 774	7 559 138
Other receivables*	22 762 584	37 143 470	20 503 312	8 162 479

*Included in other receivables is an amount of ZWL\$15 304 770 460 (2019:ZWL\$33 976 110 414) 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 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.

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
16. LAND INVENTORY				
Opening balance	3 302 840	1 530 308	139 034	54 921
Additions	413 439	219 144	340 685	19 523
Foreign currency translation movement	-	1 985 721	-	80 889
Transfers	-	(232 746)	-	(8 403)
Disposals	(12 526)	-	(8 262)	-
Write offs	-	(199 587)	-	(7 421)
Impairment	(818)	-	(818)	(475)
Closing balance	3 702 935	3 302 840	470 639	139 034
17. EQUITY INVESTMENTS				
Opening balance	951 399	724 470	212 089	26 000
Investment in equities during the year	962 872	82 787	583 357	5 027
Investment disposed during the year	(47 463)	(39 425)	(34 103)	(5 235)
Foreign currency translation movement	-	248 488	-	10 042
Fair value adjustments - Profit or loss	(52 534)	(232 969)	374 155	11 631
Fair value adjustments - Other comprehensive income	109 556	168 048	788 332	164 624
Closing balance	1 923 830	951 399	1 923 830	212 089

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
17.1 Investments in equities				
Unlisted investments	1 028 306	857 548	1 028 306	191 167
Listed investments	895 524	93 851	895 524	20 922
1 923 830	951 399	1 923 830	212 089	
Equity investment designated at fair value through profit or loss	895 524	93 851	895 524	20 922
Equity investment designated at fair value through other comprehensive income	1 028 306	857 548	1 028 306	191 167
1 923 830	951 399	1 923 830	212 089	

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	%	RESTATE 31 DEC 2019 ZWL\$ 000	%
17.2 Investment in subsidiaries				
CBZ Bank Limited	608 544	100	608 544	100
CBZ Asset Management (Private) Limited	55 392	100	55 392	100
CBZ Building Society	532 618	100	532 618	100
CBZ Insurance (Private) Limited	118 396	98.4	62 968	98.4
CBZ Properties (Private) Limited	133 166	100	133 166	100
CBZ Life Assurance (Private) Limited	38 675	100	38 675	100
CBZ Asset Management Mauritius	2 477	100	2 477	100
CBZ Risk Advisory Services (Private) Limited	37 479	100	37 479	100
Red Sphere Finance (Private) Limited	240 452	100	14 496	100
CBZ Agro Yield (Private) Limited	6 141	100	6 141	100
1 773 340	1 491 956	285 679	54 324	

	AUDITED INFLATION ADJUSTED			
	At fair value through profit or loss ZWL\$ 000	At fair value through OCI ZWL\$ 000	At amortised cost ZWL\$ 000	Total carrying amount ZWL\$ 000
31 Dec 2020				
Balances with banks and cash	-	-	19 752 126	19 752 126
Money market assets	-	-	7 583 721	7 583 721
Financial securities	-	-	982 879	982 879
Loans and advances to customers	-	-	29 438 930	29 438 930
Equity investments	895 524	1 028 306	-	1 923 830
Other assets	-	-	18 059 774	18 059 774
TOTAL ASSETS	895 524	1 028 306	75 817 430	77 741 260
31 Dec 2019				
Balances with banks and cash	-	-	10 767 194	10 767 194
Money market assets	-	-	1 005 573	1 005 573
Financial securities	-	-	5 346 038	5 346 038
Loans and advances to customers	-	-	13 519 924	13 519 924
Equity investments	93 851	857 548	-	951 399
Other assets	-	-	33 909 202	33 909 202
TOTAL ASSETS	93 851	857 548	64 547 931	65 499 330

	UNAUDITED HISTORICAL			
	At fair value through profit or loss ZWL\$ 000	At fair value through OCI ZWL\$ 000	At amortised cost ZWL\$ 000	Total carrying amount ZWL\$ 000
31 Dec 2020				
Balances with banks and cash	-	-	19 752 126	19 752 126
Money market assets	-	-	7 583 721	7 583 721
Financial securities	-	-	982 879	982 879
Loans and advances to customers	-	-	29 438 930	29 438 930
Equity investments	895 524	1 028 306	-	1 923 830
Other assets	-	-	18 059 774	18 059 774
TOTAL ASSETS	895 524	1 028 306	75 817 430	77 741 260
31 Dec 2019				
Balances with banks and cash	-	-	2 400 254	2 400 254
Money market assets	-	-	224 165	224 165
Financial securities	-	-	1 191 754	1 191 754
Loans and advances to customers	-	-	3 013 901	3 013 901
Equity investments	20 922	191 167	-	212 089
Other assets	-	-	7 559 138	7 559 138
TOTAL ASSETS	20 922	191 167	14 389 212	14 601 301

19. FAIR VALUE MEASUREMENT

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

	AUDITED INFLATION ADJUSTED							
	Level 1		Level 2		Level 3		Total carrying amount	
	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. PROPERTY AND EQUIPMENT

	AUDITED INFLATION ADJUSTED								
	Land ZWL\$ 000	Buildings ZWL\$ 000	Leasehold improvements ZWL\$ 000	Motor vehicles ZWL\$ 000	Computer ZWL\$ 000	Equipment ZWL\$ 000	Furniture & Fittings ZWL\$ 000	Work in progress ZWL\$ 000	Total ZWL\$ 000
31 DEC 2020									
COST									
Opening balance	630 988	3 000 033	49 743	183 808	868 737	386 514	247 695	328 875	5 696 393
Additions	-	44 739	5 167	11 714	154 535	7 642	10 742	388 451	622 990
Revaluation gain	58 852	46 350	-	-	-	-	-	-	105 202
Disposals	(288 707)	-	-	-	(720)	(64)	(913)	(7 652)	(298 056)
Transfers to intangible assets	-	-	-	-	-	-	-	(98 361)	(98 361)
Transfers Investment Properties	-	-	-	-	-	-	-	(28 627)	(28 627)
Write offs	-	(7 231)	-	-	(166)	-	-	-	(7 397)
Transfers(PPE Intercategories)	-	-	-	3 068	106 601	3 634	348	(113 651)	-
Closing balance	401 133	3 083 891	54 910	198 590	1 128 987	397 726	257 872	469 035	5 992 144
Accumulated depreciation									
Opening balance	-	11 336	20 022	149 255	517 827	278 687	135 014	-	1 112 141
Charge for the period	-	199 740	3 114	8 281	39 782	10 562	7 111	-	268 590
Disposals	-	-	-	-	(582)	(57)	(507)	-	(1 146)
Write offs	-	(1 642)	-	-	(7)	-	-	-	(1 649)
Revaluation	-	(178 913)	-	-	-	-	-	-	(178 913)
Closing balance	-	30 521	23 136	157 536	557 020	289 192	141 618	-	1 199 023
Net Book Value	401 133	3 053 370	31 774	41 054	571 967	108 534	116 254	469 035	4 793 121
31 DEC 2019									
COST									
Opening balance	237 026	1 278 335	28 101	181 546	775 130	347 119	207 592	96 384	3 151 233
Foreign currency translation movement	315 743	1 715 999	-	-	-	-	-	-	2 031 742
Additions	-	104 693	21 642	10 405	106 715	41 661	40 037	263 882	589 035
Revaluation gain	78 219	(35 367)	-	-	-	-	-	-	42 852
Disposals	-	(56 517)	-	-	(29)	(5 571)	(8 293)	-	(56 546)
Impairments	-	-	-	(8 143)	(21 983)	(5 571)	(8 293)	-	(43 990)
Transfers intangible assets	-	-	-	-	-	-	-	(6 900)	(6 900)
Transfers from other assets	-	-	-	-	-	-	-	(1 845)	(1 845)
Transfers Investment Properties	-	(8 081)	-	-	-	-	-	-	(8 081)
Write offs	-	-	-	-	(389)	(589)	(99)	-	(1 077)
Transfers(PPE Intercategories)	-	971	-	-	9 293	3 894	8 458	(22 616)	-
Closing balance	630 988	3 000 033	49 743	183 808	868 737	386 514	247 695	328 875	5 696 393
Accumulated depreciation & impairment									
Opening balance	-	-	16 753	144 709	447 383	263 090	121 812	-	993 747
Charge for the period	-	118 002	3 269	11 966	30 490	21 064	17 862	-	262 653
Disposals	-	-	(7 420)	(19 683)	(4 937)	(4 574)	(4 574)	-	(36 614)
Writeoffs	-	-	-	-	(350)	(530)	(86)	-	(966)
Revaluation	-	(103 728)	-	-	-	-	-	-	(103 728)
Impairments	-	(2 938)	-	-	(13)	-	-	-	(2 951)
Closing balance	-	11 336	20 022	149 255	517 827	278 687	135 014	-	1 112 141
Net Book Value	630 988	2 988 697	29 721	34 553	350 910	107 827	112 681	328 875	4 584 252

	UNAUDITED HISTORICAL								
	Land ZWL\$ 000	Buildings ZWL\$ 000	Leasehold improvements ZWL\$ 000	Motor vehicles ZWL\$ 000	Computer ZWL\$ 000	Equipment ZWL\$ 000	Furniture & Fittings ZWL\$ 000	Work in progress ZWL\$ 000	Total ZWL\$ 000
31 DEC 2020									
COST									
Opening balance	140 662	658 304	3 587	7 533	42 618	16 332	11 850	33 980	914 866
Additions	-	336	31 035	3 014	120 266	4 903	5 523	314 315	479 392
Revaluation gain	567 171	2 321 910	-	-	(81)	(9)	(50)	(4 191)	(311 031)
Disposals	(306 700)	-	-	-	-	-	-	(97 971)	(97 971)
Transfers to intangible assets	-	-	-	-	-	-	-	(2 232)	(2 232)
Transfers to investment properties	-	(4 400)	-	-	(134)	-	-	-	(4 534)
Write offs	-	-	-	-	(134)	-	-	-	(134)
Transfers(PPE Intercategories)	-	-	-	1 961	89 159	2 073	348	(93 541)	-
Closing balance	401 133	2 976 150	34 622	12 508	251 827	23 299	17 671	150 360	3 867 571
Accumulated depreciation									
Opening balance	-	1 182	754	5 416	19 020	10 132	4 923	-	41 427
Charge for the period	-	118 283	415	1 236	20 376	1 931	1 167	-	143 408
Disposals	-	-	-	-	(59)	(8)	(28)	-	(95)
Write offs	-	(1 668)	-	-	(6)	-	-	-	(1 674)
Revaluation	-	(105 688)	-	-	-	-	-	-	(105 688)
Closing balance	-	12 109	1 169	6 652	39 331	12 055	6 062	-	77 378
Net Book Value	401 133	2 964 041	33 453	5 856	212 497	11 244	11 609	150 360	3 790 193
31 DEC 2019									
COST									
Opening balance	8 507	45 878	1 008	6 515	27 818	12 458	7 450	3 459	113 093
Foreign currency translation movement	12 760	69 347	-	-	-	-	-	-	82 107
Additions	-	6 818	2 579	1 310	15 271	3 955	4 398	31 965	66 296
Revaluation surplus	119 395	536 516	-	-	-	-	-	-	655 911
Disposals	-	-	-	(292)	(789)	(200)	(298)	-	(1 579)
Transfers to intangible assets	-	-	-	-	-	-	-	(265)	(265)
Transfers to other assets	-	-	-	-	-	-	-	(367)	(367)
Transfers to investment properties	-	(290)	-	-	-	-	-	-	(290)
Write offs	-	-	-	-	(15)	(21)	(4)	-	(40)
Transfers(PPE Intercategories)	-	35	-	-	333	140	304	(812)	-
Closing balance	140 662	658 304	3 587	7 533	42 618	16 332	11 850	33 980	914 866
Accumulated depreciation & impairment									
Opening balance	-	-	601	5 193	16 056	9 442	4 372	-	35 664
Charge for the period	-	19 738	153	488	3 681	887	716	-	25 663
Disposals	-	-	-	(265)	(704)	(178)	(162)	-	(1 309)
Write offs	-	-	-	-	(13)	(19)	(3)	-	(35)
Revaluation	-	(18 556)	-	-	-	-	-	-	(18 556)
Closing balance	-	1 182	754	5 416	19 020	10 132	4 923	-	41 427
Net Book Value	140 662	657 122	2 833	2 117	23 598	6 200	6 927	33 980	873 439

Properties were revalued on an open market basis by an internal professional valuer, as at 31 December 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\$ 836,522,224 (December 2019: ZWL\$ 819,207,018) had they been carried at cost.

Further details on fair valuation hierarchy are provided in the Group's annual report for the year ended 31 December 2020.

If the fair value adjustment had been 5% up or down, the Group's other Comprehensive Income would have been ZWL\$ 12,812, 150 (31 December 2019: 5,517,275) higher or lower the reported position.

Properties were 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.

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
20.1a Right of Use Assets				
Opening balance	57 641	-	3 548	-
Additions	44 163	68 977	27 334	4 730
Write offs	(5 589)	-	(2 732)	-
Depreciation charge for the period	(20 827)	(11 336)	(8 085)	(1 182)
Closing balance	75 388	57 641	20 065	3 548
20.1b Lease liability				
Opening balance	17 944	-	4 000	-
Additions	44 163	68 977	27 334	4 730
Write-offs	(3 962)	-	(3 628)	-
Interest	1 748	7 288	1 139	128
Repayment	(13 290)	(14 930)	(7 701)	(858)
Monetary adjustment	(25 459)	(43 391)	-	-
Closing balance	21 144	17 944	21 144	4 000
20.1c Lease liability maturity analysis				
Less than one month	749	656	749	146
One to three months	1 499	1 755	1 499	391
Three to six months	2 248	1 955	2 248	436
Six to twelve months	4 498	3 741	4 498	834
One to five years	17 048	12 255	17 048	2 732
Closing balance	26 042	20 362	26 042	4 539
20.1d Amounts recognised in Statement of Profit or Loss				
Interest on lease liabilities	1 748	7 288	1 139	128
Depreciation	20 827	11 336	8 085	1 182
Expenses relating to leases of low value assets	-	345	-	26
Closing balance	22 575	18 969	9 224	1 336
20.1e Amounts recognised in statement of cash flow	13 290	14 930	7 701	858
21. INVESTMENT PROPERTIES				
Opening balance	2 505 735	1 046 528	558 586	37 559
Additions	301 220	80 292	236 157	5 829
Disposals	(177 449)	(869)	(40 042)	(31)
Transfer from property and equipment	28 627	8 081	2 232	290
Write offs	(86 073)	-	(50 270)	-
Foreign currency translation movement	-	1 248 978	-	53 307
Fair valuation gain	176 308	122 725	2 041 705	



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Guarantees	71 752	374 530	71 752	83 491
	71 752	374 530	71 752	83 491
Capital Commitments				
Authorised and contracted for	843	74 709	843	16 654
Authorised but not yet contracted for	-	1 585	-	353
	843	76 294	843	17 007
The capital commitments will be funded from the Group's own resources.				

33. FUNDS UNDER MANAGEMENT

	AUDITED	UNAUDITED	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Pensions	7 126 232	4 557 517	7 126 232	1 015 975
Institutional & individual clients - Equities	4 285 619	924 193	4 285 619	206 024
Institutional & individual clients - Fixed Income	-	2 803	-	625
Unit trust	20 258	9 867	20 258	2 199
	11 432 109	5 494 380	11 432 109	1 224 823

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 RedSphere Finance and equity investments by the Holdings Company.

The table below shows the segment operational results for the period ended 31 December 2020:

34.1 Segment operational results

	AUDITED INFLATION ADJUSTED									
	Commercial banking ZWL\$ 000	Mortgage finance ZWL\$ 000	Asset management ZWL\$ 000	Insurance operations ZWL\$ 000	Property investment ZWL\$ 000	Agro business ZWL\$ 000	Other operations ZWL\$ 000	Intersegment amounts ZWL\$ 000	Consolidated ZWL\$ 000	
INCOME										
Total income for the year ended 31 Dec 2020	16 021 035	(3 193 016)	(11 167)	456 190	105 265	2 247 908	826 807	(1 855 352)	14 597 668	
Total income for the year ended 31 Dec 2019	8 242 991	1 110 234	136 206	434 210	454 122	1 979 733	596 152	(757 354)	12 196 296	
Net underwriting income for the year ended 31 Dec 2020	-	-	-	302 329	-	-	-	(14 073)	288 256	
Net underwriting income for the year ended 31 Dec 2019	-	-	-	354 461	-	-	-	(43 290)	311 171	
Depreciation and Amortisation 31 Dec 2020	175 950	67 989	5 425	26 017	1 709	8 355	16 988	(10 439)	291 994	
Depreciation and Amortisation 31 Dec 2019	228 277	43 423	2 575	17 888	654	857	11 831	(22 957)	282 548	
Impairment of assets for the year ended 31 Dec 2020	535 614	33 936	-	15 416	-	374 044	3 332	-	962 342	
Impairment of assets for the year ended 31 Dec 2019	120 614	(5 318)	16	65 292	-	877 472	724	-	1 058 800	
Results										
Profit before taxation for the year ended 31 Dec 2020	9 948 675	(3 889 190)	(270 276)	(111 872)	(34 156)	1 791 553	493 932	(693 804)	7 234 862	
Profit before taxation for the year ended 31 Dec 2019	2 988 182	(629 026)	12 269	(234 843)	517 678	1 141 698	670 673	(511 453)	3 955 178	
Cash flows:										
Used in operating activities for the year ended 31 Dec 2020	3 103 129	-	-	53 627	-	(10 499 006)	-	9 846 114	2 503 864	
Used in operating activities for the year ended 31 Dec 2019	18 505 859	223 247	28 198	183 548	583 970	-	723 112	(2 044 174)	18 203 760	
Used in investing activities for the year ended 31 Dec 2020	(252 921)	-	-	(1 133)	-	(49 192)	-	(1 117 762)	(1 421 008)	
Used in investing activities for the year ended 31 Dec 2019	(347 235)	(6 968)	(24 055)	(201 716)	-	-	(45 289)	(29 724)	(654 987)	
Used in financing activities for the year ended 31 Dec 2020	(269 185)	-	-	(531)	-	(252 432)	-	(25 350)	(547 498)	
Used in financing activities for the year ended 31 Dec 2019	(464 753)	(1 814)	(3 754)	(21 621)	(190)	-	(123 362)	479 992	(135 502)	
Total assets and liabilities										
Reportable segment liabilities for the year ended 31 Dec 2020	67 173 268	5 909 342	692 512	853 452	342 999	6 608 442	372 216	(4 691 691)	77 260 540	
Reportable segment liabilities for the year ended 31 Dec 2019	61 850 730	2 098 574	51 535	472 406	201 576	4 177 338	57 598	(1 559 615)	67 350 142	
Total segment assets for the year ended 31 Dec 2020	81 952 404	4 495 471	635 299	1 477 313	1 113 668	9 032 286	2 556 457	(6 380 772)	94 882 126	
Total segment assets for the year ended 31 Dec 2019	69 004 700	4 604 208	155 194	1 123 312	1 052 967	5 023 487	2 180 901	(3 151 978)	79 992 791	

UNAUDITED HISTORICAL

	Commercial banking ZWL\$ 000	Mortgage finance ZWL\$ 000	Asset management ZWL\$ 000	Insurance operations ZWL\$ 000	Property investment ZWL\$ 000	Agro business ZWL\$ 000	Other operations ZWL\$ 000	Intersegment amounts ZWL\$ 000	Consolidated ZWL\$ 000	
INCOME										
Total income for the year ended 31 Dec 2020	14 212 118	(2 616 280)	53 825	549 930	535 119	1 488 869	928 097	(1 122 856)	14 028 822	
Total income for the year ended 31 Dec 2019	1 006 539	212 366	30 639	96 320	128 586	441 788	81 348	(73 004)	1 924 582	
Net underwriting income for the year ended 31 Dec 2020	-	-	-	104 808	-	-	-	(4 148)	100 660	
Net underwriting income for the year ended 31 Dec 2019	-	-	-	18 242	-	-	-	(3 233)	15 009	
Depreciation and Amortisation 31 Dec 2020	110 366	34 792	1 318	5 335	729	3 051	4 882	(2 150)	158 323	
Depreciation and Amortisation 31 Dec 2019	17 867	6 716	127	1 192	46	161	548	204	26 861	
Impairment of assets for the year ended 31 Dec 2020	535 614	33 936	11	15 416	-	374 044	3 332	-	962 353	
Impairment of assets for the year ended 31 Dec 2019	27 349	(1 193)	1	2 513	-	195 609	161	-	224 440	
Results										
Profit before taxation for the year ended 31 Dec 2020	11 085 688	(3 076 196)	(197 069)	244 844	419 920	514 313	443 379	(547 471)	8 887 408	
Profit after taxation for the year ended 31 Dec 2019	617 186	140 608	22 082	69 011	123 982	150 723	51 301	(50 089)	1 124 804	
Cash flows:										
Used in operating activities for the year ended 31 Dec 2020	(90 438)	-	-	78 522	-	-	(190 061)	1 746 737	1 544 760	
Used in operating activities for the year ended 31 Dec 2019	1 787 458	20 066	1 101	21 358	5 260	(1 565 277)	35 390	1 515 846	1 821 202	
Used in investing activities for the year ended 31 Dec 2020	(128 927)	-	-	(47 907)	-	-	(692 526)	(27 375)	(896 735)	
Used in investing activities for the year ended 31 Dec 2019	(45 107)	(1 117)	(1 277)	(5 975)	(629)	(3 831)	(5 602)	(5 222)	(68 760)	
Used in financing activities for the year ended 31 Dec 2020	(156 042)	(72)	(746)	21 285	(280)	(353)	208 481	(555 605)	(483 332)	
Used in financing activities for the year ended 31 Dec 2019	(51 741)	(144)	(423)	(1 951)	(65)	968	(12 011)	52 774	(12 583)	
Total assets and liabilities										
Reportable segment liabilities for the year ended 31 Dec 2020	67 281 507	5 908 513	689 410	849 521	287 922	6 606 514	361 935	(4 695 857)	77 289 465	
Reportable segment liabilities for the year ended 31 Dec 2019	13 736 297	467 820	11 343	103 854	34 436	905 488	11 810	(348 492)	14 922 556	
Total segment assets for the year ended 31 Dec 2020	78 242 948	4 248 136	604 553	1 424 495	880 439	6 765 649	1 157 457	(4 970 032)	88 353 645	
Total segment assets for the year ended 31 Dec 2019	14 742 309	958 983	31 004	233 737	192 117	1 015 688	199 112	(412 941)	16 960 009	

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

	AUDITED INFLATION ADJUSTED					
	Gross limits ZWL\$ 000		Utilised limits ZWL\$ 000		Value of security ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Loans to directors' companies	300	2 024	275	2 010	405	1 925

UNAUDITED HISTORICAL

	UNAUDITED HISTORICAL					
	Gross limits ZWL\$ 000		Utilised limits ZWL\$ 000		Value of security ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Loans to directors' companies	300	300	2 010	275	1 925	405

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

Transactions with Directors' companies

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Interest income	223	-	122	-
Commission and fee income	9	7	5	1
	232	7	127	1

36. CLOSING EXCHANGE RATES

	AUDITED	UNAUDITED	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
USD	81.7866	16.7734	81.7866	16.7734
ZAR	0.1789	0.8424	0.1789	0.8424
GBP	111.467	21.9983	111.467	21.9983
EUR	100.5076	18.7963	100.5076	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 Committee – is accountable for people related risks and ensures that the Group has the optimal numbers as well as the right mix in terms of skills and experience for the implementation of the Group's strategy. The committee also looks at succession planning, the welfare of Group staff as well as the positive application of the Group's Code of Ethics.

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.



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Collateral				
Government Guarantee	15 047 438	9 479 674	15 047 438	2 113 237
Cash cover	1 448 024	14 723	1 448 024	3 282
Collateral (mortgage security)	3 901 531	3 972 493	3 901 531	885 560
Notarial general covering bonds	10 922 495	7 373 241	10 623 565	1 643 664
	31 319 488	20 840 131	31 020 558	4 645 743

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.

37.3 (c) Credit quality per class of 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\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	13 410 288	13 843 551	363 634	150 570	–	–	13 773 922	13 994 121
Special mention	"4a – 7c"	16 239 165	90 304	506 794	217 274	–	–	16 745 959	307 578
Non-performing	"8 – 10"	–	–	–	–	93 473	470 586	93 473	470 586
Total		29 649 453	13 933 855	870 428	367 844	93 473	470 586	30 613 354	14 772 285

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	13 410 288	3 086 045	363 634	33 565	–	–	13 773 922	3 119 610
Special mention	"4a – 7c"	16 239 165	20 131	506 794	48 436	–	–	16 745 959	68 567
Non-performing	"8 – 10"	–	–	–	–	93 473	104 904	93 473	104 904
Total		29 649 453	3 106 176	870 428	82 001	93 473	104 904	30 613 354	3 293 081

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

AUDITED INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
GROSS CARRYING AMOUNT									
Opening balance	13 933 856	10 000 231	367 844	3 891 857	470 585	2 790 018	14 772 285	16 682 106	
New assets originated or purchased (excluding write offs)	53 966 486	35 319 137	4 336 081	1 333 688	25 989	3 720	58 328 556	36 656 545	
Transfers (from)/to Stage 1	(1 485 896)	(331 844)	1 276 976	320 475	208 920	11 369	–	–	
Transfers to/(from) Stage 2	3 285 641	518 435	(3 574 529)	(749 500)	288 888	231 065	–	–	
Transfers to/(from) Stage 3	2 228	8 181	101 216	11 515	(103 444)	(19 696)	–	–	
Repayments during the period	(1 494 549)	(855 840)	(527 507)	(826 636)	(362 574)	(384 401)	(2 384 630)	(2 066 877)	
Amounts written off	–	–	–	–	(80 725)	(279 902)	(80 725)	(279 902)	
Monetary adjustment	(38 558 313)	(30 724 444)	(1 109 653)	(3 613 555)	(354 166)	(1 881 588)	(40 022 132)	(36 219 587)	
Gross loans and advances to customers	29 649 453	13 933 856	870 428	367 844	93 472	470 585	30 613 354	14 772 285	
ECL allowance	(1 051 060)	(856 022)	(67 969)	(94 476)	(55 395)	(301 863)	(1 174 424)	(1 252 361)	
Net loans and advances to customers	28 598 393	13 077 834	802 459	273 368	38 077	168 722	29 438 930	13 519 924	

UNAUDITED HISTORICAL									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
GROSS CARRYING AMOUNT									
Opening balance	3 106 176	358 896	82 000	139 674	104 905	100 130	3 293 081	598 700	
New assets originated or purchased (excluding write offs)	26 392 930	2 762 006	2 120 542	91 560	12 499	253	28 525 971	2 853 819	
Transfers (from)/to Stage 1	(726 688)	(73 976)	624 514	71 442	102 174	2 534	–	–	
Transfers to/(from) Stage 2	1 606 864	115 571	(1 748 147)	(167 082)	141 283	51 511	–	–	
Transfers to/(from) Stage 3	1 090	1 824	49 500	2 567	(50 590)	(4 391)	–	–	
Repayments during the period	(730 919)	(58 145)	(257 981)	(56 161)	(177 319)	(26 116)	(1 166 219)	(140 422)	
Amounts written off	–	–	–	–	(39 479)	(19 016)	(39 479)	(19 016)	
Gross loans and advances to customers	29 649 453	3 106 176	870 428	82 000	93 473	104 905	30 613 354	3 293 081	
ECL allowance	(1 051 060)	(190 827)	(67 969)	(21 061)	(55 395)	(67 292)	(1 174 424)	(279 180)	
Net loans and advances to customers	28 598 393	2 915 349	802 459	60 939	38 078	37 613	29 438 930	3 013 901	

AUDITED INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
ECL RECONCILIATION									
Opening balance	856 023	477 021	94 475	850 889	301 863	1 784 592	1 252 361	3 112 502	
New assets originated or purchased	1 890 034	1 308 214	410 538	270 661	23 552	31 814	2 324 124	1 610 689	
Transfers (from)/to Stage 1	(206 331)	(131 226)	94 432	122 242	111 899	8 984	–	–	
Transfers to/(from) Stage 2	129 656	39 600	(345 863)	(199 558)	216 207	159 958	–	–	
Transfers to/(from) Stage 3	68	707	6 715	5 202	(6 783)	(5 909)	–	–	
Amounts written off	(49 319)	(42 196)	(63 341)	(12 667)	(302 851)	(249 182)	(415 511)	(304 045)	
Monetary adjustment	(1 563 873)	(743 387)	(122 476)	(779 781)	(222 141)	(1 155 380)	(1 908 490)	(2 678 548)	
Amounts paid off	(5 198)	(52 710)	(6 511)	(162 513)	(66 351)	(273 014)	(78 060)	(488 237)	
Closing balance	1 051 060	856 023	67 969	94 475	55 395	301 863	1 174 424	1 252 361	

ECL RECONCILIATION	UNAUDITED HISTORICAL							
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Opening balance	190 828	17 120	21 059	30 537	67 293	64 047	279 180	111 704
New assets originated or purchased	924 361	200 423	200 751	18 501	11 515	2 379	1 136 627	221 303
Transfers (from)/to Stage 1	(100 907)	(29 253)	46 182	27 251	54 725	2 002	–	–
Transfers to/(from) Stage 2	63 407	8 828	(169 146)	(44 488)	105 739	35 660	–	–
Transfers to/(from) Stage 3	33	158	3 284	1 160	(3 317)	(1 318)	–	–
Amounts written off	(24 120)	(2 867)	(30 977)	(861)	(148 111)	(16 929)	(203 208)	(20 657)
Amounts paid off	(2 542)	(3 581)	(3 184)	(11 041)	(32 449)	(18 548)	(38 175)	(33 170)
Closing balance	1 051 060	190 828	67 969	21 059	55 395	67 293	1 174 424	279 180

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\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	988 884	5 346 389	–	–	–	–	988 884	5 346 389
Total		988 884	5 346 389	–	–	–	–	988 884	5 346 389

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 – 3c"	988 884	1 191 832	–	–	–	–	988 884	1 191 832
Total		988 884	1 191 832	–	–	–	–	988 884	1 191 832

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

AUDITED INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
GROSS CARRYING AMOUNT									
Opening balance	5 346 389	34 690 431	–	–	–	–	5 346 389	34 690 431	
New assets originated or purchased (excluding write offs)	–	373 151	–	–	–	–	–	373 151	
Monetary Adjustment	(3 948 549)	(29 105 559)	–	–	–	–	(3 948 549)	(29 105 559)	
Maturities during the period	(408 956)	(611 634)	–	–	–	–	(408 956)	(611 634)	
Gross financial securities	988 884	5 346 389	–	–	–	–	988 884	5 346 389	
ECL allowance	(6 005)	(351)	–	–	–	–	(6 005)	(351)	
Closing balance	982 879	5 346 038	–	–	–	–	982 879	5 346 038	

UNAUDITED HISTORICAL									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
GROSS CARRYING AMOUNT									
Opening balance	1 191 832	1 244 996	–	–	–	–	1 191 832	1 244 996	
New assets originated or purchased (excluding write offs)	–	83 184	–	–					



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

ECL RECONCILIATION	UNAUDITED HISTORICAL							
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Opening balance	224 353	70 744	-	-	-	-	224 353	70 744
New assets originated or purchased (excluding write offs)	7 588 502	239 586	-	-	-	-	7 588 502	239 586
Maturities during the period	(216 651)	(85 977)	-	-	-	-	(216 651)	(85 977)
Gross money market assets	7 596 204	224 353	-	-	-	-	7 596 204	224 353
ECL allowance	(12 483)	(188)	-	-	-	-	(12 483)	(188)
Closing balance	7 583 721	224 165	-	-	-	-	7 583 721	224 165

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\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 - 3c"	71 752	374 530	-	-	-	-	71 752	374 530
Total		71 752	374 530	-	-	-	-	71 752	374 530

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 - 3c"	71 752	83 491	-	-	-	-	71 752	83 491
Total		71 752	83 491	-	-	-	-	71 752	83 491

(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\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
Opening balance	374 531	289 526	-	-	-	-	374 531	289 526	
New assets originated or purchased (excluding write offs)	146 714	374 530	-	-	-	-	146 714	374 530	
Monetary adjustment	(278 774)	(242 451)	-	-	-	-	(278 774)	(242 451)	
Guarantees Expired	(170 719)	(47 074)	-	-	-	-	(170 719)	(47 074)	
Gross Guarantees	71 752	374 531	-	-	-	-	71 752	374 531	
ECL allowance	(581)	(4 029)	-	-	-	-	(581)	(4 029)	
Closing balance	71 171	370 502	-	-	-	-	71 171	370 502	

UNAUDITED HISTORICAL									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
Opening balance	83 491	10 494	-	-	-	-	83 491	10 494	
New assets originated or purchased (excluding write offs)	71 751	83 491	-	-	-	-	71 751	83 491	
Guarantees expired during the period	(83 490)	(10 494)	-	-	-	-	(83 490)	(10 494)	
Gross Guarantees	71 752	83 491	-	-	-	-	71 752	83 491	
ECL allowance	(581)	(898)	-	-	-	-	(581)	(898)	
Closing balance	71 171	82 593	-	-	-	-	71 171	82 593	

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 2020. 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:

- The counterparty rating deteriorates.
- Breaches in conditionality or covenants.
- Deterioration in account conduct.
- Any corporate action relating to changes in corporate structure, control, acquisitions or disposals.
- Significant changes in executive leadership.
- 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.
- Actual or expected significant change in the financial instrument's external credit rating (Credit Reference Bureau rating).
- Declining Asset Quality
- Reduction in financial support from the parent company
- Expected changes in the loan agreement terms and conditions.
- Changes in group parents payment pattern
- Decision to change collateral
- Deterioration of macro-economic factors of the borrower

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:

- The counterparty rating deteriorates.
- Breaches in conditionality or covenants.
- Deterioration in account conduct.
- Any corporate action relating to changes in corporate structure, control, acquisitions or disposals.
- Significant changes in executive leadership.
- 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.
- Actual or expected significant change in the financial instrument's external credit rating (Credit Reference Bureau rating).
- Declining Asset Quality
- Reduction in financial support from the parent company
- Expected changes in the loan agreement terms and conditions.
- Changes in group parents payment pattern
- Decision to change collateral
- Deterioration of macro-economic factors of the borrower

Forward looking information

In its ECL model, the Group considers three scenarios, namely, Best Case, Base Case and Worst Case from a spectrum of macro-economic fortunes. These scenarios are probability weighted based on input from senior management. The ECL model focuses on perturbing PDs by treating this ECL component as a random variable. It is assumed that macro-economic fortunes are related to credit default risk with the Base Case PDs being equal to the creditability weighted PDs. Best Case and Worst Case PDs, by credit rating/class, are determined by taking the left and right tails respectively using the scenario probabilities outlined by management.

The Group will also be monitoring the impact of major external shocks and how they affect lending activities. The impact of catastrophes and systemic risk factors such as pandemics and adverse climatic conditions are considered through modification of the adverse scenario maturity horizon of exposures. This affects the evolution of the EAD in a way that increases ECLs. The Group will also consider macro-economic variables with proven statistical relationships to credit default risk and sufficient time and information to allow statistically significant assertions to be made. The macro-economic variables to be considered as explanatory to credit default risk measures or recovery rates are: Interest Rates, Unemployment Rates, Commodity Prices, Inflation Rates and Gross Domestic Product

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

- 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.
- 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:

- Instalments (Principal and Interest) were due and unpaid for 90 days or more.
- 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).
- The Group had sufficient evidence about significant financial difficulties of the borrower contrary to cash flow projections.
- 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 minus 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;

- 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.
- 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).
- It has been established that the obligor has been able to meet the requirements of the revised terms and conditions.
- 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)	• Modifications
Move from stage 3 to stage 1 (decrease in credit risk)	• Restructured loans
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)	• Arrears re-spread • Arrears deferred • Loan term extended • Arrears deferred and re-spread

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



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

37.4.1 Contractual Gap analysis

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2020

	AUDITED INFLATION ADJUSTED						
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
Assets							
Balances with banks and cash	19 752 126	–	–	–	–	–	19 752 126
Money market assets	6 600 648	981 558	–	1 515	–	–	7 583 721
Financial securities	–	5 759	5 651	4 224	62 752	904 493	982 879
Loans and advances to customers	819 404	12 166 720	1 553 823	10 220 213	3 379 602	1 299 168	29 438 930
Insurance assets	324 173	1 367	–	35 947	–	–	361 487
Financial guarantees	1 111	29 761	34 320	6 560	–	–	71 752
Current tax receivable	387	–	–	–	–	–	387
Other liquid assets	11 555	17 707 738	343	–	–	–	17 719 636
Total assets	27 509 404	30 892 903	1 594 137	10 268 459	3 442 354	2 203 661	75 910 918
Liabilities							
Deposits	57 097 770	1 550 113	1 477 467	4 486 013	570 215	5 337	65 186 915
Insurance liabilities	222 140	–	–	–	–	–	222 140
Other liabilities	793 929	1 063 398	3 058	28 537	–	–	1 888 922
Current tax payable	–	272 729	8 139	–	–	–	280 868
Life Fund	92 765	–	–	–	–	–	92 765
Lease Liabilities	796	2 357	2 665	4 402	10 924	–	21 144
Investment contract liabilities	14 625	–	–	–	–	–	14 625
Financial guarantees	1 111	29 761	34 320	6 560	–	–	71 752
Total liabilities	58 223 136	2 918 358	1 525 649	4 525 512	581 139	5 337	67 779 131
Liquidity gap	(30 713 732)	27 974 545	68 488	5 742 947	2 861 215	2 198 324	8 131 787
Cumulative liquidity gap	(30 713 732)	(2 739 187)	(2 670 699)	3 072 248	5 933 463	8 131 787	8 131 787

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2019

	AUDITED INFLATION ADJUSTED						
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
Assets							
Balances with banks and cash	10 767 194	–	–	–	–	–	10 767 194
Money market assets	524 014	475 309	–	6 250	–	–	1 005 573
Financial securities	151 987	153 031	51 846	161 979	678 361	4 148 834	5 346 038
Loans and advances to customers	484 783	73 045	161 562	11 083 514	1 022 945	694 075	13 519 924
Insurance assets	1 568	–	–	12 169	–	–	13 737
Financial guarantees	1 441	53 470	4 783	29 525	285 310	–	374 529
Current tax receivable	–	683	–	–	–	–	730
Other liquid assets	33 976 668	1 242 683	91	–	–	–	35 219 442
Total assets	45 907 655	1 998 221	218 329	11 293 437	1 986 616	4 842 909	66 247 167
Liabilities							
Deposits	55 092 930	641 586	141 914	1 924 417	786 854	20 178	58 607 879
Insurance liabilities	17 902	–	77 868	–	–	–	95 770
Other liabilities	38 286	3 836 511	3 656 325	19 779	48 690	–	7 599 591
Current tax payable	–	455 304	–	6 853	–	–	462 157
Life Fund	2 935	–	–	–	–	–	2 935
Lease Liability	788	2 321	2 410	4 318	8 107	–	17 944
Investment contract liabilities	1 326	13 967	–	–	–	–	15 293
Financial guarantees	1 441	53 470	4 783	29 525	285 311	–	374 530
Capital Commitments	–	74 709	–	–	–	–	74 709
Total liabilities	55 155 608	5 077 868	3 883 300	1 984 892	1 128 962	20 178	67 250 808
Liquidity gap	(9 247 953)	(3 079 647)	(3 664 971)	9 308 545	857 654	4 822 731	(1 003 641)
Cumulative liquidity gap	(9 247 953)	(12 327 600)	(15 992 571)	(6 684 026)	(5 826 372)	(1 003 641)	(1 003 641)

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2020

	UNAUDITED HISTORICAL						
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
Assets							
Balances with banks and cash	19 752 126	–	–	–	–	–	19 752 126
Money market assets	6 600 648	981 558	–	1 515	–	–	7 583 721
Financial securities	–	5 759	5 651	4 224	62 752	904 493	982 879
Loans and advances to customers	819 404	12 166 720	1 553 823	10 220 213	3 379 602	1 299 168	29 438 930
Insurance assets	324 173	1 367	–	35 947	–	–	361 487
Financial guarantees	1 111	29 761	34 320	6 560	–	–	71 752
Current tax receivable	387	–	–	–	–	–	387
Other liquid assets	11 555	17 707 738	343	–	–	–	17 719 636
Total assets	27 509 404	30 892 903	1 594 137	10 268 459	3 442 354	2 203 661	75 910 918
Liabilities							
Deposits	57 097 770	1 550 113	1 477 467	4 486 013	570 215	5 337	65 186 915
Insurance liabilities	222 140	–	–	–	–	–	222 140
Other liabilities	793 929	1 063 398	3 058	28 537	–	–	1 888 922
Current tax payable	–	272 729	8 139	–	–	–	280 868
Life Fund	92 765	–	–	–	–	–	92 765
Lease Liability	796	2 357	2 665	4 402	10 924	–	21 144
Investment contract liabilities	14 625	–	–	–	–	–	14 625
Financial guarantees	1 111	29 761	34 320	6 560	–	–	71 752
Total liabilities	58 223 136	2 918 358	1 525 649	4 525 512	581 139	5 337	67 779 131
Liquidity gap	(30 713 732)	27 974 545	68 488	5 742 947	2 861 215	2 198 324	8 131 787
Cumulative liquidity gap	(30 713 732)	(2 739 187)	(2 670 699)	3 072 248	5 933 463	8 131 787	8 131 787

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2020

	UNAUDITED HISTORICAL						
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
Assets							
Balances with banks and cash	2 400 254	–	–	–	–	–	2 400 254
Money market assets	116 815	105 957	–	1 393	–	–	224 165
Financial securities	33 881	34 114	11 558	36 109	151 222	924 870	1 191 754
Loans and advances to customers	108 069	16 283	36 016	2 470 769	228 038	154 725	3 013 900
Insurance assets	349	–	–	2 713	–	–	3 062
Financial guarantees	321	11 920	1 066	6 582	63 602	–	83 491
Current tax receivable	–	152	–	–	–	–	162
Other liquid assets	7 574 178	277 023	20	–	–	–	7 851 221
Total assets	10 233 867	445 449	48 670	2 517 566	442 862	1 079 595	14 768 009
Liabilities							
Deposits	12 281 476	143 024	31 636	428 997	175 408	4 498	13 065 039
Insurance liabilities	3 991	–	17 359	–	–	–	21 350
Other liabilities	8 535	855 246	815 079	4 409	10 854	–	1 694 123
Current tax payable	–	101 498	–	1 528	–	–	103 026
Life Fund	654	–	–	–	–	–	654
Lease Liability	176	517	537	963	1 807	–	4 000
Investment contract liabilities	296	3 114	–	–	–	–	3 410
Financial guarantees	321	11 920	1 066	6 582	63 602	–	83 491
Capital commitments	–	16 654	–	–	–	–	16 654
Total liabilities	12 295 449	1 131 973	865 677	442 479	251 671	4 498	14 991 747
Liquidity gap	(2 061 582)	(686 524)	(817 007)	2 075 087	191 191	1 075 097	(223 738)
Cumulative liquidity gap	(2 061 582)	(2 748 106)	(3 565 113)	(1 490 026)	(1 298 835)	(223 738)	(223 738)

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.

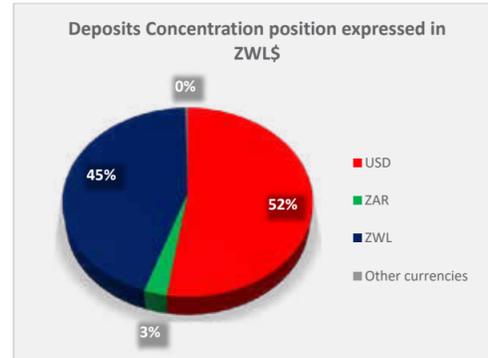
Details of the liquidity ratios for the relevant Group SBUs as at the reporting date and during the reporting year were as follows:

	CBZ Bank Limited %
At 31 December 2020	42
At 31 December 2019	83
Average for the year	37
Maximum for the year	45
Minimum for the year	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. 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 experienced and the significant local currency balances 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 US\$167 966 227. These liabilities contribute 21.62% of the Group total deposits

37.5 Interest rate risk

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

This is managed at both Board and Management level through the regular policy and benchmarks which relate to interest rate risk management. The major areas of intervention involves daily monitoring of costs of funds, asset yield, monthly analysis of interest re-pricing gaps, monthly interest rate simulations to establish the Group and its SBUs' ability to sustain a stressed interest rate environment, value at risk (VaR), interest rate risk set limits and various interest rate risk hedging strategies. The use of stress testing is an integral part of the interest rate risk management framework and considers both the historical market events as well as anticipated future scenarios. The Group and its SBUs denominate their credit facilities in the base currency, the ZWL in order to minimise cross currency interest rate risk. The Group's interest rate risk profiling is illustrated on the next table.

At 31 December 2020, if interest rates (both earning and paying rates) at that date had been 15 basis points higher or lower with all other variables held constant, post tax profit would have been ZWL\$ 12,355,372, lower or higher respectively than the reported position. This arises as a result of the sensitivity of the net interest assets in the movement in the interest rates.

37.5.1 INTEREST RATE REPRICING

	AUDITED INFLATION ADJUSTED							
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non-interest bearing ZWL\$ 000	Total ZWL\$ 000
31 DEC 2020								
Assets								
Balances with banks and cash	11 738 557	–	–	–	–	–	–	8 013 569
Money market assets	6 600 648	981 558	–	1 515	–	–	–	7 583 721
Financial securities	–	5 759	5 651	4 224	62 752	904 493	–	982 879
Loans and advances to customers	819 404	12 166 720	1 553 823	10 220 213	3 379 602	1 299 168	–	29 438 930
Insurance assets	–	–	–	–	–	–	–	608 073
Equity investments	–	–	–	–	–			



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

37.5.1 INTEREST RATE REPRICING (continued)

	UNAUDITED HISTORICAL							Total ZWL\$ 000
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non- interest bearing ZWL\$ 000	
31 DEC 2019								
Assets								
Balances with banks and cash	898 484	–	–	–	–	–	1 501 770	2 400 254
Money market assets	116 815	105 957	–	1 393	–	–	–	224 165
Financial securities	33 881	34 114	11 557	36 108	151 222	924 872	–	1 191 754
Loans and advances to customers	108 069	16 283	36 016	2 470 769	228 038	154 726	–	3 013 901
Insurance assets	–	–	–	–	–	–	74 792	74 792
Equity investments	–	–	–	–	–	–	212 089	212 089
Land inventory	–	–	–	–	–	–	139 034	139 034
Other liquid assets	–	–	–	–	–	–	8 162 479	8 162 479
Current tax receivable	–	–	–	–	–	–	550	550
Intangible assets	–	–	–	–	–	–	2 924	2 924
Investment properties	–	–	–	–	–	–	558 586	558 586
Property and equipment	–	–	–	–	–	–	873 439	873 439
Deferred taxation	–	–	–	–	–	–	106 042	106 042
Total assets	1 157 249	156 354	47 573	2 508 270	379 260	1 079 598	11 631 705	16 960 009
Equity & Liabilities								
Deposits	12 281 476	143 024	31 636	428 997	175 408	4 498	–	13 065 039
Insurance liabilities	–	–	–	–	–	–	59 198	59 198
Other liabilities	–	–	–	–	–	–	1 423 998	1 423 998
Current tax payable	–	–	–	–	–	–	103 025	103 025
Life Fund	–	–	–	–	–	–	3 935	3 935
Investment contract liabilities	–	–	–	–	–	–	3 409	3 409
Deferred taxation	176	517	537	963	1 807	–	259 952	259 952
Lease Liability	–	–	–	–	–	–	4 000	4 000
Equity	–	–	–	–	–	–	2 037 453	2 037 453
Total liabilities and equity	12 281 652	143 541	32 173	429 960	177 215	4 498	3 890 970	16 960 009
Interest rate repricing gap	(11 124 403)	12 813	15 400	2 078 310	202 045	1 075 100	7 740 735	–
Cumulative gap	(11 124 403)	(11 111 590)	(11 096 190)	(9 017 880)	(8 815 835)	(7 740 735)	–	–

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.

At 31 December 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\$ 31,003,650 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Group as at 31 December 2020 is as below:

FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2020

Position expressed in ZWL\$ 000	AUDITED INFLATION ADJUSTED						Other foreign currencies
	Total	ZWL	USD	ZAR	GBP	EUR	
Assets							
Balances with banks and cash	19 752 126	2 352 200	16 477 405	405 466	47	362 788	154 220
Money market assets	7 583 721	4 169 603	2 793 501	620 617	–	–	–
Financial securities	982 879	–	–	–	–	–	–
Loans and advances to customers	29 438 930	27 428 488	1 985 550	24 749	139	3	1
Insurance assets	608 073	608 073	–	–	–	–	–
Equity investments	1 923 830	1 923 644	–	–	–	186	–
Land inventory	3 702 935	3 702 935	–	–	–	–	–
Other assets	22 762 584	10 029 622	12 459 419	266 520	6 333	690	–
Current tax receivable	540	540	–	–	–	–	–
Intangible assets	123 529	123 529	–	–	–	–	–
Investment properties	2 748 368	2 748 368	–	–	–	–	–
Property and equipment	4 793 121	4 631 894	116 775	44 376	–	76	–
Deferred taxation	461 490	461 490	–	–	–	–	–
Total assets	94 882 126	59 163 265	33 832 650	1 361 728	6 519	363 743	154 221
Equity & Liabilities							
Deposits	65 186 915	33 495 976	29 748 205	1 737 041	24 799	140 405	40 489
Insurance liabilities	553 007	553 007	–	–	–	–	–
Other liabilities	8 669 071	4 021 076	810 495	3 830 035	2 993	4 426	46
Current tax payable	667 592	667 592	–	–	–	–	–
Life Fund	92 765	92 765	–	–	–	–	–
Investment contract liabilities	14 625	14 625	–	–	–	–	–
Deferred taxation	2 055 421	2 055 421	–	–	–	–	–
Lease Liability	21 144	21 144	–	–	–	–	–
Equity	17 621 586	17 621 586	–	–	–	–	–
Total equity and liabilities	94 882 126	58 543 192	30 558 700	5 567 076	27 792	144 831	40 535

FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2019

Position expressed in ZWL\$ 000	AUDITED INFLATION ADJUSTED						Other foreign currencies
	Total	ZWL	USD	ZAR	GBP	EUR	
Assets							
Balances with banks and cash	10 767 194	9 412 159	871 246	335 673	13 241	97 693	37 182
Money market assets	1 005 573	102 134	903 439	–	–	–	–
Financial securities	5 346 038	5 346 038	–	–	–	–	–
Loans and advances to customers	13 519 924	12 520 038	591 460	24 955	1 244	382 227	–
Insurance assets	341 263	341 263	–	–	–	–	–
Equity investments	951 399	924 776	–	–	–	26 623	–
Land inventory	3 302 840	3 302 840	–	–	–	–	–
Other assets	37 143 470	3 560 818	33 568 488	11 074	589	2 501	–
Current tax receivable	2 467	2 467	–	–	–	–	–
Intangible assets	46 836	46 836	–	–	–	–	–
Investment properties	2 505 734	2 505 734	–	–	–	–	–
Property and equipment	4 584 252	4 520 768	6 614	56 870	–	–	–
Deferred taxation	475 801	475 801	–	–	–	–	–
Total assets	79 992 791	43 061 672	35 941 247	428 572	15 074	509 044	37 182
Equity & Liabilities							
Deposits	58 607 878	19 956 172	37 148 707	1 045 417	12 166	417 574	27 842
Insurance liabilities	265 555	265 555	–	–	–	–	–
Other liabilities	6 534 351	6 402 077	126 012	317	5 457	473	15
Current tax payable	462 157	462 157	–	–	–	–	–
Life Fund	17 651	17 651	–	–	–	–	–
Investment contract liabilities	15 293	15 293	–	–	–	–	–
Deferred taxation	1 429 313	1 429 313	–	–	–	–	–
Lease Liability	17 944	17 944	–	–	–	–	–
Equity	12 642 649	12 642 649	–	–	–	–	–
Total equity and liabilities	79 992 791	41 208 811	37 274 719	1 045 734	17 623	418 047	27 857

FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2020

Position expressed in ZWL\$ 000	UNAUDITED HISTORICAL						Other foreign currencies
	Total	ZWL	USD	ZAR	GBP	EUR	
Assets							
Balances with banks and cash	19 752 126	2 352 200	16 477 405	405 466	47	362 788	154 220
Money market assets	7 583 721	4 169 603	2 793 501	620 617	–	–	–
Financial securities	982 879	–	–	–	–	–	–
Loans and advances to customers	29 438 930	27 428 488	1 985 550	24 749	139	3	1
Insurance assets	608 073	608 073	–	–	–	–	–
Equity investments	1 923 830	1 923 644	–	–	–	186	–
Land inventory	470 639	470 639	–	–	–	–	–
Other assets	20 503 312	7 770 350	12 459 419	266 520	6 333	690	–
Current tax receivable	540	540	–	–	–	–	–
Intangible assets	87 202	87 202	–	–	–	–	–
Investment properties	2 748 368	2 748 368	–	–	–	–	–
Property and equipment	3 790 193	3 628 966	116 775	44 376	–	76	–
Deferred taxation	463 832	463 832	–	–	–	–	–
Total assets	88 353 645	52 014 711	30 558 700	5 567 076	27 792	144 831	40 535
Equity & Liabilities							
Deposits	65 186 915	33 495 976	29 748 205	1 737 041	24 799	140 405	40 489
Insurance liabilities	553 007	553 007	–	–	–	–	–
Other liabilities	8 467 292	3 819 297	810 495	3 830 035	2 993	4 426	46
Current tax payable	667 592	667 592	–	–	–	–	–
Life Fund	92 765	92 765	–	–	–	–	–
Investment contract liabilities	14 625	14 625	–	–	–	–	–
Deferred taxation	2 286 125	2 286 125	–	–	–	–	–
Lease liability	21 144	21 144	–	–	–	–	–
Equity	11 064 180	11 064 180	–	–	–	–	–
Total equity and liabilities	88 353 645	52 014 711	30 558 700	5 567 076	27 792	144 831	40 535

FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2019

Position expressed in ZWL\$ 000	UNAUDITED HISTORICAL						Other foreign currencies
	Total	USD	ZAR	GBP	EUR		
Assets							
Balances with banks and cash	2 400 255	2 098 186	194 221	74 829	2 952	21 778	8 289
Money market assets	224 165	22 768	201 397	–	–	–	–
Financial securities	1 191 754	1 191 754	–	–	–	–	–
Loans and advances to customers	3 013 900	2 791 003	131 850	5 563	277	85 207	–
Insurance assets	74 792	74 792	–	–	–	–	–
Equity investments	212 089	206 154	–	–	–	5 935	–
Land inventory	139 034	139 034	–	–	–	–	–
Other assets	8 162 478	676 136	7 483 185	2 469	131	557	–
Current tax receivable	550	550	–	–	–	–	–
Intangible assets	2 924	2 924	–	–	–	–	–
Investment properties	558 586	558 586	–	–	–	–	–



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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	2014	2013	2012	2011	2010	2009
Global Credit Rating (Financial strength)	A _(2nd)	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)	MO2 _(2nd)	MO2 _(2nd)	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 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;

- Legacy liabilities and nostro gap accounts:**
Legacy debts were resolved through registration with the Reserve Bank of Zimbabwe. 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.
- Capital Requirements**
All the Group's regulated subsidiaries are well capitalised as at 31 December 2020. The Directors expect all its banking subsidiaries to be compliant with the minimum revised requirements which the deadline has been moved to 31 December 2021.
- Impact of COVID-19**
COVID-19 is an economic shock analogous to the global financial crisis. During the year, 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. This resulted in an unprecedented disruption to global production, international trade, global supply chains and aggregate demand as well as a shift in national, organisational and household priorities in favour of health and safety. Moreover, as Governments instituted measures to combat spread of the virus, economic prospects also deteriorated. The World Bank estimates global economic activity to have contracted by 4.3% in 2020 – the sharpest decline in more than 7 decades. As the virus continues to spread globally, new variants of the virus are being discovered and introduction of mass vaccinations across the world, the Group has considered the future impact it might have on its ability to continue to operate as a going concern.

The aforementioned developments coming from COVID 19 in the operating environment resulted in new business threats and opportunities as economic agents adapted to, and refocused and remodelled their operations around, the COVID-19 pandemic. The worst affected sectors were those that depend on close contact and travel – among them tourism, transport, aviation and education. The health, ICTs and oriented sectors, however, were somewhat positively impacted by the pandemic, as the demand for their services increased. The financial services sector, being at the centre of economic activity, naturally faced downside risks from the overall reduction in economic activity. Upside risks emanated from increased demand from those sectors that were positively impacted by, and could pivot on, the pandemic.

The CBZ Group continued to leverage on its strong capital and balance sheet positions, deep understanding of the local markets, extensive investment in digital platforms and a culture of innovation to provide the much-needed support and be a source of resilience to its employees, clients and other stakeholders. The regulatory authorities' decision to allow local usage of foreign currencies enhanced the Group's ability to better respond to the evolving demands of its wide range of customers, through developing customer centric products and preserving shareholder value. Furthermore, the addition of new, and strengthening of existing correspondent banking relationships, enabled the Group's banking subsidiaries to better meet the trade finance requirements of its clients.

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 in the Group's 2020 integrated annual report which is available at the Company registered office.

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FOR MORE INFORMATION CONTACT:

Kudakwashe - 0773 768 657	Tapera - 0732 283 962
Mathew - 0732 380 824	Cynthia - 0774 462 098
Charity - 0773 928 762	Richard - 0776 308 499

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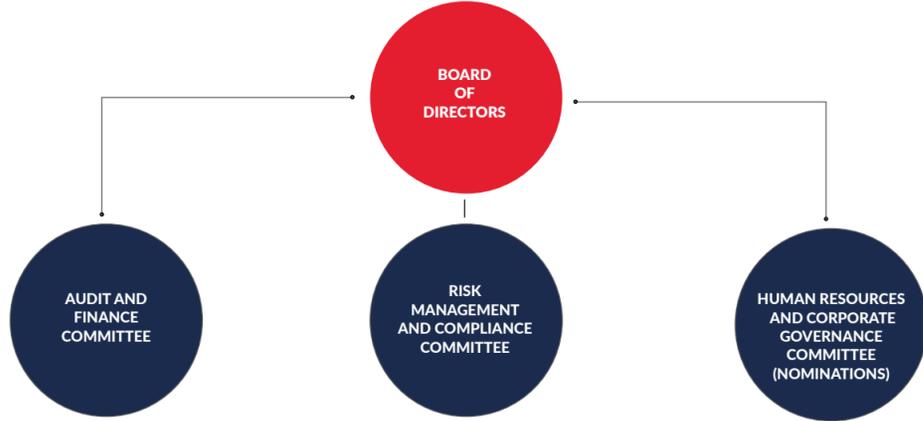


AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

GOVERNANCE STRUCTURE



We aim to stay abreast of developments in good governance and practice, and have a well-developed structure that ensures the continued minimum 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, IPEC Directive on Governance and Risk Management for Insurance Companies, March 2016; Securities Act Chapter 24:25; Securities Amendment Act No. 2 of 2013; Asset Management Act 24:26 and the South African King reports.

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:

Board Appointments during 2020

NAME	STATUS	BOARD	DATE OF APPOINTMENT
Dr Christian H. Beddies	Independent Non Executive Director	CBZ Bank Limited	17 January 2020
Jiten G. Shah	Independent Non Executive Director	CBZ Bank Limited	11 February 2020
Tawanda L. Gumbo	Executive Director	CBZ Holdings Limited	3 February 2020
Heena G. Joshi	Independent Non Executive Director	CBZ Asset Management	9 March 2020
Jamille Jinnah	Independent Non Executive Director	Red Sphere Finance	2 June 2020
Wayne D. Parham	Independent Non Executive Director	CBZ Agro Yield	1 July 2020
Robert J. Snow	Independent Non Executive Director	CBZ Properties	1 August 2020
Percival S. Mazike	Independent Non Executive Director	CBZ Agro Yield	1 November 2020
Jack F Smith	Non Independent Non Executive Director	CBZ Properties	1 January 2020
Jack F Smith	Non Independent Non Executive Director	CBZ Asset Management	1 January 2020
Desmond Ali	Executive Director	Red Sphere Finance	1 January 2020

Retirements during 2020

NAME	STATUS	BOARD	DATE OF RETIREMENT
Richard Dawes	Independent Non Executive Director	CBZ Life Limited	5 June 2020
Dr Virginia Masunda	Independent Non Executive Director	CBZ Life Limited	5 June 2020
Farai B. Zizhou	Independent Non Executive Director	CBZ Life Limited	5 June 2020
Collin Chimutsa	Executive Director	CBZ Holdings Limited	10 January 2020
Nobert Murerwa	Executive Director	CBZ Insurance operations	10 January 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, IPEC Directive on Governance and Risk Management for Insurance Companies, March 2016 were applicable 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 31 December 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	Red Sphere Finance	CBZ Agro Yield	CBZ Digital
Holtzman M.L	Holtzman M.L	Mhlanga N	Tshuma H	Matika ATK	Magorimbo L	R Snow	Jinnah J	Parham W D	Bhamre P
Mashingaidze E.U	Shangwa ET	Moyo MTV	Zizhou FB*	Chitiga WR	Ndlovu N	C Makwiranzou	Dr Mudavanhu B	Mazike P S	Dr Mudavanhu B
Galante E.E	Dr Marufu MPA	Joshi H G	Dawes R*	Dr Mudavanhu B	Marandu N	M. Sinyoro	Gumbo TL	Archibald A D	Gumbo T L
Gerken L C	Dr Beddies CH	Mukanganga C	Dr Masunda V*	Gumbo T L	Dr Mudavanhu B	Dr B Mudavanhu	Ali D**	Dr Mudavanhu B	
Gaskin Gain, R L	Shah JG	Gumbo T L	Dr Mudavanhu B	Murerwa N*	Gumbo TL	T L Gumbo	Gumbo TL		
Dr Mudavanhu B**	Dr Mudavanhu B	Smith J F**	Gumbo T L	Mharadze J***	Murerwa N*	J F Smith	Chigodora W**		
Gumbo T L**	Gumbo T L	Muzadzi T**	Murerwa N*		Chinyani T***	H Bvumburai**			
	Zimunya P**	Dr Mudavanhu B	Mutizwa J ***						
	Nyazema L **								

Key
* Retired
** Executive Director
*** Ex-Officio member

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

	Audit & Finance	Special Audit & Finance	HR & Corporate Governance	RISK MANAGEMENT & COMPLIANCE	Special HR & Corporate Governance	Main Board	Total Committees	Total Boards
Meetings Held	4	1	4	4	4	4	17	4
Holtzman M.L	**	**	4	**	**	4	4	4
Gerken L C	3	1	**	3	**	4	7	3
Gaskin Gain R L	**	**	4	4	**	4	8	4
Mashingaidze E U	4	1	4	**	4	4	13	4
Galante E E	4	1	**	**	**	4	5	4
Dr Mudavanhu B *	4	1	4	4	**	4	13	4
Gumbo T L*	4	1	**	4	**	4	9	4

Key
* Executive Director
**Not a member
***Retired

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 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	4	4	3	4	1	1	4	20	5
Holtzman M.L	3****	**	-	1	3****	-	-	4	7	4
Marufu M P A	*	**	4	3	**	-	1	4	7	5
Shangwa E T	4	4	4	-	**	1	1	4	13	5
Beddies C H	4	4	-	1	**	-	1	4	9	5
Shah J G	4	**	**	**	4	-	-	4	8	4
Dr Mudavanhu B	4	**	4	3	**	-	1	4	11	5
Gumbo T L	4	4	1****	1	4	-	-	4	14	4
Zimunya P*	4	4	4	3	4	-	1	4	19	5
Nyazema L*	4	4	4	3	4	-	1	4	19	5

Key
*Executive Director
**Not a member
- Did not attend
****Attend by invitation

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

NAME	AUDIT & COMPLIANCE	INVESTMENTS & RISK	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Number of meetings held	4	4	4	8	4
Mhlanga N	**	4	4	4	4
Moyo M T V	4	**	4	4	4
Mukanganga C F	4	4	4	8	4
Heena J J	3	3	3	6	3
Dr B Mudavanhu	4	4	4	8	4
Gumbo T L	4	4	4	8	4
Smith J F	4	4	4	8	4
Muzadzi T*	4	4	4	8	4

Key
*Executive Director
**Not a member

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

NAME	INVESTMENTS & RISK	HR & REMUNERATION	AUDIT & FINANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings held	4	4	4	4	12	4
Dawes R	**	2	**	2	2	2
Zizhou F B	2	**	2	2	2	2
Dr Masunda V	**	2	2	2	2	2
Tshuma H	4	2	4	4	12	4
Dr Mudavanhu B	2**	4	2**	4	8	4
Gumbo T L	4	2**	4	4	10	4

Key
** Not a member
- Did not attend
***Retired on 5 June 2020

CBZ PROPERTIES BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 2020)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings held	4	4
Snow R	2	2
Makwiranzou C	4	4
Sinyoro M	3	3
Dr Mudavanhu B	*	*
Gumbo T L	4	4
Smith J F	4	4
Bvumburai H*	4	4

Key
*not a member
-did not attend

CBZ INSURANCE BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 2020)

NAME	HR & REMUNERATION	INVESTMENTS & RISK	AUDIT & FINANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings Held	4	4	4	4	12	4
Matika A K T	4	4	**	4	8	4
Chitiga W	**	4	4	4	8	4
Dr Mudavanhu B	4	**	-	1	4	1
Gumbo T L	4	4	4	4	12	4

Key
**not a member
-did not attend

RED SPHERE FINANCE BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 2020)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings Held	1	1
Jinnah J	1	1
Dr B Mudavanhu	1	1
Gumbo T L	1	1
Ali D	1	1

Key
**not a member
-did not attend

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

NAME	MAIN BOARD	TOTAL BOARDS
Meetings Held	4	4
Magorimbo L	4	4
Ndlovu N	4	4
Marandu N	4	4
Dr B Mudavanhu	4	4
Gumbo T L	4	4

Key
*not a member
-did not attend

CBZ AGRO YIELD BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 2020)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings Held	1	1
Parham W D	1	1
Mazike P S	1	1
Dr Mudavanhu B	1	1
Gumbo T L	1	1
Chigodora W	1	1

Key
*not a member
-did not attend

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

18 May 2021



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Banking | Insurance | Investments | Agro-Business

In 1980...

Our journey began.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		AUDITED		UNAUDITED	
		INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Interest income	2.1	6 535 776	2 259 787	4 977 938	215 042
Interest expense	2.2	(889 207)	(707 435)	(574 657)	(64 204)
Net interest income		5 646 569	1 552 352	4 403 281	150 838
Non interest income	3	10 374 349	6 690 639	9 808 837	855 701
Total income		16 020 918	8 242 991	14 212 118	1 006 539
Operating expenditure	4	(3 749 718)	(3 288 269)	(2 590 816)	(362 481)
Operating income		12 271 200	4 954 722	11 621 302	644 058
Credit loss expense		(535 614)	(120 543)	(535 614)	-
Monetary loss		(1 786 910)	(1 845 997)	-	-
Profit before taxation		9 948 676	2 988 182	11 085 688	617 186
Taxation	5	(2 176 715)	(2 017 124)	(2 402 272)	(122 018)
Profit for the year after tax		7 771 961	971 058	8 683 416	495 168
Other comprehensive income					
Gains on property revaluations		122 954	87 146	1 681 465	387 572
Gains on equity instruments at FVOCI		18 398	-	164 428	-
Exchange gains on change of functional currency		-	1 165 401	-	47 096
Deferred income tax relating to components of other comprehensive income	5.2	(31 315)	(24 244)	(423 880)	(102 261)
		110 037	1 282 335	1 422 013	369 441
Total comprehensive income for the year		7 881 998	2 253 393	10 105 429	864 609
Profit for the year attributable to:					
Equity holders of parent		7 771 961	971 058	8 683 416	495 168
Total comprehensive income for the year attributable to:		7 881 998	2 253 393	10 105 429	864 609
Equity holders of parent		7 881 998	2 253 393	10 105 429	864 609
Earnings per share (cents)					
Basic	6.1	1 518.50	189.73	1 696.58	96.75
Fully Diluted	6.1	1 518.50	189.73	1 696.58	96.75

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		AUDITED		UNAUDITED	
		INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
ASSETS					
Balances with banks and cash	8	19 262 545	10 444 361	19 262 545	2 328 287
Money market assets	9	7 164 089	971 068	7 164 089	216 473
Financial securities	10	982 879	5 332 939	982 879	1 188 834
Loans and advances to customers	11	24 838 696	11 157 568	24 838 696	2 487 277
Equity investments	15	210 920	187 922	210 920	41 892
Land inventory	14	3 219 564	2 932 789	412 622	124 236
Other assets	13	22 278 505	34 305 465	22 271 338	7 666 969
Intangible assets	20	111 142	29 190	84 723	1 036
Investment properties	19	727 654	524 545	727 654	116 933
Property and equipment	18	2 956 743	2 883 252	2 087 815	517 851
TOTAL ASSETS		81 752 737	68 769 099	78 043 281	14 689 788
LIABILITIES					
Deposits	22	63 466 593	56 888 442	63 466 593	12 681 737
Other liabilities	23	1 728 062	3 917 001	1 529 631	841 129
Current tax payable		264 380	49 796	264 380	11 101
Deferred taxation	21	1 501 304	741 930	1 807 974	145 805
Lease liability	18	13 262	17 960	13 262	4 004
		66 973 601	61 615 129	67 081 840	13 683 776
EQUITY					
Share capital	25.1	142 612	142 612	5 118	5 118
Share premium	25.2	465 932	465 932	16 722	16 722
Revaluation reserve	25.3	113 137	65 604	1 260 996	301 889
Retained earnings	25.4	12 741 473	5 181 318	9 437 429	597 313
Foreign currency translation reserve	25.6	1 165 401	1 165 401	47 096	47 096
Fair value reserve	25.5	150 581	133 103	194 080	37 874
TOTAL EQUITY		14 779 136	7 153 970	10 961 441	1 006 012
TOTAL LIABILITIES AND EQUITY		81 752 737	68 769 099	78 043 281	14 689 788

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		INFLATION ADJUSTED		Fair value reserve ZWL\$ 000	Retained earnings ZWL\$ 000	Total ZWL\$ 000
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Revaluation reserve ZWL\$ 000	*FCTR ZWL\$ 000			
31 Dec 2019							
Opening balance	142 612	465 932	-	-	81 772	4 650 067	5 340 383
Profit for the year	-	-	-	-	-	971 058	971 058
Other comprehensive income for the year	-	-	65 604	1 165 401	51 331	-	1 282 336
Dividend paid	-	-	-	-	-	(439 807)	(439 807)
Closing balance	142 612	465 932	65 604	1 165 401	133 103	5 181 318	7 153 970
31 Dec 2020							
Opening balance	142 612	465 932	65 604	1 165 401	133 103	5 181 318	7 153 970
Profit for the year	-	-	-	-	-	7 771 961	7 771 961
Other comprehensive income for the year	-	-	92 559	-	17 478	-	110 037
Inter category transfer	-	-	(45 026)	-	-	45 026	-
Dividend paid	-	-	-	-	-	(256 832)	(256 832)
Closing balance	142 612	465 932	113 137	1 165 401	150 581	12 741 473	14 779 136
	UNAUDITED		HISTORICAL		Fair value reserve ZWL\$ 000	Retained earnings ZWL\$ 000	Total ZWL\$ 000
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Revaluation reserve ZWL\$ 000	*FCTR ZWL\$ 000			
31 Dec 2019							
Opening balance	5 118	16 722	14 484	-	2 935	152 401	191 660
Profit for the year	-	-	-	-	-	495 168	495 168
Other comprehensive income for the year	-	-	287 405	47 096	34 939	-	369 440
Dividend paid	-	-	-	-	-	(50 256)	(50 256)
Closing balance	5 118	16 722	301 889	47 096	37 874	597 313	1 006 012
31 Dec 2020							
Opening balance	5 118	16 722	301 889	47 096	37 874	597 313	1 006 012
Profit for the year	-	-	-	-	-	8 683 416	8 683 416
Other comprehensive income for the year	-	-	1 265 807	-	156 206	-	1 422 013
Dividend paid	-	-	-	-	-	(150 000)	(150 000)
Inter category transfer	-	-	(306 700)	-	-	306 700	-
Closing balance	5 118	16 722	1 260 996	47 096	194 080	9 437 429	10 961 441

* FCTR - Foreign Currency Translation Reserve

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	9 948 676	2 988 182	11 085 688	617 186
Non cash items:				
Depreciation	160 307	214 818	96 302	17 033
Amortisation of intangible assets	15 644	13 459	14 034	834
Monetary loss	1 786 910	1 845 997	-	-
Impairment land inventory	818	-	818	475
Fair value adjustments on properties	(127 130)	(32 525)	(566 523)	(96 285)
Fair value adjustments on financial instruments	194	-	-	-
Expected credit loss expense	535 614	120 543	535 614	26 872
Unrealised gains on foreign currency position	(6 955 714)	(1 569 432)	(6 955 714)	(349 862)
Profit on disposal of investment properties	(382)	-	(303)	-
Exchange gains on change of functional currency	-	(2 069 989)	-	(83 652)
(Profit)/loss on sale of property and equipment	(683)	3 772	17 972	20
Write off fixed assets	-	71	-	3
Write offs of right of use asset and lease liability	(879)	-	(879)	-
Write offs intangible assets	300	-	-	175
Interest on lease liability	748	7 313	540	130
Operating cash flows before changes in operating assets and liabilities	5 364 423	1 522 209	4 227 724	132 754
Changes in operating assets and liabilities				
Deposits	24 486 043	47 436 994	11 975 066	3 408 607
Loans and advances to customers	(60 882 355)	(30 745 227)	(19 342 777)	(2 014 217)
Financial securities	4 344 107	1 319 609	200 003	89 653
Money market assets	8 589 086	470 597	(4 200 550)	31 972
Land inventory	(287 594)	208 403	(289 204)	6 375
Other assets	81 167 354	8 804 362	6 898 985	(682 427)
Other liabilities	(56 951 405)	(10 281 028)	1 351 018	845 522
	465 235	17 213 710	(3 407 459)	1 685 485
TAXATION				
Corporate tax paid	(1 234 070)	(230 060)	(910 704)	(30 782)
Net cash inflow/(outflow) from operating activities	4 595 588	18 505 859	(90 439)	1 787 457
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of investment property	1 235	-	978	-
Purchase of investment property	(76 832)	-	(44 873)	-
Proceeds on disposal of property and equipment	297 093	618	292 938	138
Purchase of property and equipment	(474 415)	(345 178)	(377 969)	(44 809)
Purchase of intangible assets	-	(2 675)	-	(436)
Net cash outflow from investing activities	(252 919)	(347 235)	(128 926)	(45 107)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(256 832)	(439 807)	(150 000)	(50 256)
Lease liability payment	(11 605)	(17 633)	(5 502)	(1 354)
Interest on lease liability	(748)	(7 313)	(540)	(130)
Net cash inflow/(outflow) from financing activities	(269 185)	(464 753)	(156 042)	(51 740)
Net increase/(decrease) in cash and cash equivalents	4 703 484	17 693 871	(375 407)	1 690 610
Cash and cash equivalents at beginning of year	10 444 361	10 019 628	2 328 287	359 592
Exchange gains on foreign cash balances	17 309 665	1 247 446	17 309 665	278 085
Inflation effects on cash	(12 564 965)	(18 516 584)	-	-
Cash and cash equivalents at end of year	19 262 545	10 444 361	19 262 545	2 328 287

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. INCORPORATION ACTIVITIES

The Bank is incorporated in Zimbabwe and registered in terms of the Companies and Other Business Entities Act (Chapter 24:31) 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.

2. NET INTEREST INCOME

2.1 Interest income

	AUDITED 31 DEC 2020 ZWL\$ 000	UNAUDITED 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Overdrafts	2 436 120	684 408	1 853 159	85 724
Loans	3 497 440	382 511	2 689 901	41 477
Mortgage loans	-	262	-	17



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
5. TAXATION				
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	1 448 654	304 799	1 163 983	42 778
Deferred income tax	728 061	1 712 325	1 238 289	79 240
Income tax expense	2 176 715	2 017 124	2 402 272	122 018
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	18.73	59.97	16.31	14.92
Exempt income	(18.90)	(19.55)	(16.96)	(21.10)
Effect on opening deferred taxes of reduction in tax rate	-	1.36	-	0.24
Impact of rebasing tax bases	(2.66)	-	(2.39)	-
Tax benefits	(0.01)	(0.03)	(0.01)	(0.04)
Effective tax rate	21.88	67.50	21.66	19.77

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.

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Deferred tax expense on revaluation gains	30 395	21 543	415 659	100 167
Deferred tax expense on fair value adjustment on financial assets	920	2 701	8 221	2 094
Total taxation relating to components of other comprehensive income	31 315	24 244	423 880	102 261

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 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:

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
6.1 Earnings per share (cents)				
Earnings per share (cents)				
Basic	1 518.50	189.73	1 696.58	96.75
Fully Diluted	1 518.50	189.73	1 696.58	96.75
6.2 Earnings				
Basic (earnings attributable to holders of parent)	7 771 961	971 058	8 683 416	495 168
Fully Diluted	7 771 961	971 058	8 683 416	495 168

7. DIVIDENDS

Cash dividend on ordinary shares declared and paid:

	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000
Final dividend	256 832	439 807

8. BALANCES WITH BANKS AND CASH

	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000
Cash & bank	7 009 246	993 779
Nostro accounts	4 084 829	4 030 443
Balances with the Reserve Bank of Zimbabwe	7 653 728	4 693 448
RBZ Statutory reserve	514 742	726 691
Total	19 262 545	10 444 361

The balances with banks and cash balance represent the Bank's cash and cash equivalent balance. RBZ Statutory reserve balances relates to restricted liquid reserve determined in line with the RBZ Statutory reserve guidelines currently 5% for demand deposits and 2.5% for term deposits denominated in ZWL.

9. MONEY MARKET ASSETS

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

	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000
Treasury Placements	7 162 878	970 204
Accrued interest	13 544	1 103
Total gross money market assets	7 176 422	971 307
Expected credit loss	(12 333)	(239)
Total net money market assets	7 164 089	971 068

9.1 Maturity analysis

The maturity analysis of money market assets is shown below.

	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000
Between 0 and 3 months	7 176 422	971 307
Total	7 176 422	971 307

10. FINANCIAL SECURITIES

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

	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000
Treasury bills	967 789	5 200 017
Accrued interest	21 095	133 154
Total gross financial securities	988 884	5 333 171
Expected credit loss	(6 005)	(232)
Total net financial securities	982 879	5 332 939

Maturity analysis

	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000
Between 0 and 3 months	5 759	299 643
Between 3 and 6 months	5 651	51 846
Between 6 and 12 months	4 224	154 487
Between 1 and 5 years	62 752	676 361
Above 5 years	910 498	4 148 834
Total	988 884	5 333 171

Maturity analysis is based on the remaining period from 31 December 2020 to contractual maturity.

11. LOANS AND ADVANCES TO CUSTOMERS

	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000
Overdrafts	13 554 211	9 429 887
Commercial loans	9 951 147	9 951 136
Staff loans	980 894	211 197
Mortgage advances	-	243
Interest accrued	938 697	71 885
Total gross advances	25 424 949	11 624 348
Allowance for Expected Credit Loss (ECL)	(586 253)	(466 780)
Total net advances	24 838 696	11 157 568

11.1 Maturity analysis

	AUDITED	UNAUDITED
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000
Less than 1 month	2 485 946	8 053 710
Between 1 and 3 months	12 017 924	74 650
Between 3 and 6 months	1 522 924	139 403
Between 6 months and 1 year	5 582 576	2 288 810
Between 1 and 5 years	2 961 399	890 407
More than 5 years	854 180	177 368
Total	25 424 949	11 624 348

Maturity analysis is based on the remaining period from 31 December 2020 to contractual maturity.

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
11.2 Sectoral Analysis				
Private	1 333 267	432 067	1 333 267	96 318
Agriculture	11 956 327	7 871 081	11 956 327	1 754 644
Mining	3 085 827	542 070	3 085 827	120 840
Manufacturing	816 516	565 982	816 516	126 170
Distribution	5 876 872	1 288 984	5 876 872	287 344
Construction	6 288	27 747	6 288	6 185
Transport	64 933	47 470	64 933	10 582
Communication	2 919	4 509	2 919	1 005
Services	1 028 276	787 616	1 028 276	175 578
Financial organisations	1 253 724	56 822	1 253 724	12 667
Total	25 424 949	11 624 348	25 424 949	2 591 333

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
11.3 Loans to directors and key management personnel				
Included in advances are loans to executive directors and key management:-				
Opening balance	59 180	235 001	13 192	8 434
Advances made during the year	433 198	76 496	211 859	5 197
Monetary adjustment	(237 873)	(245 863)	-	-
Repayment during the year	(57 646)	(6 454)	(28 192)	(439)
Balance at end of the year	196 859	59 180	196 859	13 192
Loans to employees				
Included in advances are loans to employees:-				
Opening balance	152 017	1 008 831	33 888	36 205
Advances made during the year	1 704 016	94 820	833 361	6 442
Monetary Adjustment	(901 847)	(822 702)	-	-
Repayments during the year	(170 151)	(128 932)	(83 214)	(8 759)
Balance at end of the year	784 035	152 017	784 035	33 888
11.4 Allowance for Expected Credit Loss (ECL)				
Opening balance	466 780	2 582 607	104 056	92 686
Credit loss expense on loans and advances	515 919	99 601	515 919	22 204
Interest in suspense	(4 155)	17 596	(2 032)	3 923
Monetary Adjustment	(250 132)	(2 015 822)	-	-
Amounts written off during the year	(142 159)	(217 202)	(31 690)	(14 757)
Closing balance	586 253	466 780	586 253	104 056

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:

	AUDITED INFLATION ADJUSTED							
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Money market assets	12 280	228	-	-	-	-	12 280	228
Financial securities	5 953	(11)	-	-	-	-	5 953	(11)
Loans and advances to customers	469 920	69 949	30 704	(39 854)	15 295	69 506	515 919	99 601
Financial guarantees	(316)	3 561	-	-	-	-	(316)	3 561
Other commitments	-	16 730	-	-	-	-	-	16 730
Lease receivables	44	2	350	2	1 384	430	1 778	434
Expected credit loss expense	487 881	90 459	31 054	(39 852)	16 679	69 936	535 614	120 543

	UNAUDITED HISTORICAL							
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Money market assets	12 280	51	-	-	-	-	12 280	51
Financial securities	5 953	(3)	-	-	-	-	5 953	(3)
Loans and advances to customers	469 920	15 593	30 704	(8 884)	15 295	15 495	515 919	22 204
Financial guarantees	(316)	794	-	-	-	-	(316)	794
Other commitments	-	3 730	-	-	-	-	-	3 730
Lease receivables	44	-	350	-	1 384	96	1 778	96
Expected credit loss expense	487 881	20 165	31 054	(8 884)	16 679	15 591	535 614	26 872

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
13. OTHER ASSETS				
Prepayments and deposits	286 343	70 339	279 176	35 173
Other receivables	21 992 162	34 235 126	21 992 162	7 631 796
Total	22 278 505	34 305 465	22 271 338	7 666 969

Included in other receivables is an amount of ZWL\$15 304 770 460 (2019: ZWL\$33 976 110 414) which relates to the government grant receivable from the Reserve Bank of Zimbabwe (RBZ). RBZ will provide foreign currency to the Bank for all registered legacy liabilities and nostro gap accounts at an exchange 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.

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
14. LAND INVENTORY				
Opening Balance	2 932 789	1 270 425	124 236	45 594



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

	UNAUDITED HISTORICAL							
	Level 1		Level 2		Level 3		Total carrying amount	
	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000
Equity investments	4 600	-	-	-	206 320	41 892	210 920	41 892
Land and Buildings	-	-	1 778 325	458 284	-	-	1 778 325	458 284
Investment properties	-	-	727 654	116 933	-	-	727 654	116 933
Total assets at fair value	4 600	-	2 505 979	575 217	206 320	41 892	2 716 899	617 109

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 value 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
• Earnings Multiple	<ul style="list-style-type: none"> Inflation shock adjusted return (1.5%) Growth rate (0.05%) Liquidity discount GDP Growth 	The fair values would increase/ decrease if : <ul style="list-style-type: none"> Inflation shock adjusted return was higher/lower The risk adjusted discount were lower / higher The GDP growth was higher or lower The Liquidity discount was higher or lower

If the fair value adjustment of unquoted equities had been 5% up or down the Bank's other comprehensive income would be ZWL\$ 919 899 and the Statement of Financial Position would be ZWL\$692 224 higher or lower than the reported position.

18. PROPERTY AND EQUIPMENT

RESTATE	AUDITED INFLATION ADJUSTED									
	31 DEC 2020	Land ZWL\$ 000	Buildings ZWL\$ 000	Leasehold improvements ZWL\$ 000	Motor vehicles ZWL\$ 000	Computers ZWL\$ 000	Equipment ZWL\$ 000	Furniture & fittings ZWL\$ 000	Work in progress ZWL\$ 000	Total ZWL\$ 000
COST										
Opening balance	282 160	1 851 666	20 808	139 593	716 108	282 186	179 004	298 668	3 770 193	
Right of use assets	-	33 386	-	-	-	-	-	-	33 386	
Additions	-	-	-	55	111 510	2 878	2 057	357 915	474 415	
Revaluation gain	6 547	3 146	-	-	-	-	-	-	9 693	
Disposals	(288 707)	-	-	-	(232)	(11)	(49)	(7 653)	(296 652)	
Transfers to intangible assets	-	-	-	-	-	-	-	(97 896)	(97 896)	
Write offs of right of use of asset (PPE Intercategories)	-	(2 651)	-	-	-	-	-	-	(2 651)	
Closing balance	-	1 885 547	20 808	142 716	933 987	288 687	181 360	437 383	3 890 488	
Accumulated depreciation										
Opening balance	-	31 092	14 957	120 956	403 055	216 849	100 032	-	886 941	
Right of use assets	-	11 158	-	-	-	-	-	-	11 158	
Charge for the year	-	113 261	174	893	29 228	2 914	2 679	-	149 149	
Disposals	-	-	-	-	(200)	(7)	(35)	-	(242)	
Revaluation	-	(113 261)	-	-	-	-	-	-	(113 261)	
Closing balance	-	42 250	15 131	121 849	432 083	219 756	102 676	-	933 745	
Net Book Value	-	1 843 297	5 677	20 867	501 904	68 931	78 684	437 383	2 956 743	
31 DEC 2019										
COST										
Opening balance	104 490	761 631	20 808	144 461	643 038	271 557	161 200	88 614	2 195 799	
Right of use assets	-	95 906	-	-	-	-	-	-	95 906	
Foreign currency translation movement	139 190	1 014 577	-	-	-	-	-	-	1 153 767	
Additions	-	1 199	-	2 366	83 731	9 739	12 769	235 374	345 178	
Revaluation surplus	38 480	(14 536)	-	-	-	-	-	-	(29 944)	
Disposals	-	-	-	(7 234)	(19 882)	(2 415)	(3 406)	-	(32 937)	
Transfers to intangible assets	-	-	-	-	-	-	-	(2 704)	(2 704)	
Transfers to investment properties	-	(8 081)	-	-	-	-	-	-	(8 081)	
Write offs	-	-	-	-	(72)	(589)	(18)	-	(679)	
Transfers(PPE Intercategories)	-	970	-	-	9 293	3 894	8 459	(22 616)	-	
Closing balance	282 160	1 851 666	20 808	139 593	716 108	282 186	179 004	298 668	3 770 193	
Accumulated depreciation & impairment										
Opening balance	-	-	13 113	119 846	339 107	203 910	88 504	-	764 480	
Right of use assets	-	31 092	-	-	-	-	-	-	31 092	
Charge for the year	-	63 202	1 844	7 621	81 744	15 565	13 750	-	183 726	
Disposals	-	-	-	(6 511)	(17 731)	(2 096)	(2 209)	-	(28 547)	
Write offs	-	-	-	-	(65)	(530)	(13)	-	(608)	
Revaluation	-	(63 202)	-	-	-	-	-	-	(63 202)	
Closing balance	-	31 092	14 957	120 956	403 055	216 849	100 032	-	886 941	
Net Book Value	282 160	1 820 574	5 851	18 637	313 053	65 337	78 972	298 668	2 883 252	

31 DEC 2020	UNAUDITED HISTORICAL									
	Land ZWL\$ 000	Buildings ZWL\$ 000	Leasehold improvements ZWL\$ 000	Motor vehicles ZWL\$ 000	Computers ZWL\$ 000	Equipment ZWL\$ 000	Furniture & fittings ZWL\$ 000	Work in progress ZWL\$ 000	Total ZWL\$ 000	
COST										
Opening balance	62 900	396 757	747	5 413	35 013	10 647	7 387	31 632	550 496	
Right of use asset	-	18 278	-	-	-	-	-	-	18 278	
Additions	-	-	-	23	87 477	1 953	1 497	287 019	377 969	
Revaluation gain	243 800	1 367 507	-	-	-	-	-	-	1 611 307	
Disposals	(306 700)	-	-	-	(58)	(2)	(13)	(4 191)	(310 964)	
Transfers to intangible assets	-	-	-	-	-	-	-	(97 896)	(97 896)	
Write offs of right of use of asset (PPE Intercategories)	-	(4 218)	-	-	-	-	-	-	(4 218)	
Closing balance	-	1 778 324	747	7 397	211 591	14 671	9 219	123 023	2 144 972	
Accumulated depreciation										
Opening balance	-	1 373	537	4 357	14 918	7 824	3 636	-	32 645	
Right of use asset	-	7 085	-	-	-	-	-	-	7 085	
Charge for the period	-	70 158	39	391	17 013	987	629	-	89 217	
Disposals	-	-	-	-	(45)	(1)	(8)	-	(54)	
Write offs of right of use of asset	-	(1 578)	-	-	-	-	-	-	(1 578)	
Revaluation	-	(70 158)	-	-	-	-	-	-	(70 158)	
Closing balance	-	6 880	576	4 748	31 886	8 810	4 257	-	57 157	
Net Book Value	-	1 771 444	171	2 649	179 705	5 861	4 962	123 023	2 087 815	
31 DEC 2019										
Cost										
Opening balance	3 750	27 334	747	5 185	23 079	9 746	5 785	3 180	78 806	
Right of use Asset	-	5 358	-	-	-	-	-	-	5 358	
Foreign Currency translation Movement	5 625	41 000	-	-	-	-	-	-	46 625	
Additions	-	51	-	488	12 318	869	1 421	29 662	44 809	
Revaluation surplus	53 525	323 269	-	-	-	-	-	-	376 794	
Disposals	-	-	-	(260)	(714)	(87)	(122)	-	(1 183)	
Transfers to intangible assets	-	-	-	-	-	-	-	-	(97)	
Transfers to other assets	-	-	-	-	-	-	-	-	(301)	
Transfers to investment properties	-	(290)	-	-	-	-	-	-	(290)	
Write offs	-	35	-	-	(3)	(21)	(1)	-	(25)	
Transfers(PPE Intercategories)	-	-	-	-	333	1 440	304	(812)	-	
Closing balance	62 900	396 757	747	5 413	35 013	10 647	7 387	31 632	550 496	
Accumulated depreciation & impairment										
Opening balance	-	-	471	4 302	12 169	7 318	3 175	-	27 435	
Right of use asset	-	1 373	-	-	-	-	-	-	1 373	
Charge for the year	-	10 778	66	289	3 387	600	540	-	15 660	
Disposals	-	-	-	(234)	(636)	(75)	(79)	-	(1 024)	
Write offs	-	-	-	-	(2)	(19)	-	-	(21)	
Revaluation	-	(10 778)	-	-	-	-	-	-	(10 778)	
Closing balance	-	1 373	537	4 357	14 918	7 824	3 636	-	32 645	
Net Book Value	62 900	395 384	210	1 056	20 095	2 823	3 751	31 632	517 851	

Properties were revalued on an open market basis by a professional valuer, as at 31 December 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:

- 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\$515 422 122 (2019: ZWL\$ 528 638 177) had they been carried at cost.

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

18.1a Right of Use Assets	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Opening balance	64 814	-	3 985	-
Additions	33 386	95 906	18 278	5 358
Write offs	(2 651)	-	(2 640)	-
Depreciation	(11 158)	(31 092)	(7 085)	(1 373)
	84 391	64 814	12 538	3 985
At cost	126 642	95 906	20 996	5 358
Accumulated depreciation	(42 251)	(31 092)	(8 458)	(1 373)
	84 391	64 814	12 538	3 985

18.1b Lease liability	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATE 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Opening Balance	17 960	-	4 004	-
Additions	33 386	95 9		



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	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
24. CATEGORIES OF FINANCIAL LIABILITIES				
The Bank's financial liabilities are carried at amortised cost are as follows:				
Deposits	63 466 593	56 888 442	63 466 593	12 681 737
Other liabilities	1 483 666	3 766 781	1 483 666	839 702
Lease liability	13 262	17 960	13 262	4 004
Total	64 963 521	60 673 183	64 963 521	13 525 443
25. EQUITY				
25.1 Share capital				
Authorised	6 000 000	6 000 000	6 000 000	6 000 000
1 000 000 000 ordinary shares of ZWL\$ 0.01 each				
Issued and fully paid 511 817 951 ordinary shares at ZWL\$ 0.01 each	142 612	142 612	5 118	5 118
25.2 Share premium				
Opening balance	465 932	465 932	16 722	16 722
Closing balance	465 932	465 932	16 722	16 722
25.3 Revaluation reserve				
Opening balance	65 604	-	301 889	14 484
Net revaluation gain	92 559	65 604	1 265 807	287 405
Inter category transfer	(45 026)	-	(306 700)	-
Closing balance	113 137	65 604	1 260 996	301 889
25.4 Retained earnings				
Opening balance	5 181 318	4 650 067	597 313	152 401
Total comprehensive income	7 771 961	971 058	8 683 416	495 168
Inter category transfer	45 026	-	306 700	-
Dividend paid	(256 832)	(439 807)	(150 000)	(50 256)
Closing balance	12 741 473	5 181 318	9 437 429	597 313
25.5 Fair value reserve				
Opening balance	133 103	81 772	37 874	2 934
Other comprehensive income	17 478	51 331	156 206	34 940
Closing balance	150 581	133 103	194 080	37 874
25.6 Foreign currency translation reserve				
Opening balance	1 165 401	-	47 096	-
Exchange gains on change of functional currency	-	1 165 401	-	47 096
Closing balance	1 165 401	1 165 401	47 096	47 096

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 year.

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
(a) Deposits from directors and key management personnel				
Closing balance	2 857	97	2 857	22
(b) Balances with group company				
Amounts due from group companies	175 355	-	175 355	-
Deposits held for group companies	-	41 696	-	9 295
(c) Balances with fellow subsidiaries				
Amounts due from fellow subsidiaries*	16 101 338	7 328 815	16 101 338	1 633 761
Deposits held for fellow subsidiaries	182 264	1 192 403	182 264	265 814
(d) Transactions with group companies				
Interest income on amounts due from group companies	2 645 236	212 815	2 409 877	47 441
Interest expense on amounts due to group companies	6 410	13 445	3 714	2 997
Non-interest income from group companies	488 949	2 418	328 332	539
Costs charged by group companies	352 212	85 624	214 888	19 087

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 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.

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Balances with banks	12 253 299	9 450 582	12 253 299	2 106 751
Money market assets	11 956 327	70 363	11 956 327	15 686
Financial securities	3 085 827	1 160 801	3 085 827	6 311
Loans and advances to customers	982 879	5 332 939	982 879	1 188 834
Other assets	24 838 696	11 157 568	24 838 696	2 487 277
Total	67 510 304	61 147 283	67 510 304	13 631 129
Financial guarantees	71 752	369 579	71 752	82 388

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\$12 253 299 143 (2019: ZWL\$ 9 450 582 146) (excluding notes and coins) as at 31 December 2020 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		
	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2019 ZWL\$ 000	
Private	1 333 267	-	432 067	160 574	1 333 267	-	35 796
Agriculture	11 956 327	2 682 206	7 871 081	70 363	11 956 327	2 682 206	15 686
Mining	3 085 827	1 160 801	542 070	28 308	3 085 827	1 160 801	6 311
Manufacturing	816 516	249 936	565 982	74 681	816 516	249 936	16 648
Distribution	5 876 872	125 410	1 288 984	70 873	5 876 872	125 410	15 799
Construction	6 288	6 288	27 747	566	6 288	6 185	126
Transport	64 933	39 740	47 470	619	64 933	39 740	138
Communication	2 919	2 919	4 509	311	2 919	2 919	69
Services	1 028 276	804 981	787 616	87 896	1 028 276	804 981	19 594
Financial organisations	1 253 724	1 219 113	56 822	7 042 063	1 253 724	1 219 113	12 667
Gross value at 31 December	25 424 949	6 291 394	11 624 348	7 536 254	25 424 949	6 291 394	2 591 333
							1 680 004

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Collateral analysis				
Government guarantee	11 733 219	7 037 638	11 733 219	1 568 851
Cash cover	1 302 024	14 549	1 302 024	3 243
Collateral (mortgage security)	2 447 990	2 904 981	2 447 990	647 587
Other forms of security including Notarial General Covering Bonds	10 623 565	335 603	10 623 565	74 814
Total	26 106 798	10 292 771	26 106 798	2 294 495

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

	SRS Rating	INFLATION ADJUSTED				Total ZWL\$ 000	
		Stage 1 ZWL\$ 000	Stage 2 ZWL\$ 000	Stage 3 ZWL\$ 000			
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade							
Performing	"1 - 3c"	8 757 887	10 803 741	307 887	116 766	-	-
Special mention	"4a - 7c"	16 002 945	82 502	293 616	202 970	-	-
Non-performing	"8 - 10"	-	-	-	-	62 614	418 369
Total		24 760 832	10 886 243	601 503	319 736	62 614	418 369
						25 424 949	11 624 348

	SRS Rating	HISTORICAL				Total ZWL\$ 000	
		Stage 1 ZWL\$ 000	Stage 2 ZWL\$ 000	Stage 3 ZWL\$ 000			
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade							
Performing	"1 - 3c"	8 757 887	2 408 401	307 887	26 030	-	-
Special mention	"4a - 7c"	16 002 945	18 391	293 616	45 247	-	-
Non-performing	"8 - 10"	-	-	-	-	62 614	93 264
Total		24 760 832	2 426 792	601 503	71 277	62 614	93 264
						25 424 949	2 591 333

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

	INFLATION ADJUSTED				Total ZWL\$ 000	
	Stage 1 ZWL\$ 000	Stage 2 ZWL\$ 000	Stage 3 ZWL\$ 000			
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
GROSS CARRYING AMOUNT						
Opening balance	10 886 243	6 901 983	319 736	3 658 989	418 369	2 305 614
New assets originated or purchased (excluding write offs)	44 890 544	32 027 318	4 120 539	1 235 937	20 216	3 719
Transfers from Stage 1	(1 018 519)	(301 291)	825 110	290 222	193 409	11 069
Transfers from Stage 2	3 204 411	503 361	(3 422 489)	(703 462)	218 078	200 101
Transfers from Stage 3	270	7 624	68 976	8 308	(69 246)	(15 932)
Amounts paid off	(1 409 121)	(641 189)	(507 955)	(791 001)	(360 329)	(272 194)
Amounts written off	-	-	-	-	(64 799)	(217 321)
Monetary adjustment	(31 792 996)	(27 611 563)	(802 414)	(3 379 257)	(293 084)	(1 596 687)
Gross loans and advances to customers	24 760 832	10 886 243	601 503	319 736	62 614	418 369
Expected credit loss allowance	(497 415)	(118 712)	(50 349)	(88 125)	(38 489)	(259 943)
Net loans and advances to customers	24 263 417	10 767 531	551 154	231 611	24 125	158 426
						24 838 696

	HISTORICAL				Total ZWL\$ 000	
	Stage 1 ZWL\$ 000	Stage 2 ZWL\$ 000	Stage 3 ZWL\$ 000			
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
GROSS CARRYING AMOUNT						
Opening balance	2 426 793	247 704	71 276	131 317	93 264	82 746
New assets originated or purchased (excluding write offs)	21 954 022	2 175 905	2 015 177	83 968	9 887	253
Transfers from Stage 1	(498 114)	(67 165)	403 526	64 697	94 588	2 468
Transfers from Stage 2	1 567 139	112 211	(1 673 791)	(156 818)	106 652	44 607
Transfers from Stage 3	132	1 700	33 733	1 852	(33 865)	(3 552)
Amounts paid off	(689 140)	(43 562)	(248 418)	(53 740)	(176 221)	(18 493)
Amounts written off	-	-	-	-	(31 691)	(14 765)
Gross loans and advances to customers	24 760 832	2 426 793	601 503	71 276	62 614	93 264
Expected credit loss allowance	(497 415)	(26 464)	(50 349)	(19 645)	(38 489)	(57 947)
Net loans and advances to customers	24 263 417	2 4				



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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\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Gross carrying amount	5 333 171	34 596 737	-	-	-	-	5 333 171	34 596 737
New assets originated or purchased	-	1 180 035	-	-	-	-	-	1 180 035
Maturities during the year	(408 956)	(1 956 429)	-	-	-	-	(408 956)	(1 956 429)
Monetary adjustment	(3 935 331)	(28 487 172)	-	-	-	-	(3 935 331)	(28 487 172)
Gross financial securities	988 884	5 333 171	-	-	-	-	988 884	5 333 171
ECL allowance	(6 005)	(232)	-	-	-	-	(6 005)	(232)
Net financial securities	982 879	5 332 939	-	-	-	-	982 879	5 332 939

	HISTORICAL							
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Gross carrying amount	1 188 886	1 241 634	-	-	-	-	1 188 886	1 241 634
New assets originated or purchased	-	80 170	-	-	-	-	-	80 170
Maturities during the year	(200 002)	(132 918)	-	-	-	-	(200 002)	(132 918)
Gross financial securities	988 884	1 188 886	-	-	-	-	988 884	1 188 886
ECL allowance	(6 005)	(52)	-	-	-	-	(6 005)	(52)
Net financial securities	982 879	1 188 834	-	-	-	-	982 879	1 188 834

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

	SRS Rating	INFLATION ADJUSTED							
		Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 - 3c"	7 176 422	971 307	-	-	-	-	7 176 422	971 307
Total		7 176 422	971 307	-	-	-	-	7 176 422	971 307

	SRS Rating	HISTORICAL							
		Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 - 3c"	7 176 422	216 526	-	-	-	-	7 176 422	216 526
Total		7 176 422	216 526	-	-	-	-	7 176 422	216 526

(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\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Gross carrying amount	971 307	1 646 988	-	-	-	-	971 307	1 646 988
New assets originated or purchased (excluding write offs)	7 457 088	3 187 072	-	-	-	-	7 457 088	3 187 072
Maturities during the year	(816 095)	(870 020)	-	-	-	-	(816 095)	(870 020)
Monetary adjustment	(435 878)	(2 992 733)	-	-	-	-	(435 878)	(2 992 733)
Gross money market assets	7 176 422	971 307	-	-	-	-	7 176 422	971 307
ECL allowance	(12 333)	(239)	-	-	-	-	(12 333)	(239)
Net money market assets	7 164 089	971 068	-	-	-	-	7 164 089	971 068

	SRS Rating	HISTORICAL							
		Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Gross carrying amount at beginning of period		216 526	59 108	-	-	-	-	216 526	59 108
New assets originated or purchased (excluding write offs)		7 176 423	216 526	-	-	-	-	7 176 423	216 526
Maturities during the year		(216 527)	(59 108)	-	-	-	-	(216 527)	(59 108)
Gross money market assets		7 176 422	216 526	-	-	-	-	7 176 422	216 526
ECL allowance		(12 333)	(53)	-	-	-	-	(12 333)	(53)
Net money market asset		7 164 089	216 473	-	-	-	-	7 164 089	216 473

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

	SRS Rating	INFLATION ADJUSTED							
		Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 - 3c"	71 752	369 579	-	-	-	-	71 752	369 579
Total		71 752	369 579	-	-	-	-	71 752	369 579

	SRS Rating	HISTORICAL							
		Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Internal rating grade									
Performing	"1 - 3c"	71 752	82 388	-	-	-	-	71 752	82 388
Total		71 752	82 388	-	-	-	-	71 752	82 388

(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\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Gross carrying opening balance	369 579	289 504	-	-	-	-	369 579	289 504
New assets originated or purchased (excluding write offs)	146 716	1 212 669	-	-	-	-	146 716	1 212 669
Guarantees Expired	(168 462)	(152 930)	-	-	-	-	(168 462)	(152 930)
Monetary adjustment	(276 080)	(979 664)	-	-	-	-	(276 080)	(979 664)
Gross financial guarantees	71 753	369 579	-	-	-	-	71 753	369 579
Expected credit loss allowance	(581)	(4 024)	-	-	-	-	(581)	(4 024)
Net financial guarantees	71 172	365 555	-	-	-	-	71 172	365 555

	SRS Rating	HISTORICAL							
		Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Gross carrying opening balance		82 388	10 390	-	-	-	-	82 388	10 390
New assets originated or purchased (excluding write offs)		71 752	82 388	-	-	-	-	71 752	82 388
Guarantees Expired		(82 388)	(10 390)	-	-	-	-	(82 388)	(10 390)
Gross financial guarantees		71 752	82 388	-	-	-	-	71 752	82 388
Expected credit loss allowance		(581)	(897)	-	-	-	-	(581)	(897)
Net financial guarantees		71 171	81 491	-	-	-	-	71 171	81 491

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

AUDITED 31 DECEMBER 2020	INFLATION ADJUSTED							Total ZWL\$ 000
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000		
Assets								
Balances with banks and cash	19 262 545	-	-	-	-	-	-	19 262 545
Money market assets	6 182 650	981 439	-	-	-	-	-	7 164 089
Financial securities	-	5 724	5 617	4 198	62 371	904 969	-	982 879
Loans and advances to customers	2 428 624	11 740 813	1 487 808	5 453 852	2 893 115	834 484	-	24 838 696
Financial guarantees	1 111	29 761	34 320	6 560	-	-	-	71 752
Other liquid assets	-	21 992 162	-	-	-	-	-	21 992 162
Total assets	27 874 930	34 749 899	1 527 745	5 464 610	2 955 486	1 739 453	-	74 312 123
Liabilities								
Deposits	55 274 326	1 656 293	1 477 391	4 483 246	569 999	5 338	-	63 466 593
Other liabilities	-	1 529 631	-	-	-	-	-	1 529 631
Current tax payable	-	264 380	-	-	-	-	-	264 380
Lease liabilities	524	1 585	1 604	2 229	7 320	-	-	13 262
Financial guarantees	1 111	29 761	34 320	6 560	-	-	-	71 752
Total liabilities	55 275 961	3 481 650	1 513 315	4 492 035	577 319	5 338	-	65 345 618
Liquidity gap	(27 401 031)	31 268 249	14 430	972 575	2 378 167	1 734 115	-	8 966 505
Cumulative liquidity gap	(27 401 031)	3 867 218	3 881 648	4 854 223	7 232 390	8 966 505	-	8 966 505

AUDITED 31 DECEMBER 2019	INFLATION ADJUSTED							Total ZWL\$ 000
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000		
Assets								
Balances with banks and cash	10 444 361	-	-	-	-	-	-	10 444 361
Money market assets	497 180	473 888	-	-	-	-	-	971 068
Financial securities	146 379	153 031	51 846	154 487	678 361	4 148 834	-	5 332 938
Loans and advances to customers	7 730 310	71 652	133 806	2 196 902	854 652	170 246	-	11 157 568
Financial guarantees	692	49 582	4 469	29 525	285 311	-	-	369 579
Other liquid assets	33 976 110	259 015	-	-	-	-	-	34 235 125
Total assets	52 795 032	1 007 168	190 121	2 380 914	1 818 324	4 319 080	-	62 510 639
Liabilities								
Deposits	53 133 794	895 003	141 914	1 924 417	773 137	20 178	-	56 888 443
Other liabilities	-	3 766 781	-	-	-	-	-	3 766 781



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

31 DECEMBER 2020	AUDITED INFLATION ADJUSTED							Total ZWL\$ 000
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non interest bearing ZWL\$ 000	
Assets								
Balances with banks and cash	12 253 299	-	-	-	-	-	7 009 246	19 262 545
Money market assets	6 182 650	981 439	-	-	-	-	7 164 089	13 346 639
Financial securities	-	5 724	5 617	4 198	62 371	904 969	-	982 879
Loans and advances to customers	2 428 624	11 740 813	1 487 808	5 453 852	2 893 115	834 484	-	24 838 696
Equity investments	-	-	-	-	-	-	210 920	210 920
Land inventory	-	-	-	-	-	-	3 219 564	3 219 564
Other assets	-	-	-	-	-	-	22 278 505	22 278 505
Intangible assets	-	-	-	-	-	-	111 142	111 142
Investment properties	-	-	-	-	-	-	727 654	727 654
Property and equipment	-	-	-	-	-	-	2 956 743	2 956 743
Total assets	20 864 573	12 727 976	1 493 425	5 458 050	2 955 486	1 739 453	36 513 774	81 752 737
Equity & Liabilities								
Deposits	55 274 326	1 656 293	1 477 391	4 483 246	569 999	5 338	-	63 466 593
Other liabilities	-	-	-	-	-	-	1 728 062	1 728 062
Current tax payable	-	-	-	-	-	-	264 380	264 380
Deferred taxation	-	-	-	-	-	-	1 501 304	1 501 304
Lease liability	524	1 585	1 604	2 229	7 320	-	-	13 262
Equity	-	-	-	-	-	-	14 779 136	14 779 136
Total liabilities and equity	55 274 850	1 657 878	1 478 995	4 485 475	5 338	18 272 882	81 752 737	
Interest rate repricing gap	(34 410 277)	11 070 098	14 430	972 575	2 378 167	1 734 115	18 240 892	-
Cumulative gap	(34 410 277)	(23 340 179)	(23 325 749)	(22 353 174)	(19 975 007)	(18 240 892)	-	-

31 DECEMBER 2019	AUDITED INFLATION ADJUSTED							Total ZWL\$ 000
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non interest bearing ZWL\$ 000	
Assets								
Balances with banks and cash	4 030 443	-	-	-	-	-	6 413 919	10 444 362
Money market assets	497 180	473 888	-	-	-	-	-	971 068
Financial securities	146 379	153 031	51 846	154 487	678 361	4 148 834	-	5 332 938
Loans and advances to customers	7 730 310	71 652	133 806	2 196 902	854 652	170 246	-	11 157 568
Equity investments	-	-	-	-	-	-	187 922	187 922
Land inventory	-	-	-	-	-	-	557 306	557 306
Other assets	-	-	-	-	-	-	34 392 906	34 392 906
Intangible assets	-	-	-	-	-	-	4 647	4 647
Investment properties	-	-	-	-	-	-	524 545	524 545
Property and equipment	-	-	-	-	-	-	2 323 007	2 323 007
Total assets	12 404 312	698 571	185 652	2 351 389	1 533 013	4 319 080	44 404 252	65 896 269
Equity & Liabilities								
Deposits	53 133 794	895 003	141 914	1 924 417	773 137	20 178	-	56 888 443
Other liabilities	-	-	-	-	-	-	3 773 183	3 773 183
Current tax payable	-	-	-	-	-	-	49 796	49 796
Deferred taxation	-	-	-	-	-	-	654 060	654 060
Lease liability	727	2 200	2 228	3 984	8 820	-	-	17 959
Equity	-	-	-	-	-	-	4 512 828	4 512 828
Total liabilities and equity	53 134 521	897 203	144 142	1 928 401	781 957	20 178	8 989 867	65 896 269
Interest rate repricing gap	(40 730 209)	(198 632)	41 510	422 988	751 056	4 298 902	35 414 385	-
Cumulative gap	(40 730 209)	(40 928 841)	(40 887 331)	(40 464 343)	(39 713 287)	(35 414 385)	-	-

31 DECEMBER 2020	UNAUDITED HISTORICAL							Total ZWL\$ 000
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non interest bearing ZWL\$ 000	
Assets								
Balances with banks and cash	12 253 299	-	-	-	-	-	7 009 246	19 262 545
Money market assets	6 182 650	981 439	-	-	-	-	-	7 164 089
Financial securities	-	5 724	5 617	4 198	62 371	904 969	-	982 879
Loans and advances to customers	2 428 624	11 740 813	1 487 808	5 453 852	2 893 115	834 484	-	24 838 696
Equity investments	-	-	-	-	-	-	210 920	210 920
Land inventory	-	-	-	-	-	-	3 219 564	3 219 564
Other assets	-	-	-	-	-	-	22 271 338	22 271 338
Intangible assets	-	-	-	-	-	-	84 723	84 723
Investment properties	-	-	-	-	-	-	727 654	727 654
Property and equipment	-	-	-	-	-	-	2 087 815	2 087 815
Total assets	20 864 573	12 727 976	1 493 425	5 458 050	2 955 486	1 739 453	32 804 318	78 043 281
Equity & Liabilities								
Deposits	62 829 112	31 636	428 997	1 723 350	4 498	-	-	63 466 593
Other liabilities	-	-	-	-	-	-	1 529 631	1 529 631
Current tax payable	-	-	-	-	-	-	264 380	264 380
Deferred taxation	-	-	-	-	-	-	1 807 974	1 807 974
Lease liability	524	1 585	1 604	2 229	7 320	-	-	13 262
Equity	-	-	-	-	-	-	10 961 441	10 961 441
Total liabilities and equity	62 829 636	33 221	430 601	1 745 579	11 818	-	14 563 426	78 043 281
Interest rate repricing gap	(41 965 063)	12 694 755	1 062 824	5 283 471	2 943 668	1 739 453	18 240 892	-
Cumulative gap	(41 965 063)	(29 270 308)	(28 207 484)	(22 924 013)	(19 980 345)	(18 240 892)	-	-

31 DECEMBER 2019	UNAUDITED HISTORICAL							Total ZWL\$ 000
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non interest bearing ZWL\$ 000	
Assets								
Balances with banks and cash	898 478	-	-	-	-	-	1 429 809	2 328 287
Money market assets	110 833	105 640	-	-	-	-	-	216 473
Financial securities	32 631	34 114	11 558	34 439	151 222	924 870	-	1 188 834
Loans and advances to customers	1 723 263	15 973	29 828	489 740	190 522	37 951	-	2 487 277
Insurance assets	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	41 892	41 892
Land inventory	-	-	-	-	-	-	124 236	124 236
Other assets	-	-	-	-	-	-	7 666 967	7 666 967
Current tax receivable	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	1 036	1 036
Investment properties	-	-	-	-	-	-	116 933	116 933
Property and equipment	-	-	-	-	-	-	517 851	517 851
Deferred taxation	-	-	-	-	-	-	-	-
Total assets	2 765 205	155 727	41 386	524 179	341 744	962 821	9 898 724	14 689 786
Equity & Liabilities								
Deposits	11 844 740	199 517	31 636	428 997	172 350	4 497	-	12 681 737
Other liabilities	-	-	-	-	-	-	841 129	841 129
Current tax payable	-	-	-	-	-	-	11 101	11 101
Deferred taxation	-	-	-	-	-	-	145 803	145 803
Lease liability	162	491	497	888	1 966	-	-	4 004
Equity	-	-	-	-	-	-	1 006 012	1 006 012
Total liabilities and equity	11 844 902	200 008	32 133	429 885	174 316	4 497	2 004 045	14 689 786
Interest rate repricing gap	(9 079 697)	(44 281)	9 253	94 294	167 428	958 324	7 894 679	-
Cumulative gap	(9 079 697)	(9 123 978)	(9 114 725)	(9 020 431)	(8 853 003)	(7 894 679)	-	-

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 31 December 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\$490 996 907

FOREIGN CURRENCY POSITION

FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2020

	INFLATION ADJUSTED						Other foreign currencies
	Total	ZWL	USD	ZAR	GBP	EUR	
Assets							
Balances with banks and cash	19 262 545	1 738 615	16 155 735	1 003 546	-	362 764	1 885
Money market assets	7 164 089	4 370 588	2 793 501	-	-	-	-
Financial securities	982 879	982 879	-	-	-	-	-
Loans and advances to customers	24 838 696	21 265 850	3 545 325	27 382	139	-	-
Insurance assets	-	-	-	-	-	-	-
Equity investments	210 920	181 867	-	-	-	29 053	-
Land inventory	3 219 564	3 219 564	-	-	-	-	-
Other assets	22 278 505	507 171	15 898 853	5 261 838	320 366	288 868	1 409
Intangible assets	111 142	111 142	-	-	-	-	-
Investment properties	727 654	727 654	-	-	-	-	-
Property and equipment	2 956 743	2 956 743	-	-	-	-	-
Total assets	81 752 737	36 062 073	38 393 414	6 292 766	320 505	680 685	3 294
Equity & Liabilities							
Deposits	63						

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Gross written premium	99 149	181 241	54 265	13 777
Reinsurance premium	(2 764)	(5 704)	(2 287)	(411)
Net written premium	96 385	175 537	51 978	13 366
Unearned premium movement	(3 469)	(7 601)	(2 026)	(488)
Net earned premium	92 916	167 936	49 952	12 878
Net commission	(6 151)	(12 386)	(4 322)	(826)
Net Claims	(15 600)	(46 700)	(8 713)	(3 566)
Underwriting profit	71 165	108 850	36 917	8 486
Operating expenses	(170 112)	(165 499)	(98 195)	(12 810)
Transfer to actuarial reserves	(99 497)	(7 466)	(86 795)	(1 664)
Expected credit loss	264	(970)	264	(216)
Monetary profit/(loss)	39 936	(134 016)	-	-
Operating profit	(158 244)	(199 101)	(147 809)	(6 204)
Investment and other income	51 722	20 854	309 166	64 624
Interest from money market investments	620	9 492	277	587
Finance costs	(124)	(6)	(38)	(1)
(Loss)/Profit before taxation	(106 026)	(168 761)	161 596	59 006
Taxation	(229)	(411)	(158)	(64)
(Loss)/ profit for the year after taxation	(106 255)	(169 172)	161 438	58 942
Other comprehensive income	(450)	63 100	76 350	18 453
Total comprehensive (loss)/income	(106 705)	(106 072)	237 788	77 395

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
ASSETS				
Current assets				
Cash and cash equivalents	5 968	8 465	5 968	1 887
Money market assets	8 093	33 083	8 093	7 375
Financial securities	-	13 099	-	2 920
Equity investments	57 681	20 753	57 681	4 626
Insurance contract assets	2 947	8 593	2 947	632
Other receivables	11 725	1 299	11 725	242
Current tax receivable	-	47	-	11
Non-current assets				
Investment property	310 298	316 096	310 298	70 465
Intangible assets	-	3 004	-	108
Property and equipment	123 547	125 169	98 401	22 903
Investment in unquoted equities	28 041	28 041	28 041	-
TOTAL ASSETS	548 300	529 608	523 154	111 169
LIABILITIES				
Current taxation	57	-	57	-
Life fund				
Life fund Sub-account 1	47 919	14 331	47 919	3 195
Life fund Sub-account 2	44 846	3 320	44 846	740
Investment contract liabilities				
Investment contract liabilities Sub-account 1	9 813	12 642	9 813	2 818
Investment contract liabilities Sub-account 2	4 812	2 651	4 812	591
Other liabilities	80 749	29 855	80 749	6 655
TOTAL LIABILITIES	188 196	62 799	188 196	13 999
EQUITY				
Share capital	-	-	-	-
Share premium	38 675	38 675	1 388	1 388
Revaluation reserve	3 302	-	90 513	15 903
Fair value reserve	(3 752)	-	1 740	-
Foreign currency translation reserve	63 100	63 100	2 550	2 550
Retained earnings	258 779	365 034	238 767	77 329
TOTAL EQUITY	360 104	466 809	334 958	97 170
TOTAL LIABILITIES AND EQUITY	548 300	529 608	523 154	111 169

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Fair value reserve ZWL\$ 000	Revaluation reserve ZWL\$ 000	FCTR ZWL\$ 000	Retained earnings ZWL\$ 000	Total ZWL\$ 000
INFLATION ADJUSTED							
Audited 31 December 2019							
Opening balance	-	38 675	-	-	-	550 924	589 599
Profit for the half year	-	-	-	-	-	(169 172)	(169 172)
Dividend paid	-	-	-	-	-	(16 718)	(16 718)
Other comprehensive income for the period	-	-	-	-	63 100	63 100	63 100
Closing balance	-	38 675	-	-	63 100	365 034	466 809
Audited 31 December 2020							
Opening balance	-	38 675	-	-	63 100	365 034	466 809
Profit for the year	-	-	-	-	-	(106 255)	(106 255)
Other comprehensive income	-	-	(3 752)	3 302	-	(450)	(450)
Closing balance	-	38 675	(3 752)	3 302	63 100	258 779	360 104
HISTORICAL							
Unaudited 31 December 2019							
Opening balance	-	1 388	-	-	-	19 771	21 159
Profit for the year	-	-	-	-	-	58 942	58 942
Other comprehensive income	-	-	-	15 903	2 550	18 453	18 453
Dividend paid	-	-	-	-	-	(1 384)	(1 384)
Closing balance	-	1 388	-	15 903	2 550	77 329	97 170
Unaudited 31 December 2020							
Opening balance	-	1 388	-	15 903	2 550	77 329	97 170
Profit for the year	-	-	-	-	-	161 438	161 438
Other comprehensive income	-	-	1 740	74 610	-	76 350	76 350
Closing balance	-	1 388	1 740	90 513	2 550	238 767	334 958

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	(106 026)	(168 761)	161 596	59 006
Adjust for:				
Depreciation	9 948	4 982	2 274	461
Amortisation	3 004	3 856	108	138
Unearned premiums reserve movement	3 469	7 601	2 026	488
Monetary (gain)/loss	(39 936)	134 017	-	-
Claims incurred but not reported	16	744	9	189
Loss/(profit) on sale of investment property	98 625	(1 192)	(8 948)	(428)
Fair value adjustment on financial instruments	(24 696)	132 743	(36 744)	(978)
Fair value adjustment on investment properties	(160 919)	(130 344)	(270 221)	(60 250)
Interest income	(620)	(9 492)	(277)	(587)
Finance cost	124	6	38	1
Expected credit loss	(264)	970	(264)	216
Reserve movement	99 497	7 466	86 795	1 664
Deferred commission movement	(801)	437	(581)	(77)
Unrealised gain on foreign currency position	10 420	4 819	10 491	1 074
Loss/(profit) on sale of property and equipment	288	176	(14)	(4)
Loss/(profit) on disposal of equity investments	12 290	(21 707)	(1 509)	(3 532)
Write off and impairment of fixed assets	-	27 221	-	(49)
Operating cash inflow before changes in operating assets and liabilities	(95 581)	(6 458)	(55 221)	(2 668)
Changes in operating assets and liabilities				
Money market assets	25 567	42 950	(726)	2 918
Financial securities	7 013	6 122	2 947	416
Life assurance investment contract liabilities	19 750	14 949	11 216	1 016
Insurance assets	1 635	(803)	-	2
Other assets	(1 735)	157	(11 483)	(105)
Other liabilities	49 446	49 216	63 533	3 531
Interest received	101 676	112 591	63 999	7 778
Interest cost	620	9 492	277	587
Finance cost	(124)	(6)	(38)	(1)
Corporate tax paid	(125)	(457)	(91)	(74)
Net cash inflow from operating activities	6 466	115 162	8 926	5 622
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment property	(9 879)	(57 360)	(8 979)	(5 608)
Proceeds on disposal of investment property	77 970	460	48 315	460
Purchase of equity investment	(71 595)	(49 013)	(48 758)	(2 559)
Proceeds on sale of equity investment	15 279	44 162	7 655	6 998
Purchase of equipment	(5 400)	(42 486)	(3 183)	(3 009)
Proceeds on disposal of equipment	88	80	35	18
Net cash outflow from investing activities	(6 463)	(102 556)	(4 915)	(3 700)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(16 718)	-	(1 384)
Net cash outflow from financing activities	-	(16 718)	-	(1 384)
NET INCREASE IN BALANCES WITH BANKS AND CASH	12 929	(4 112)	4 010	538
Balances with banks and cash at the beginning of the year	8 465	37 510	1 887	1 346
Exchange gains on foreign cash balances	71	13	71	3
Inflation effects on cash and cash equivalents	(15 497)	(24 946)	-	-
BALANCES WITH BANKS AND CASH AT THE END OF THE YEAR	5 968	8 465	5 968	1 887

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Gross written premium	846 793	754 803	594 088	80 285
Reinsurance premium	(528 159)	(427 809)	(403 031)	(49 296)
Net written premium	318 634	326 994	191 057	30 989
Unearned premium movement	(14 136)	(6 128)	(68 549)	(13 316)
Net earned premium	304 498	320 866	122 508	17 673
Net Commission	(7 385)	453	(4 325)	277
Net Claims	(65 948)	(71 025)	(50 292)	(8 192)
Technical result	231 165	250 294	67 891	9 758
Operating expenditure	(115 005)	(111 133)	(71 557)	(8 133)
Impairment loss	(15 214)	(8 717)	(15 214)	(1 943)
Underwriting profit	100 946	130 444	(18 880)	(318)
Other expense / (income)	(15 484)	(23 945)	42 314	2 507
Monetary Loss	(124 400)	(194 747)	-	-
Profit before taxation	(38 938)	(88 248)	23 434	2 189
Taxation	33 365	(30 540)	48 429	2 991
Profit for the year	(5 574)	(118 588)	71 863	5 180
Other Comprehensive Income				
Gains on property revaluations	3 337	-	74 594	15 962
Equity instruments fair value gains	(979)	-	6 466	-
Deferred income tax relating to components of other comprehensive income	-	63 100	-	2 550
Other Comprehensive Income for the year net of tax	(1 148)	-	(18 186)	(4 407)
Total Comprehensive (Loss)/Income for the year	(4 364)	(55 488)	134 737	19 285

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
ASSETS				
Balances with banks and cash	40 426	25 988	40 426	5 793
Investments- Short term	-	6 702	-	1 494
Other receivables	13 021	16 959	2 821	2 157
Tax receivables	387	1 738	387	387
Premium receivables	296 299	127 615	296 299	28 576
Technical Assets				
Reinsurance receivables	14 617	26 950	14 617	6 008
Reinsurance Claims outstanding	11 676	10 871	11 676	2 296
DAC	49 362	30 623	49 362	6 827
Reinsurance unearned premium reserve	197 224	124 442	197 224	27 741
Listed Investments at fair value	28 309	9 864	28 309	2 199
Investment property	44 266	9 030	44 266	2 013
Property and				



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
Revenue	100 155	137 056	164 159	30 710
Operating expenditure	(108 305)	(85 288)	(67 002)	(8 629)
Operating income	(8 150)	51 768	97 157	22 081
Monetary gain / (loss)	31 215	(35 949)	-	-
Profit before taxation	23 065	15 819	97 157	22 081
Taxation	26 396	(27 867)	9 889	(5 520)
Profit / (loss) for the after taxation	49 461	(12 048)	107 046	16 561
Other comprehensive income / (loss)	2 210	(1 335)	2 809	-
Total comprehensive income / (loss)	51 671	(13 383)	109 855	16 561

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
ASSETS				
Balances with banks and cash	5 490	1 875	5 490	418
Money market assets	2 487	8 172	2 487	1 822
Equity investments	7 172	9 417	7 172	2 099
Other assets	15 821	8 787	15 821	1 959
Investment property	114 186	102 584	114 186	22 868
Intangible assets	195	241	37	15
Property and equipment	46 918	24 118	16 959	1 823
Deferred taxation	9 337	-	9 917	-
TOTAL ASSETS	201 606	155 194	172 069	31 004
LIABILITIES				
Current taxation	4 046	234	4 046	52
Other liabilities	21 255	16 867	21 255	3 760
Lease liability	16 185	7 800	16 185	1 739
Deferred taxation	-	21 844	-	4 725
TOTAL LIABILITIES	41 486	46 745	41 486	10 276
EQUITY				
Share capital	1 756	1 756	63	63
Share premium	53 636	53 636	1 925	1 925
Revenue reserves	103 853	54 392	125 786	18 740
Fair value reserve	875	(1 335)	2 809	-
TOTAL EQUITY	160 120	108 449	130 583	20 728
TOTAL LIABILITIES AND EQUITY	201 606	155 194	172 069	31 004

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Fair value reserve ZWL\$ 000	Revenue reserves ZWL\$ 000	Total ZWL\$ 000
INFLATION ADJUSTED					
Audited 31 December 2019					
Opening balance	1 756	53 636	-	68 553	123 945
Loss for the year	-	-	-	(12 048)	(12 048)
Other comprehensive loss	-	-	(1 335)	-	(1 335)
Dividend paid	-	-	-	(2 113)	(2 113)
Closing balance	1 756	53 636	(1 335)	54 392	108 449
Audited 31 December 2020					
Opening balance	1 756	53 636	(1 335)	54 392	108 449
Profit for the year	-	-	-	49 461	49 461
Other comprehensive income	-	-	2 210	-	2 210
Closing balance	1 756	53 636	875	103 853	160 120
HISTORICAL					
Unaudited 31 December 2019					
Opening balance	63	1 925	-	2 460	4 448
Profit for the year	-	-	-	16 561	16 561
Dividend paid	-	-	-	(281)	(281)
Closing balance	63	1 925	-	18 740	20 728
Unaudited 31 December 2020					
Opening balance	63	1 925	-	18 740	20 728
Profit for the year	-	-	-	107 046	107 046
Other comprehensive income	-	-	2 809	-	2 809
Closing balance	63	1 925	2 809	125 786	130 583

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2020 ZWL\$ 000	RESTATED 31 DEC 2019 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	HISTORICAL 31 DEC 2019 ZWL\$ 000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	23 065	15 819	97 157	22 081
Adjust for:				
Fair value adjustments	8 934	35 460	(87 363)	(18 907)
Depreciation and amortisation	5 425	2 575	1 317	127
Monetary (gain) / loss	(31 215)	35 949	-	-
Expected credit loss expense	11	(1)	11	-
Exchange gains on change of functional currency	-	(67 925)	-	(2 745)
Unrealised gain on foreign currency position	(558)	(2)	(558)	-
Loss / (profit) on sale of property and equipment	30	13	(75)	-
Impairment of assets	-	17	-	1
Interest on lease liability	1 138	847	746	72
Operating cash inflow before changes in operating assets and liabilities	6 830	22 752	11 235	629
Changes in operating assets and liabilities				
Money market assets	(1 384)	21 006	(676)	(775)
Equity investments	(4 239)	(17 606)	(88)	(843)
Other assets	(25 194)	9 397	(13 862)	(1 306)
Other liabilities	50 412	4 489	17 495	3 316
	19 595	17 286	2 869	392
Corporate tax paid	(1 089)	(5 919)	(907)	(764)
Cash generated from operating activities	25 336	34 119	13 197	257
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investment property	(11 726)	(5 536)	(5 983)	(385)
Proceeds on disposal of equipment	91	2	79	-
Purchase of equipment	(1 839)	(777)	(1 151)	(36)
Purchase of intangible assets	(117)	(137)	(38)	(13)
Net cash outflow from investing activities	(13 591)	(6 448)	(7 093)	(434)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(2 113)	-	(281)
Lease liability repayment	(1 257)	(794)	(844)	(70)
Interest on lease liability	(1 138)	(847)	(746)	(72)
Net cash outflow from financing activities	(2 395)	(3 754)	(1 590)	(423)
NET INCREASE IN BALANCES WITH BANKS AND CASH	9 350	23 917	4 514	(600)
Balances with banks and cash at the beginning of the year	1 875	28 330	418	1 018
Exchange gains on foreign cash balances	558	2	558	-
Inflation effects on cash	(6 293)	(50 374)	-	-
BALANCES WITH BANKS AND CASH AT THE END OF THE YEAR	5 490	1 875	5 490	418



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Independent Auditor's Report

To the Shareholders of CBZ Holdings Limited

Report on the Audit of the consolidated inflation adjusted Financial Statements

Qualified Opinion

We have audited the consolidated inflation adjusted financial statements of CBZ Holdings Limited, as set out on pages 15 to 119, which comprise the consolidated inflation adjusted statement of financial position as at 31 December 2020, and the consolidated inflation adjusted statement of profit or loss and other comprehensive income, consolidated inflation adjusted statement of changes in equity and consolidated inflation adjusted statement of cash flows for the year then ended, and notes to the consolidated inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, except of the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated inflation adjusted financial statements present fairly, in all material aspects, the inflation adjusted financial position of the Group as at 31 December 2020, and its consolidated inflation adjusted financial performance and consolidated inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates: in prior period and inappropriate application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors

Historical functional currency date of application

The Group changed its functional and reporting currency from United States Dollar (USD) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019. We however believe that the change occurred on 1 October 2018 in terms of IAS 21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 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 Polices, Changes in Accounting Estimates and Errors*, therefore, some corresponding numbers on the inflation adjusted statement of financial position and many items on the inflation adjusted statement of comprehensive income remain misstated, impacting comparability of the current year figures.

Independent Auditor's Report (Continued)

CBZ Holdings Limited

As a result, the closing balances for the following accounts as stated on the consolidated inflation adjusted Statement of Financial Position remain misstated as they contain amounts from opening balances:

- ZWL1 022 208 000 included in Property and Equipment of ZWL4 793 121 000
- ZWL1 429 313 000 included in Deferred Tax Liability of ZWL2 055 421 000
- ZWL8 662 126 000 included in Retained earnings of ZWL13 246 324 000

On date of change in functional currency, management translated elements on the consolidated inflation adjusted financial statements using different exchange rates which resulted in a misbalance which was recorded directly in equity as a functional currency translation reserve of ZWL2 358 494 000. This is not in line with the requirements of IFRS.

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 ZWL2 748 368 000 (2019: ZWL2 505 734 000); ZWL3 702 935 000 (2019: ZWL3 302 840) and ZWL3 379 115 000 (2019: ZWL3 562 044 000) respectively as described in note 17, note 21 and note 22.

The properties were valued using USD denominated inputs and converted to ZWL at the closing auction rate. We believe that applying a conversion rate to a USD valuation to calculate ZWL property values may not be an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading.

Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our prior year audit report was also modified as a result of this matter.

Exchange rates used (Non-compliance with IAS 21)

In the current year, the Group translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 1 January 2020 to 23 June 2020, prior to introduction of the Foreign Exchange Auction Trading System. This includes the period between March and June 2020 when the exchange rate was fixed at USD1: ZWL25. As in the prior year, we concluded that the interbank exchange rates did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery.

This impacts unrealised exchange gains on foreign currency exchange of ZWL3 122 519 000 (2019: ZWL1 356 391 000) and taxation ZWL\$2 161 185 000 (2019: ZWL\$2 553 196 000) on the inflation adjusted statement of profit or loss and other comprehensive income and current tax payable of ZWL\$667 592 000 (2019: ZWL\$462 157 000) and retained earnings of ZWL13 246 324 000 (2019: ZWL8 662 126 000) on the consolidated inflation adjusted statement of financial position.

Independent Auditor's Report (Continued)

CBZ Holdings Limited

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.

Application of IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application 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 been used, the following balances on the inflation adjusted Statement of Financial Position would have been materially different:

- Property and Equipment of ZWL4 793 121 000 (2019: ZWL4 584 252 000)
- Retained earnings of ZWL13 246 324 000 (2019: 8 662 126 000)
- Foreign Currency translation reserve of ZWL2 358 492 000 (2019: ZWL2 278 318 000)
- Deferred Taxation Liability of ZWL2 055 421 000 (2019: ZWL1 429 313 000)

The following amounts on the inflation adjusted Statement of Profit and Loss and Other Comprehensive Income would have been materially different:

- Monetary Loss of ZWL729 166 000 (2019: ZWL2 335 145 000)
- Taxation of ZWL2 161 185 000 (2019: ZWL2 553 196 000)

In addition to the elements specified above, our audit report is also modified as a result of the impact of the following accounts which are in aggregate materially misstated: Gain on property revaluations ZWL284 115 000 (2019: ZWL146 580 000), Deferred tax relating to Other comprehensive income ZWL34 379 000 (2019: ZWL32 437 000), Fair value adjustments on Investment Property ZWL176 308 000 (2019: ZWL122 725 000) and Depreciation expenses of ZWL268 590 000 (2019: ZWL262 653 000). Our prior year audit report was also modified as a result of this matter.

Our opinion in the current year's consolidated inflation adjusted financial statements is modified because of the possible effects of the matters above on the comparability of the current year's consolidated inflation adjusted financial statements with that of prior year.

The effects of the above departures from IFRS are material but not pervasive to the consolidated inflation adjusted financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation adjusted separate Financial Statements section of our report. We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



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Independent Auditor’s Report (Continued)

CBZ Holdings Limited

Emphasis of Matter- Settlement of legacy liabilities and Nostro gap

We draw attention to Notes 1.32 and Note 25.2 in the consolidated inflation adjusted financial statements, 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 audit report is not further modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated inflation adjusted financial statements of the current period. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated inflation adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated inflation adjusted financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated inflation adjusted financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated inflation adjusted financial statements.

Key Audit Matter	How our audit addressed the matter
Revenue Recognition (Interest Income)	
Revenue was an area of most significance for the audit in the current year due to the following: <ul style="list-style-type: none"> • Interest income is a significant component of the Group’s consolidated inflation adjusted financial statements. • The completeness and accuracy of interest income is a key audit focus area due to interest computations which are highly automated. • Involvement of IT specialists in the recalculations of the automated revenue streams. 	Our audit procedures included a combination of tests over internal controls and substantive procedures over the Group’s principal revenue lines as follows: <ul style="list-style-type: none"> • Performed an assessment of the appropriateness of the Revenue recognition criteria used by Management as per International Financial Reporting Standards (IFRS) requirements. • Engaged our Information Technology (IT) specialists to evaluate IT related controls around revenue recognition recording, assessment of IT internal controls supporting logical access, manage change and other appropriate application controls.



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Independent Auditor’s Report (Continued)

CBZ Holdings Limited

Key Audit Matter	How our audit addressed the matter
Revenue Recognition (Interest Income)	
<p>The audit team spent a significant amount of time in the current year due to the complexities as noted above.</p> <p>The Group’s revenue recognition policy is disclosed in Note 1.10 of the consolidated inflation adjusted financial statements.</p>	<ul style="list-style-type: none"> • We engaged our IT specialists to perform recalculations of interest and non-interest income which is predominantly automated. We compared these to amounts recorded in the Group’s accounting records. • We agreed manual adjustments to relevant supporting documentation and performed tests of details on manual journals processed for validity and appropriateness of authorisation. • We performed a recalculation of loan facility establishment and arrangement fees, in line with the contractual agreements.
Valuation of loans and advances	
<p>Valuation of loans and advances was an area of most significance for the audit in the current year due to the following:</p> <p>Significant judgement is exercised by Management in assessing the impairment of loans and advances. Impairment is determined by reference to the repayment capacity of the obligor which is driven by their payment history and financial position, condition and value of collateral offered.</p> <p>Due to the size of the Group’s loan book we identified impairment of loans and advances as representing a significant risk of material misstatement.</p> <p>Management are responsible for evaluation and assessment of the credit extension processes and whether adequate allowances have been made for uncollectible loans.</p> <ul style="list-style-type: none"> • There is subjectivity involved in determining the amounts of advances deemed uncollectible and requiring impairment by Management. The determination of uncollectible amounts is performed at an individual and portfolio basis and involves judgement. 	<p>We performed the following audit procedures among others:</p> <ul style="list-style-type: none"> • Tested recoverability and existence of loans through analysis of customer payment trends during the year and after period end before the issuance of the consolidated financial statements. • We updated our understanding of the estimation processes relating to management of the loans and expected credit losses. • We engaged internal experts to review the expected credit losses (ECL) model taking account of the IFRS 9 requirements. • Reviewed security for selected loans and advances and assessed whether the security adequately covered the outstanding loan balance.



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Independent Auditor’s Report (Continued)

CBZ Holdings Limited

Key Audit Matter	How our audit addressed the matter
Valuation of loans and advances	
<ul style="list-style-type: none"> • The calculation of expected credit losses on loans is highly complex which in turn requires specialist involvement. • The calculation of the expected credit losses should be performed in line with the requirements of International Financial Reporting Standard 9 (IFRS 9): <i>Financial Instruments</i> and Reserve Bank of Zimbabwe (RBZ) loan provisioning guidelines. <p>The matter required significant interactions between the auditor and Management.</p> <p>We refer to note 1.7, note 1.9 (accounting policies) and note 13 of the consolidated financial statements for disclosures relating to loans and advances.</p>	<ul style="list-style-type: none"> • We assessed the accuracy of management’s assigned grading into the different RBZ grading guidelines and selected a sample of advances to analyse accuracy of the classification of the loans into various credit quality portfolios as prescribed by RBZ.

Other information

Other information consists of the Chairman’s statement and the Statement of Directors’ responsibility which we obtained prior to the date of this report and The Group Chief Executive Officer’s Report, the Directors’ Report and the Statement of Corporate Governance which we expect to be made available to us after that date. Other information does not include the consolidated inflation adjusted financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the consolidated inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. As described in the Basis for Qualified Opinion section above, the Group did not comply with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, requirements of IAS 21 *The Effects of changes in foreign exchange rates* and the application of IAS 29 - *Financial Reporting in Hyperinflationary Economies* on incorrect base numbers and incorrect start date, inappropriate valuation of properties. We have concluded that the other information is materially misstated for the same reasons.

Independent Auditor's Report (Continued)

CBZ Holdings Limited

Responsibilities of the Directors for the consolidated Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated inflation adjusted financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group's or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated Inflation Adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated inflation adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated inflation adjusted financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Independent Auditor's Report (Continued)

CBZ Holdings Limited

- Evaluate the overall presentation, structure and content of the inflation separate financial statements, including the disclosures, and whether the inflation separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated inflation adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fungai Kuipa (PAAB Practising certificate Number 335).



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

19 May 2021