



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.

[#StrengtheningPartnerships](#)



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.

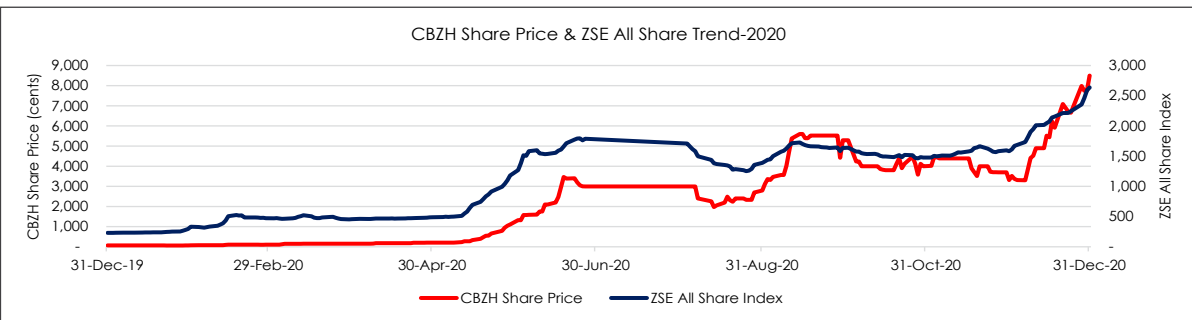
Locally, the authorities continued the macroeconomic reforms started in 2019, while introducing more policy measures targeted at supporting businesses, saving lives, strengthening community resilience and supporting the economy. These included, among others, partial relaxation of monetary policy measures – 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 resultantly 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 Ann's 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.

Marc K. 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
T. GUMBO
GROUP CFO
18 May 2021

DR B. Mudavanhu
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 | 8 662 126 | 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.



In 1980...

Our journey began.



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 |
| RESTATED | | | | | | | | | | | |
| 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 | 439 468 |
| 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 |
| Amortisation of intangible assets | 23 404 | 19 895 | 14 915 |
| Write-offs of property and equipment | 160 | 53 706 | 128 |
| 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 | - |
| Fair value adjustments on investment properties | (176 308) | (122 725) | (2 041 705) |
| 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) |
| Expected credit loss expense | 946 914 | 993 395 | 946 915 |
| Impairment on insurance assets | 15 439 | 11 006 | 15 439 |
| Unrealised profit on foreign currency position | (3 122 519) | (1 356 391) | (3 122 519) |
| Exchange gains on change of functional currency | - | (3 256 602) | - |
| Loss/(profit) on disposal of investment properties | 98 243 | (1 192) | (9 251) |
| Unearned premium reserve movement | 17 605 | 18 413 | 70 575 |
| Incurred But Not Reported (IBNR) claims provisions | 13 766 | 10 540 | 13 760 |
| Deferred commission movement | (2 049) | 2 110 | 764 |
| (Profit)/loss on sale of property and equipment | (368) | 5 875 | 17 881 |
| Transfer to life fund | 99 497 | 7 466 | 86 795 |
| Employee share option expense | - | 297 | - |
| Interest on lease liability | 1 748 | 7 288 | 1 139 |
| Operating cash flows before changes in operating assets and liabilities | 6 289 502 | 3 179 719 | 4 701 864 |

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

| | | | |
|---|-------------|------------|-------------|
| TAXATION | | | |
| Corporate tax paid | (1 347 780) | (241 097) | (1 015 045) |
| Net cash inflow from operating activities | 2 503 864 | 18 203 760 | 1 082 039 |

CASH FLOWS FROM INVESTING ACTIVITIES

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

CASH FLOWS FROM FINANCING ACTIVITIES

| | | | |
|--|-------------|--------------|------------|
| Exercise of employee share options | - | 1 859 | - |
| Rights Issue (Non-Controlling Interest) | 387 | - | 345 |
| Lease liability principal repayment | (11 542) | (7 642) | (6 562) |
| Interest on lease liability paid | (1 748) | (7 288) | (1 139) |
| Dividend paid | (534 595) | (122 431) | (475 976) |
| Net cash outflow from financing activities | (547 498) | (135 502) | (483 332) |
| Net increase in cash and cash equivalents | 535 358 | 17 413 271 | (297 810) |
| Cash and cash equivalents at beginning of the year | 10 767 194 | 10 486 247 | 2 400 254 |
| Exchange gains on foreign cash balances | 17 649 682 | 1 274 250 | 17 649 682 |
| 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 |

| 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 |
| 7 234 862 | 3 955 178 | 8 887 408 | 1 124 804 |
| 729 166 | 2 335 145 | - | - |
| 268 590 | 262 653 | 143 408 | 25 663 |
| 23 404 | 19 895 | 14 915 | 1 198 |
| 160 | 53 706 | 128 | (93) |
| 300 | - | 175 | - |
| 818 | - | 818 | - |
| 86 073 | - | 50 270 | - |
| - | 693 | - | 630 |
| (176 308) | (122 725) | (2 041 705) | (461 632) |
| 1 627 | - | (896) | - |
| 52 534 | 232 969 | (374 155) | (11 631) |
| 946 914 | 993 395 | 946 915 | 221 450 |
| 15 439 | 11 006 | 15 439 | 2 454 |
| (3 122 519) | (1 356 391) | (3 122 519) | (302 371) |
| - | (3 256 602) | - | (131 787) |
| 98 243 | (1 192) | (9 251) | (428) |
| 17 605 | 18 413 | 70 575 | 13 805 |
| 13 766 | 10 540 | 13 760 | 1 773 |
| (2 049) | 2 110 | 764 | 271 |
| (368) | 5 875 | 17 881 | 59 |
| 99 497 | 7 466 | 86 795 | 1 664 |
| - | 297 | - | 57 |
| 1 748 | 7 288 | 1 139 | 128 |
| 6 289 502 | 3 179 719 | 4 701 864 | 486 014 |
| 40 472 335 | 52 887 214 | 13 589 510 | 3 593 107 |
| (69 454 103) | (37 928 533) | (23 320 799) | (2 550 148) |
| 12 674 | 14 949 | 11 216 | 90 069 |
| (13 736 988) | 526 664 | (4 612 506) | 35 781 |
| 598 496 | 1 325 613 | 202 949 | 1 016 |
| (508 040) | (271 918) | (422 353) | (36 220) |
| 309 097 | 119 904 | 284 378 | 2 419 |
| (400 914) | 276 963 | (332 424) | 9 121 |
| 19 550 046 | 13 319 586 | 9 252 465 | (1 095 848) |
| 20 719 539 | (15 005 304) | 2 742 784 | 1 318 123 |
| (2 437 858) | 15 265 138 | (2 604 780) | 1 367 420 |
| (1 347 780) | (241 097) | (1 015 045) | (32 232) |
| 2 503 864 | 18 203 760 | 1 082 039 | 1 821 202 |
| 79 206 | 2 061 | 49 293 | 459 |
| (962 872) | (82 787) | (583 356) | (5 027) |
| 47 463 | 39 425 | 34 103 | 5 235 |
| (301 220) | (80 292) | (236 157) | (5 829) |
| 297 278 | 1 501 | 293 055 | 211 |
| (578 827) | (520 058) | (452 058) | (61 566) |
| (2 036) | (14 837) | (1 397) | (2 243) |
| (1 421 009) | (654 987) | (896 517) | (68 759) |
| - | 1 859 | - | 355 |
| 387 | - | 345 | - |
| (11 542) | (7 642) | (6 562) | (730) |
| (1 748) | (7 288) | (1 139) | (128) |
| (534 595) | (122 431) | (475 976) | (12 080) |
| (547 498) | (135 502) | (483 332) | (12 583) |
| 535 358 | 17 413 271 | (297 810) | 1 739 859 |
| 10 767 194 | 10 486 247 | 2 400 254 | 376 338 |
| 17 649 682 | 1 274 250 | 17 649 682 | 284 057 |
| (9 200 108) | (18 406 574) | - | - |
| 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 Financial Reporting Standards (IFRS) 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 RV 175/2020, specifically Statutory Instrument 33 of 2019, 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 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 assess



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

Bankers acceptances
Overdrafts
Loans
Mortgage loans
Staff loans
Securities investments
Other investments

Interest expense

Call deposits
Savings deposits
Money market deposits
Other offshore deposits
Lease liability

NET INTEREST INCOME

3 NET NON-INTEREST INCOME

Net income from trading securities
Fair value adjustments on financial instruments
Fair value adjustments on investment properties
Net income from foreign currency dealing
Unrealised profit on foreign currency exchange
Agro business income
Functional currency change exchange gains
Commission and fee income
Profit/(loss) on disposal of property and equipment
Profit/(loss) on disposal of investment property
Bad debts recovered
Property sales
Lease income
Other operating income

4 Underwriting Income (Net)

Gross premium insurance
Reinsurance
Net written premium
Unearned premium
Net earned premium
Net commission(a)
Net claims (b)

(a) Net Commissions

Commission received
Commission paid
Deferred acquisition costs

(b) Net Claims

Gross claims incurred
Reinsurance claims
Incurred but not yet reported claims
Gross outstanding claims
Reinsurance share of outstanding claims

5 OPERATING EXPENDITURE

Staff costs
Administration expenses
Audit fees
Depreciation
Amortisation of intangible assets
Write offs of property and equipment
Write off of land Inventory
Property cost of sales
Write offs other assets
Write off intangible assets
Write off of investment properties
Write offs of right of use asset and lease liability

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

Fees for services as directors
Pension and retirement benefits for past and present directors
Salaries and other benefits

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
Deferred income tax
Income tax expense

6.2 Tax rate reconciliations

Notional tax
Aids levy
Non deductible expenses
Exempt income
Tax credit
Effect of rebasing tax bases
Effect of changes in tax rate on deferred tax
Effective tax rate

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
Unlisted equities
Total taxation relating to components of other comprehensive income

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 31 DEC 2020 ZWL\$ 000 | ADJUSTED 31 DEC 2019 ZWL\$ 000 | RESTATED 31 DEC 2019 ZWL\$ 000 | HISTORICAL 31 DEC 2020 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 | 519 042 | 541 478 | 519 042 | 541 478 |
| Headline | 519 042 | 518 300 | 519 042 | 518 300 |

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

Weighted average number of shares used for basic EPS
Potentially dilutive shares employee share options

Weighted average number of shares used for diluted EPS

7.4 Headline Earnings

Profit attributable to ordinary shareholders
Adjusted to exclude re-measurements
Impairment on property and equipment and land inventory
Write off of investment properties
Write off of Intangible assets
Write offs of right of use asset and lease liability
Write off of land Inventory
Disposal (gain)/loss on property and equipment
Gains on investment properties valuation
Tax relating to remeasurements
Headline earnings

8. DIVIDENDS

Cash dividends on ordinary shares declared and paid:

Interim dividend
Final Dividend

Interim paid per share (cents)
Final dividend paid per share (cents)

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
Final dividend per share (cents)

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
Nostro accounts
Balances with the Reserve Bank of Zimbabwe
RBZ Statutory reserve

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
RBZ Savings bonds
Accrued interest
Total gross money market assets
Expected credit loss
Total net money market assets

10.1 Maturity analysis

The maturity analysis of money market assets is shown below.

Between 0 and 3 months
Between 3 and 6 months
Between 6 and 12 months
Between 6 and 12 months

11. FINANCIAL SECURITIES

Treasury bills
Savings bonds
Accrued interest
Total gross financial securities
Expected credit loss
Total net financial securities

11.1 Maturity analysis

The maturity analysis of financial securities is shown below:

Between 0 and 3 months
Between 3 and 6 months
Between 6 and 12 months
Between 1 and 5 years
Above 5 years

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

12. LOANS AND ADVANCES TO CUSTOMERS

Overdrafts
Commercial loans
Staff loans
Mortgage advances
Agro Business loans
Interest accrued
Total gross loans and advances to customers
Allowance for Expected Credit Loss (ECL)
Total net advances

12.1 Sectoral analysis is:

Private
Agriculture
Mining
Manufacturing
Distribution
Construction
Transport
Communication
Services
Financial organisations

12.2 Maturity analysis

Less than 1 month
Between 1 and 3 months
Between 3 and 6 months
Between 6 months and 1 year
Between 1 and 5 years
More than 5 years

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

| | AUDITED | | UNAUDITED | |
|---|---------------------------------------|--------------------------------------|--------------------------------------|--|
| | INFLATION 31 DEC 2020 ZWL\$ 000 | ADJUSTED 31 DEC 2019 ZWL\$ 000 | RESTATED 31 DEC 2019 ZWL\$ 000 | HISTORICAL 31 DEC 2020 ZWL\$ 000 |
| 7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share: | | | | |
| 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 |
| Adjusted to exclude re-measurements | | | | |
| 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 remeasurements | 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 | 1 191 754 |
| 11.1 Maturity analysis | | | | |
| The maturity analysis of financial securities is shown below: | | | | |
| Between 0 and 3 months | 5 759 | 305 258 | 5 759 | 68 049 |
| Between 3 and 6 months | 5 651 | 51 846 | 5 651 | 11 558 |
| Between 6 and 12 months | 4 224 | 162 090 | 4 224 | 36 134 |
| Between 1 and 5 years | 62 752 | 678 361 | 62 752 | 151 222 |
| Above 5 years | 910 498 | 4 148 834 | 910 498 | 924 869 |
| | 988 884 | 5 346 389 | 988 884 | 1 191 832 |
| Maturity analysis is based on the remaining period from 31 December 2020 to contractual maturity. | | | | |
| 12. LOANS AND ADVANCES TO CUSTOMERS | | | | |
| Overdrafts | 1 815 936 | 2 206 666 | 1 815 936 | 491 916 |
| Commercial loans | 10 456 692 | 2 075 987 | 10 456 692 | 462 785 |
| Staff loans | 1 215 987 | 256 978 | 1 215 987 | 57 286 |
| Mortgage advances | 480 816 | 592 680 | 480 816 | 132 122 |
| Agro Business loans | 15 047 438 | 9 479 672 | 15 047 438 | 2 113 237 |
| Interest accrued | 1 596 485 | 160 302 | 1 596 485 | 35 735 |
| Total gross loans and advances to customers | 30 613 354 | 14 772 285 | 30 613 354 | 3 293 081 |
| Allowance for Expected Credit Loss (ECL) | (1 174 424) | (1 252 361) | (1 174 424) | (279 180) |
| Total net advances | 29 438 930 | 13 519 924 | 29 438 930 | 3 013 901 |

| 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 | |
| | % | | % | | % | | % |
| 2 115 948 | 7 | 824 492 | 6 | 2 115 948 | 7 | 183 798 | 6 |
| 16 929 591 | 55 | 10 165 171 | 69 | 16 929 591 | 55 | 2 266 050 | 69 |
| 3 086 141 | 10 | 554 226 | 4 | 3 086 141 | 10 | 123 550 | 4 |
| 818 622 | 3 | 597 351 | 4 | 818 622 | 3 | 133 163 | 4 |
| 6 021 239 | 20 | 1 380 830 | 9 | 6 021 239 | 20 | 307 819 | 9 |
| 54 555 | - | 36 888 | - | 54 555 | - | 8 223 | - |
| 72 148 | - | 55 186 | - | 72 148 | - | 12 302 | - |
| 2 919 | - | 4 509 | - | 2 919 | - | 1 005 | - |
| 1 236 384 | 4 | 1 075 095 | 7 | 1 236 384 | 4 | 239 663 | 7 |
| 275 807 | 1 | 78 537 | 1 | 275 807 | 1 | 17 508 | 1 |
| 30 613 354 | 100 | 14 772 285 | 100 | 30 613 354 | 100 | 3 293 081 | 100 |



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 |
| 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 |
| | 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) |
| | 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 | RESTATED 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 |
| Other receivables* | 18 059 774 | 33 909 202 | 18 059 774 | 7 559 138 |
| | 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 | RESTATED 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 | - | 248 486 | - | 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 | RESTATED 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 |

| | | | | | | | |
|------|--|-----------|------|-----------|------|---------|--------|
| 17.2 | Investment in subsidiaries | | | | | | |
| | CBZ Bank Limited | 608 544 | 100 | 608 544 | 100 | 21 840 | 100 |
| | CBZ Asset Management (Private) Limited | 55 392 | 100 | 55 392 | 100 | 1 988 | 100 |
| | CBZ Building Society | 532 618 | 100 | 532 618 | 100 | 19 115 | 100 |
| | CBZ Insurance (Private) Limited | 118 396 | 98.4 | 62 968 | 98.4 | 23 615 | 98.4 |
| | CBZ Properties (Private) Limited | 133 166 | 100 | 133 166 | 100 | 4 779 | 100 |
| | CBZ Life Assurance (Private) Limited | 38 675 | 100 | 38 675 | 100 | 1 388 | 100 |
| | CBZ Asset Management Mauritius | 2 477 | 100 | 2 477 | 100 | 89 | 100 |
| | CBZ Risk Advisory Services (Private) Limited | 37 479 | 100 | 37 479 | 100 | 1 345 | 100 |
| | Red Sphere Finance (Private) Limited | 240 452 | 100 | 14 496 | 100 | 210 520 | 100 |
| | CBZ Agro Yield (Private) Limited | 6 141 | 100 | 6 141 | 100 | 1 000 | 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 |
| Equity investments | 895 524 | 93 851 | – | – | 1 028 306 | 857 548 | 1 923 830 | 951 399 |
| Land and Buildings | – | – | 3 008 503 | 2 931 837 | – | – | 3 008 503 | 2 931 837 |
| Investment properties | – | – | 2 748 368 | 2 505 734 | – | – | 2 748 368 | 2 505 734 |
| Total assets at fair value | 895 524 | 93 851 | 5 756 871 | 5 437 571 | 1 028 306 | 857 548 | 7 680 701 | 6 388 970 |



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 |
| Impairments | – | (56 517) | – | – | (29) | – | – | – | (56 546) |
| Disposals | – | – | – | (8 143) | (21 983) | (5 571) | (8 293) | (6 930) | (43 990) |
| Transfers intangible assets | – | – | – | – | – | – | – | (1 845) | (1 845) |
| Transfers from other assets | – | – | – | – | – | – | – | – | (8 081) |
| Transfers Investment Properties | – | (8 081) | – | – | – | – | – | – | (1 077) |
| Write offs | – | – | – | – | (389) | (589) | (99) | – | – |
| 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 | 90 490 | 21 064 | 17 862 | – | 262 653 |
| Disposals | – | – | – | (7 420) | (19 683) | (4 937) | (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 | – | – | – | – | – | 2 889 081 | 5 778 060 |
| Disposals | (306 700) | – | – | – | (81) | (9) | (50) | (4 191) | (311 031) |
| Transfers to intangible assets | – | – | – | – | – | – | – | (97 971) | (97 971) |
| Transfers to investment properties | – | – | – | – | – | – | – | (2 232) | (2 232) |
| Write offs | – | (4 400) | – | – | (134) | – | – | – | (4 534) |
| Transfers(PPE Intercategories) | – | – | – | 1 961 | 89 159 | 2 073 | 348 | (93 541) | – |
| Closing balance | 401 133 | 2 976 150 | 34 622 | 12 508 | 251 828 | 23 299 | 17 671 | 150 360 | 3 867 571 |
| Accumulated depreciation | | | | | | | | | |
| Opening balance | – | – | 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 was tested for impairment through comparison with the open market values determined by independent valuers.

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

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

| AUDITED | | UNAUDITED | |
|-----------|--|--------------------------------------|---|
| INFLATION | ADJUSTED 31 DEC 2020 ZWL\$ 000 | RESTATED 31 DEC 2019 ZWL\$ 000 | HISTORICAL 31 DEC 2020 ZWL\$ 000 |
| 20.1a | Right of Use Assets | | HISTORICAL 31 DEC 2019 ZWL\$ 000 |
| | Opening balance | – | – |
| | Additions | 68 977 | 4 730 |
| | Write offs | – | – |
| | Depreciation charge for the period | (11 336) | (1 182) |
| | Closing balance | 57 641 | 3 548 |
| 20.1b | Lease liability | | |
| | Opening balance | – | – |
| | Additions | 68 977 | 4 730 |
| | Write-offs | – | – |
| | Interest | 7 288 | 128 |
| | Repayment | (14 930) | (858) |
| | Monetary adjustment | (43 391) | – |
| | Closing balance | 17 944 | 4 000 |
| 20.1c | Lease liability maturity analysis | | |
| | Less than one month | 656 | 146 |
| | One to three months | 1 755 | 391 |
| | Three to six months | 1 955 | 436 |
| | Six to twelve months | 3 741 | 534 |
| | One to five years | 12 048 | 2 732 |
| | 26 042 | 20 362 | 26 042 |
| 20.1d | Amounts recognised in Statement of Profit or Loss | | |
| | Interest on lease liabilities | 1 748 | 1 139 |
| | Depreciation | 20 827 | 1 182 |
| | Expenses relating to leases of low value assets | – | 26 |
| | 22 575 | 18 969 | 9 224 |
| 20.1e | Amounts recognised in statement of cash flow | | |
| | 13 290 | 14 930 | 7 701 |
| 21. | INVESTMENT PROPERTIES | | |
| | Opening balance | 2 505 735 | 558 586 |
| | Additions | 301 220 | 236 157 |
| | Disposals | (177 449) | (869) |
| | Transfer from property and equipment | 28 627 | 2 232 |
| | Write offs | (86 073) | (50 270) |
| | Foreign currency translation movement | – | – |
| | Fair valuation gain | 1 248 978 | 53 307 |
| | Closing balance | 2 748 368 | 2 748 368 |

The carrying amount of the investment properties is the fair value of the properties as determined by a registered internal appraiser having, an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties and also in reference to the rental yields applicable to similar property. The properties were valued as at 31 December 2020.

The rental income derived from investment properties amounted to ZWL\$47 412 000 (December 2019: ZWL\$39 715 000) and direct operating expenses amounted to ZWL\$ 1 843 018 (December 2019: ZWL\$2 163 385). All the Group's lettable Investment properties were occupied as at 31 December 2020.

If the fair value adjustment had been 5% up or down, the Group's profit would have been ZWL\$ 6 968 044 higher or lower the reported position the Statement of Financial Position would be ZWL\$8 815 400 higher or lower than the reported 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 |
| 22. | INTANGIBLE ASSETS | | | | |
| | At cost | 309 966 | 220 944 | 108 425 | 9 665 |
| | Accumulated amortisation | (186 437) | (174 108) | (21 223) | (6 741) |
| | | 123 529 | 46 836 | 87 202 | 2 924 |
| | Movement in intangible assets | | | | |
| | Opening balance | 46 836 | 44 964 | 2 924 | 1 614 |
| | Additions | 2 036 | 14 837 | 1 397 | 2 243 |
| | Transfer from property and equipment | 98 361 | 6 930 | 97 971 | 265 |
| | Write offs | (300) | - | (175) | - |
| | Amortisation charge | (23 404) | (19 895) | (14 915) | (1 198) |
| | Closing balance | 123 529 | 46 836 | 87 202 | 2 924 |
| | Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets, which comprise computer software, are amortised over a period of 3 years. | | | | |
| 23. | DEFERRED TAXATION | | | | |
| 23.1 | Deferred tax asset | | | | |
| | Deferred tax asset is the amount of income taxes recoverable in future years in respect of deductible temporary differences, unused tax losses and unused tax credits. | | | | |
| | The deferred tax asset balances included in the statement of financial position are comprised of: | | | | |
| | | 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 |
| | Assessed losses | 27 158 | 17 033 | 24 248 | 3 608 |
| | Credit loss provisions | 282 603 | 339 003 | 282 603 | 75 735 |
| | Intangible assets | - | - | 5 819 | - |
| | Tax claimable impairments | 54 746 | 119 765 | 54 745 | 26 699 |
| | Other | 96 983 | - | 96 417 | - |
| | Closing deferred tax balance | 461 490 | 475 801 | 463 832 | 106 042 |
| 23.2 | Deferred tax liability | | | | |
| | Deferred tax liability represents the amount of income taxes payable in future years in respect of taxable temporary differences. | | | | |
| | The deferred tax liability balances included in the statement of financial position are comprised of: | | | | |
| | Impairments and provisions | - | 782 | - | 174 |
| | Intangible assets | 21 673 | 2 008 | 77 | 89 |
| | Prepayments | - | 520 | - | 9 |
| | Equity investments | 50 381 | 43 300 | 50 381 | 9 653 |
| | Property and equipment | 420 001 | 572 389 | 280 906 | 100 837 |
| | Investment properties | 264 025 | 293 551 | 264 025 | 65 439 |
| | Other | 1 299 341 | 516 763 | 1 690 736 | 83 751 |
| | Closing balance | 2 055 421 | 1 429 313 | 2 286 125 | 259 952 |
| 24. | DEPOSITS | | | | |
| | Call deposits | 80 398 | 55 461 | 80 398 | 12 364 |
| | Savings and other deposits | 49 817 450 | 29 927 206 | 49 817 450 | 6 671 460 |
| | Wholesale Deposits | 4 484 122 | 23 872 932 | 4 484 122 | 5 321 623 |
| | Money market deposits | 10 148 709 | 3 927 272 | 10 148 709 | 875 479 |
| | Lines of credit | 508 332 | 753 245 | 508 332 | 167 916 |
| | Accrued interest | 147 904 | 71 762 | 147 904 | 15 997 |
| | | 65 186 915 | 58 607 878 | 65 186 915 | 13 065 039 |
| 24.1 | Deposits by type | | | | |
| | Retail | 3 950 260 | 3 840 042 | 3 950 260 | 856 033 |
| | Corporate | 50 446 513 | 50 035 719 | 50 446 513 | 11 154 108 |
| | Money market | 10 277 415 | 3 978 687 | 10 277 415 | 886 941 |
| | Lines of credit | 512 727 | 753 430 | 512 727 | 167 957 |
| | | 65 186 915 | 58 607 878 | 65 186 915 | 13 065 039 |



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

| | AUDITED | | UNAUDITED | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| | INFLATION | ADJUSTED | RESTATE | HISTORICAL |
| | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 |
| 24.4 Maturity analysis | | | | |
| Less than 1 month | 57 097 770 | 55 092 928 | 57 097 770 | 12 281 476 |
| Between 1 and 3 months | 1 550 113 | 641 585 | 1 550 113 | 143 024 |
| Between 3 and 6 months | 1 477 467 | 141 915 | 1 477 467 | 31 636 |
| Between 6 months and 1 year | 4 486 013 | 1 924 419 | 4 486 013 | 428 997 |
| Between 1 and 5 years | 570 215 | 766 855 | 570 215 | 175 408 |
| More than 5 years | 5 337 | 20 176 | 5 337 | 4 497 |
| | 65 186 915 | 58 607 878 | 65 186 915 | 13 065 038 |

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

| | | | | |
|--|----------------|----------------|----------------|---------------|
| 25. INSURANCE LIABILITIES | | | | |
| Reinsurance payables (a) | 189 895 | 77 868 | 189 895 | 17 358 |
| Gross outstanding claims (b) | 32 245 | 27 582 | 32 245 | 6 149 |
| Gross unearned premium reserve (c) | 281 382 | 128 111 | 281 382 | 28 559 |
| Deferred reinsurance acquisition reserve (d) | 49 485 | 31 994 | 49 485 | 7 132 |
| | 553 007 | 265 555 | 553 007 | 59 198 |

| | | | | |
|---|----------------|---------------|----------------|---------------|
| 25.1 Insurance contract provisions | | | | |
| (a) Reinsurance payables | | | | |
| Opening balance | 77 868 | 36 911 | 17 358 | 1 325 |
| Premiums ceded during the year | 528 160 | 427 809 | 403 033 | 49 295 |
| Reinsurance paid | (302 057) | (236 228) | (230 496) | (33 262) |
| Monetary adjustment | (114 076) | (150 624) | - | - |
| Closing balance | 189 895 | 77 868 | 189 895 | 17 358 |

| | | | | |
|--|---------------|---------------|---------------|--------------|
| (b) Gross outstanding claims provision | | | | |
| Opening balance | 27 582 | 79 979 | 6 149 | 2 870 |
| Claims incurred | 136 513 | 110 451 | 101 275 | 24 622 |
| Incurred but not yet reported claims provision | 13 751 | 9 680 | 13 751 | 1 585 |
| Claims paid | (119 871) | (102 850) | (88 930) | (22 928) |
| Monetary adjustment | (25 730) | (69 678) | - | - |
| Closing balance | 32 245 | 27 582 | 32 245 | 6 149 |

| | | | | |
|----------------------------------|----------------|----------------|----------------|---------------|
| (c) Gross premium reserve | | | | |
| Opening balance | 128 111 | 120 296 | 28 559 | 4 317 |
| Written premiums | 913 146 | 688 450 | 608 879 | 65 493 |
| Premiums earned during the year | (759 875) | (680 635) | (356 056) | (41 251) |
| Closing balance | 281 382 | 128 111 | 281 382 | 28 559 |

| AUDITED INFLATION ADJUSTED | | | |
|----------------------------|-----------------------------------|-----------------------------------|------------------|
| | Unearned commissions ZWL\$ 000 | Deferred acquisition ZWL\$ 000 | Net ZWL\$ 000 |
| 31 Dec 2020 | | | |
| Opening balance | 31 995 | 30 623 | 1 372 |
| Written premiums | 127 879 | 136 513 | (8 634) |
| Earned during the year | (110 778) | (117 651) | 6 873 |
| Closing balance | 49 096 | 49 485 | (389) |

| | | | |
|------------------------|---------------|---------------|--------------|
| 31 Dec 2019 | | | |
| Opening balance | 14 713 | 15 889 | (1 176) |
| Written premiums | 110 184 | 107 183 | 3 001 |
| Earned during the year | (92 902) | (92 449) | (453) |
| Closing balance | 31 995 | 30 623 | 1 372 |

| AUDITED HISTORICAL | | | |
|------------------------|-----------------------------------|-----------------------------------|------------------|
| | Unearned commissions ZWL\$ 000 | Deferred acquisition ZWL\$ 000 | Net ZWL\$ 000 |
| 31 Dec 2020 | | | |
| Opening balance | 7 132 | 6 826 | 306 |
| Written premiums | 96 766 | 101 275 | (4 509) |
| Earned during the year | (54 536) | (58 617) | 4 081 |
| Closing balance | 49 362 | 49 484 | (122) |

| | | | |
|------------------------|--------------|--------------|------------|
| 31 Dec 2019 | | | |
| Opening balance | 528 | 570 | (42) |
| Written premiums | 12 414 | 11 790 | 624 |
| Earned during the year | (5 810) | (5 534) | (276) |
| Closing balance | 7 132 | 6 826 | 306 |

| | AUDITED | | UNAUDITED | |
|------------------------------|------------------|------------------|------------------|------------------|
| | INFLATION | ADJUSTED | HISTORICAL | HISTORICAL |
| | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 |
| 26. OTHER LIABILITIES | | | | |
| Revenue received in advance | 71 744 | 1 649 171 | 28 183 | 335 578 |
| Sundry creditors | 7 163 887 | 3 863 396 | 7 163 887 | 861 240 |
| Accruals | 653 484 | 777 384 | 653 484 | 173 297 |
| Suspense | 545 726 | 211 473 | 545 726 | 47 142 |
| Provisions | 234 230 | 32 927 | 76 012 | 6 741 |
| | 8 669 071 | 6 534 351 | 8 467 292 | 1 423 998 |

| AUDITED INFLATION ADJUSTED | | | | | |
|-----------------------------|---------------------------------------|--|--------------------------------|--------------------------|--------------------|
| | Unearned Premium Reserve ZWL\$ 000 | Incurred But Not Reported ZWL\$ 000 | Annuities Reserve ZWL\$ 000 | Revaluation ZWL\$ 000 | Total ZWL\$ 000 |
| Restated 31 Dec 2019 | | | | | |
| Opening balance | 30 552 | 12 973 | 878 | - | 44 403 |
| Transfer from income | 12 284 | 744 | 7 466 | - | 20 494 |
| Monetary adjustment | (35 728) | (10 781) | (737) | - | (47 246) |
| Closing balance | 7 108 | 2 936 | 7 607 | - | 17 651 |

| | | | | | |
|------------------------|--------------|------------|---------------|---------------|---------------|
| 31 Dec 2020 | | | | | |
| Opening balance | 7 108 | 2 936 | 7 607 | - | 17 651 |
| Transfer from income | 3 469 | 16 | 17 252 | 82 245 | 97 456 |
| Monetary adjustment | (6 967) | (2 287) | (13 088) | (5 526) | (22 342) |
| Closing balance | 3 610 | 665 | 11 771 | 76 719 | 92 765 |

| UNAUDITED HISTORICAL | | | | | |
|------------------------|---------------------------------------|--|--------------------------------|--------------------------|--------------------|
| | Unearned Premium Reserve ZWL\$ 000 | Incurred But Not Reported ZWL\$ 000 | Annuities Reserve ZWL\$ 000 | Revaluation ZWL\$ 000 | Total ZWL\$ 000 |
| 31 Dec 2019 | | | | | |
| Opening balance | 1 096 | 466 | 32 | - | 1 594 |
| Transfer from income | 488 | 189 | 1 664 | - | 2 341 |
| Closing balance | 1 584 | 655 | 1 696 | - | 3 935 |
| 31 Dec 2020 | | | | | |
| Opening balance | 1 584 | 655 | 1 696 | - | 3 935 |
| Transfer from income | 2 026 | 9 | 10 076 | 76 719 | 88 830 |
| Closing balance | 3 610 | 664 | 11 772 | 76 719 | 92 765 |

| | AUDITED | | UNAUDITED | |
|--|---------------|---------------|---------------|--------------|
| | INFLATION | ADJUSTED | HISTORICAL | HISTORICAL |
| | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 |
| 27.2 Life funds liabilities as supported by the following | | | | |
| Money market assets | 5 992 | 2 972 | 5 992 | 663 |
| Prescribed assets | 12 180 | 3 200 | 12 180 | 713 |
| Investment property | 31 881 | 8 005 | 31 881 | 1 785 |
| Listed equity investment | 42 712 | 3 474 | 42 712 | 774 |
| | 92 765 | 17 651 | 92 765 | 3 935 |

| | | | | |
|---|--|--|--|--|
| 28. LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES | | | | |
|---|--|--|--|--|

| | | | | |
|---|---------------|---------------|---------------|--------------|
| 28.1 Life assurance investment contract liabilities movement | | | | |
| Opening balance | 15 293 | 66 690 | 3 409 | 2 393 |
| Interest on GEP fund | 14 792 | 6 353 | 11 925 | 426 |
| Fund Management expenses | (738) | (493) | (310) | (34) |
| GEP Investments | 1 373 | 61 291 | 757 | 4 170 |
| GEP withdrawals | (2 752) | (52 202) | (1 156) | (3 546) |
| Monetary adjustment | (13 343) | (66 346) | - | - |
| Closing balance | 14 625 | 15 293 | 14 625 | 3 409 |

| | | | | |
|--|---------------|---------------|---------------|--------------|
| 28.2 Life assurance investment contract liabilities are supported by the following net assets | | | | |
| Money market assets | 1 029 | 1 260 | 1 029 | 281 |
| Cash | 1 502 | 1 193 | 1 502 | 266 |
| Prescribed assets | 6 199 | 2 293 | 6 198 | 511 |
| Listed equity Investment | 2 964 | 10 547 | 2 965 | 2 351 |
| Investment properties | 2 931 | - | 2 931 | - |
| | 14 625 | 15 293 | 14 625 | 3 409 |

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| 29. CATEGORIES OF FINANCIAL LIABILITIES | | | | |
| The Group's financial liabilities are carried at amortised cost are as follows: | | | | |
| Deposits | 65 186 915 | 58 962 964 | 65 186 915 | 13 144 196 |
| Other liabilities | 7 163 887 | 3 625 191 | 7 163 887 | 808 138 |
| Lease liability | 21 144 | 17 944 | 21 144 | 4 000 |
| | 72 371 946 | 62 606 099 | 72 371 946 | 13 956 334 |

| | | | | |
|---|------------|------------|------------|------------|
| 30. EQUITY AND RESERVES | | | | |
| 30.1 Share capital | | | | |
| Authorised | | | | |
| 1 000 000 000 ordinary shares of ZWL\$ 0.01each | 10 000 000 | 10 000 000 | 10 000 000 | 10 000 000 |

Issued and fully paid

Reconciliation of number of shares

| | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|
| Opening balance | 522 016 | 686 963 | 522 016 | 686 963 |
| Employee share options | - | 4 035 | - | 4 035 |
| Cancellation of treasury shares | - | (168 982) | - | (168 982) |
| Closing balance | 522 016 | 522 016 | 522 016 | 522 016 |

| | | | | |
|---------------------------------|----------------|----------------|--------------|--------------|
| Opening balance | 167 401 | 191 414 | 5 220 | 6 870 |
| Cancellation of treasury shares | - | (24 225) | - | (1 690) |
| Exercise of share options | - | 212 | - | 40 |
| | 167 401 | 167 401 | 5 220 | 5 220 |

| | | | | |
|---------------------------------|------------------|------------------|---------------|---------------|
| 30.2 Share premium | | | | |
| Opening balance | 1 022 979 | 1 115 197 | 33 876 | 40 023 |
| Cancellation of treasury shares | - | (94 572) | - | (6 597) |
| Exercise of share options | - | 2 354 | - | 450 |
| Closing balance | 1 022 979 | 1 022 979 | 33 876 | 33 876 |

| | | | | |
|-----------------------------|----------|-----------|----------|----------|
| 30.3 Treasury shares | | | | |
| Opening balance | - | 490 086 | - | 17 589 |
| Cancellation of shares | - | (490 086) | - | (17 589) |
| Closing balance | - | - | - | - |

| | | | | |
|---------------------------------|----------------|----------------|------------------|----------------|
| 30.4 Revaluation reserve | | | | |
| Opening balance | 122 196 | - | 592 078 | 32 139 |
| Net revaluation gain | 256 202 | 122 196 | 2 525 533 | 559 939 |
| Intercategory transfer | (45 027) | - | (306 700) | - |
| Closing balance | 333 371 | 122 196 | 2 810 911 | 592 078 |

| | | | | |
|---|----------|----------|----------|----------|
| 30.5 Employee share option reserve | | | | |
| Opening balance | - | 32 428 | - | 1 164 |
| Share options to employees | - | (409) | - | (78) |
| Cancellation of share options | - | (32 019) | - | (1 086) |
| Closing balance | - | - | - | - |

Shares under option

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

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

Movement for the period

| | |
|------------------------|--------------|
| Opening balance | 37 197 797 |
| Options exercised | (4 035 388) |
| Options cancelled | (33 162 409) |
| Closing balance | - |

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

A valuation of the share option scheme was carried out by professional valuers. The estimated fair value of the options granted was determined using the binomial model in accordance with IFRS 2 "Share Based Payments" with the following inputs and assumptions:

| | |
|-----------------------------------|-------|
| Grant date share price (US cents) | 8.81 |
| Exercise price (US cents) | 8.81 |
| Expected volatility | 50% |
| Dividend yield | 2.5% |
| Risk-free interest rate | 5.70% |

Valuation inputs:

Exercise price
The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted.

Expected volatility
Expected volatility is a measure of the amount by which the price is expected to fluctuate during a year, for example between grant date and the exercise date. Volatility was calculated using the geometric Brownian motion process on share prices.

Expected dividends
When estimating the fair value of options, the projected valuation of shares is reduced by the present value of dividends expected to be paid during the vesting year. This is because the payment of dividends reduces the value of a company.

Risk free rate of return
A risk free rate of return is the interest rate an investor would expect to earn on an investment with no risk which is usually taken to be a government issued security. It is the interest rate earned on a riskless security over a specified time horizon. Given that the valuation was done in United States dollars, the risk free rate was estimated based on the yield on 10 year treasury bills issued by the Federal Reserve Bank of the United States of America of 2.02%. This value was adjusted for the inflation differential between Zimbabwe and the United States of America. All options expire, if not exercised, 10 years after the date of grant.

| | AUDITED | | UNAUDITED | |
|---------------------------------|-------------------|------------------|------------------|------------------|
| | INFLATION | ADJUSTED | HISTORICAL | HISTORICAL |
| | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 |
| 30.6 Retained earnings | | | | |
| Opening balance | 8 662 126 | 7 719 887 | 1 149 527 | 2 244 918 |
| Profit for the year | 5 073 766 | 1 403 868 | 6 145 925 | 924 896 |
| Cancellation of treasury shares | - | (371 290) | - | (9 302) |
| Cancellation of share options | - | 32 019 | - | 1 086 |
| Intercategory transfer | 45 027 | - | 306 700 | - |
| Dividend paid | (534 595) | (122 358) | (475 976) | (12 071) |
| Closing balance | 13 246 324 | 8 662 126 | 7 126 176 | 1 149 527 |

The retained earnings comprises:



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 | RESTATED 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

| | | | | |
|---|------------|-----------|------------|-----------|
| 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 | (3 193 018) | (11 167) | 456 190 | 105 265 | 2 247 908 | 826 807 | (1 855 352) | 14 597 068 | |
| Total income for the year ended 31 Dec 2019 | 8 242 991 | 1 110 234 | 136 208 | 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 Armotisation 31 Dec 2020 | 175 950 | 67 989 | 5 425 | 26 017 | 1 709 | 8 355 | 16 988 | (10 439) | 291 994 | |
| Depreciation and Armotisation 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 Armotisation 31 Dec 2020 | 110 366 | 34 792 | 1 318 | 5 335 | 729 | 3 051 | 4 882 | (2 150) | 158 323 | |
| Depreciation and Armotisation 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 31 DEC 2020 | ZWL\$ 000 | Utilised limits 31 DEC 2020 | ZWL\$ 000 | Value of security 31 DEC 2020 |
| | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2019 |
| Loans to directors' companies | 300 | 2 024 | 275 | 2 010 | 405 |
| | | | | | 1 925 |

| UNAUDITED HISTORICAL | | | | | |
|-------------------------------|-----------------------------|-------------|--------------------------------|-------------|----------------------------------|
| | Gross limits 31 DEC 2020 | ZWL\$ 000 | Utilised limits 31 DEC 2020 | ZWL\$ 000 | Value of security 31 DEC 2020 |
| | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 | 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.

| | 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 |
| Transactions with Directors' companies | | | | |
| Interest income | 223 | - | 122 | - |
| Commission and fee income | 9 | 7 | 5 | 1 |
| | 232 | 7 | 127 | 1 |
| CLOSING EXCHANGE RATES | | | | |
| 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 trusts and is supported by a clearly defined risk appetite in terms of various key exposures. This approach has given direction to the Group's overall Going Concern underpinned by robust strategic planning and policies. Through the CBZ Group risk management function, the Group regularly carries risk analysis through value at risk (VaR) assessments, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and its desired risk appetite.

37.2 Group risk management framework

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

The CBZ Group Enterprise Wide Governance and Compliance Unit evaluates quality of compliance with policies, processes and governance structures. In terms of risk governance, the Group Board has delegated authority to the following Group Board Committees whose membership consists of Non – Executive Directors of the Group:

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

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

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

37.3 Credit risk

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

Credit risk management framework

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

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

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

Credit mitigation

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

37.3 (a) Credit risk exposure

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

| | 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 | 12 269 526 | 9 485 893 | 12 269 526 | 2 114 623 |
| Money market assets | 7 583 721 | 1 005 572 | 7 583 721 | 224 165 |
| Financial securities | 982 879 | 5 346 036 | 982 879 | 1 191 754 |
| Loans and advances to customers | 29 438 930 | 13 519 925 | 29 438 930 | 3 013 901 |
| Other assets | 20 503 312 | 37 141 384 | 20 503 312 | 8 162 014 |
| Total | 70 778 368 | 66 498 810 | 70 778 368 | 14 706 457 |
| Financial guarantees | 71 752 | 76 295 | 71 752 | 17 008 |
| Capital Commitments | 843 | 374 529 | 843 | 83 491 |
| Total | 72 595 | 450 824 | 72 595 | 100 499 |

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 Group held cash equivalents of ZWL\$ 12 269 526 149 excluding notes and coins as at 31 December 2020, (31 December 2019-ZWL\$ 9



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

| | AUDITED | | UNAUDITED | |
|---------------------------------|-------------------|-------------------|-------------------|------------------|
| | INFLATION | ADJUSTED | RESTATED | HISTORICAL |
| | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | 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 | | | | | | | | | |
|---|-------------------|-------------------|-------------------|----------------|-------------------|----------------|-------------------|-------------------|--|
| GROSS CARRYING AMOUNT | | | | | | | | | |
| | 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 | 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 | | | | | | | | | |
|---|-------------------|------------------|-------------------|---------------|-------------------|----------------|-------------------|------------------|--|
| GROSS CARRYING AMOUNT | | | | | | | | | |
| | 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 | 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 | | | | | | | | | |
|------------------------------------|-------------------|----------------|-------------------|---------------|-------------------|----------------|------------------|------------------|--|
| ECL RECONCILIATION | | | | | | | | | |
| | 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 | 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 | |

| UNAUDITED HISTORICAL | | | | | | | | |
|------------------------------------|-------------------|----------------|-------------------|---------------|-------------------|---------------|------------------|----------------|
| ECL RECONCILIATION | | | | | | | | |
| | 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 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 | 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 |
| Opening balance | 1 191 832 | 1 244 996 | – | – | – | – | 1 191 832 | 1 244 996 |
| New assets originated or purchased (excluding write offs) | – | 83 184 | – | – | – | – | – | 83 184 |
| Maturities during the period | (202 948) | (136 348) | – | – | – | – | (202 948) | (136 348) |
| Gross financial securities | 988 884 | 1 191 832 | – | – | – | – | 988 884 | 1 191 832 |
| ECL allowance | (6 005) | (78) | – | – | – | – | (6 005) | (78) |
| Closing balance | 982 879 | 1 191 754 | – | – | – | – | 982 879 | 1 191 754 |



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;

- i) The counterparty rating deteriorates.
- ii) Breaches in conditionality or covenants.
- iii) Deterioration in account conduct.
- iv) Any corporate action relating to changes in corporate structure, control, acquisitions or disposals,
- v) Significant changes in executive leadership.
- vi) Any other factor that is reasonably expected to have a negative impact on prospects for repayment, including but not limited to legislative changes, perceived sectoral risks, and negative media coverage.
- vii) Actual or expected significant change in the financial instrument’s external credit rating (Credit Reference Bureau rating).
- viii) Declining Asset Quality
- ix) Reduction in financial support from the parent company
- x) Expected changes in the loan agreement terms and conditions.
- xi) Changes in group parents payment pattern
- xii) Decision to change collateral
- xiii) Deterioration of macro-economic factors of the borrower

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

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

The Probability of Default (PD)

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

The Exposure at Default (EAD)

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

The Loss Given Default (LGD)

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

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

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

Significant increase in credit risk and Stage Recognition

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

A significant increase in credit risk is defined as a significant increase in the probability of a default occurring since initial recognition. Credit risk has increased significantly when contractual payments are more than 30 days past due.

Key consideration for a significant change in credit risk under a financial asset include the following;

- i) The counterparty rating deteriorates.
- ii) Breaches in conditionality or covenants.
- iii) Deterioration in account conduct.
- iv) Any corporate action relating to changes in corporate structure, control, acquisitions or disposals,
- v) Significant changes in executive leadership.
- vi) Any other factor that is reasonably expected to have a negative impact on prospects for repayment, including but not limited to legislative changes, perceived sectoral risks, and negative media coverage.
- vii) Actual or expected significant change in the financial instrument’s external credit rating (Credit Reference Bureau rating).
- viii) Declining Asset Quality
- ix) Reduction in financial support from the parent company
- x) Expected changes in the loan agreement terms and conditions.
- xi) Changes in group parents payment pattern
- xii) Decision to change collateral
- xiii) Deterioration of macro-economic factors of the borrower

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 credibility 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.

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

Stage 1: (Performing)

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

Stage 2: (Underperforming)

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

Stage 3: (Credit Impaired)

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

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

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

Purchased or originated credit impaired (POCI)

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

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

Debt instruments measured at fair value through OCI

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

Cure, Modification and Forbearance of Financial Assets

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

Curing

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

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

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

| Account Cure | Impairment triggers |
|--|--|
| Move from stage 3 to stage 2 (decrease in credit risk) | <ul style="list-style-type: none">• Modifications |
| Move from stage 3 to stage 1 (decrease in credit risk) | <ul style="list-style-type: none">• 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) | <ul style="list-style-type: none">• 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 | 47 | – | – | – | 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 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 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 | 10 | – | – | – | 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;



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 | 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 | – | – | – | – | – | – | 608 073 | 608 073 |
| Equity investments | – | – | – | – | – | – | 1 923 830 | 1 923 830 |
| Land inventory | – | – | – | – | – | – | 3 702 935 | 3 702 935 |
| Other assets | – | – | – | – | – | – | 22 762 584 | 22 762 584 |
| 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 | 4 793 121 |
| Deferred taxation | – | – | – | – | – | – | 461 490 | 461 490 |
| Total assets | 19 158 609 | 13 154 037 | 1 559 474 | 10 225 952 | 3 442 354 | 2 203 661 | 45 138 039 | 94 882 126 |
| Equity & Liabilities | | | | | | | | |
| Deposits | 57 097 770 | 1 550 113 | 1 477 467 | 4 486 013 | 570 215 | 5 337 | – | 65 186 915 |
| Insurance liabilities | – | – | – | – | – | – | 553 007 | 553 007 |
| Other liabilities | – | – | – | – | – | – | 8 669 071 | 8 669 071 |
| 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 liabilities and equity | 57 097 770 | 1 550 113 | 1 477 467 | 4 486 013 | 570 215 | 5 337 | 29 695 211 | 94 882 126 |
| Interest rate repricing gap | (37 939 161) | 11 603 924 | 82 007 | 5 739 939 | 2 872 139 | 2 198 324 | 15 442 828 | – |
| Cumulative gap | (37 939 161) | (26 335 237) | (26 253 230) | (20 513 291) | (17 641 152) | (15 442 828) | – | – |



In 2019...

We established CBZ Agro-Yield to improve national food security for the people of Zimbabwe. We also began a major drive towards financial inclusion by offering microfinance solutions, through Red Sphere Finance.



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

37.5.1 INTEREST RATE REPRICING (continued)

| | 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 | Non– interest bearing ZWL\$ 000 | Total 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 | – | – | – | – | – | – | 259 952 | 259 952 |
| Lease Liability | 176 | 517 | 537 | 963 | 1 807 | – | – | 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

| AUDITED INFLATION ADJUSTED | | | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|------------------|---------------|----------------|--------------------------|
| Position expressed in ZWL\$ 000 | Total | ZWL | USD | ZAR | GBP | EUR | Other foreign currencies |
| 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 | 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

| AUDITED INFLATION ADJUSTED | | | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|------------------|---------------|----------------|--------------------------|
| Position expressed in ZWL\$ 000 | Total | ZWL | USD | ZAR | GBP | EUR | Other foreign currencies |
| 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

| UNAUDITED HISTORICAL | | | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|------------------|---------------|----------------|--------------------------|
| Position expressed in ZWL\$ 000 | Total | ZWL | USD | ZAR | GBP | EUR | Other foreign currencies |
| 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 | 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 | 52 634 784 | 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 | 8 467 292 | 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

| UNAUDITED HISTORICAL | | | | | | | |
|-------------------------------------|-------------------|------------------|------------------|----------------|--------------|----------------|--------------------------|
| Position expressed in ZWL\$ 000 | Total | USD | ZAR | GBP | EUR | | Other foreign currencies |
| 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 | – | – | – | – | – |
| Property and equipment | 873 440 | 859 287 | 1 475 | 12 678 | – | – | – |
| Deferred taxation | 106 042 | 106 042 | – | – | – | – | – |
| Total assets | 16 960 009 | 8 727 216 | 8 012 128 | 95 539 | 3 360 | 113 477 | 8 289 |
| Equity & Liabilities | | | | | | | |
| Deposits | 13 065 039 | 4 448 688 | 8 281 298 | 233 047 | 2 712 | 93 087 | 6 207 |
| Insurance liabilities | 59 198 | 59 198 | – | – | – | – | – |
| Other liabilities | 1 423 998 | 1 394 512 | 28 091 | 71 | 1 216 | 105 | 3 |
| Current tax payable | 103 025 | 103 025 | – | – | – | – | – |
| Life Fund | 3 935 | 3 935 | – | – | – | – | – |
| Investment contract liabilities | 3 409 | 3 409 | – | – | – | – | – |
| Deferred taxation | 259 952 | 259 952 | – | – | – | – | – |
| Lease Liability | 4 000 | 4 000 | – | – | – | – | – |
| Equity | 2 037 453 | 2 037 453 | – | – | – | – | – |
| Total equity and liabilities | 16 960 009 | 8 314 172 | 8 309 389 | 233 118 | 3 928 | 93 192 | 6 210 |

FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2020

| UNDERLYING CURRENCY |
|---------------------|
|---------------------|



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 _(ZWE) | 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 _(ZWE) | MO2 _(ZWE) | 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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Charity - 0773 928 762 Richard - 0776 308 499

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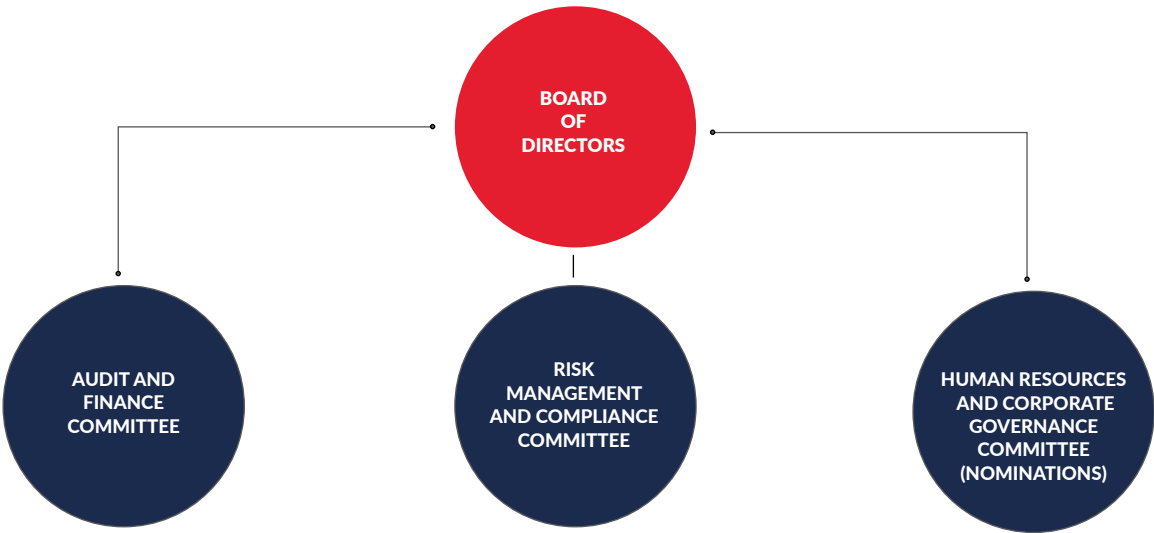


AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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/BSO, 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 Mureriwa | 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 | Mureriwa N* | Gumbo TL | T L Gumbo | | Gumbo TL | |
| Dr Mudavanhu B** | Dr Mudavanhu B | Smith J F** | Gumbo T L | Mharadze J*** | Mureriwa N* | J F Smith | | Chigodora W** | |
| Gumbo T L** | Gumbo T L | Muzadzi T** | Mureriwa 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 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

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 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

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 AGRO YIELD BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 2020)

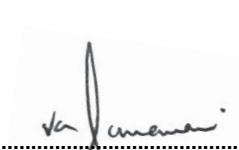
| NAME | MAIN BOARD | TOTAL BOARDS |
|----------------|------------|--------------|
| Meetings Held | 1 | 1 |
| Parham W D | 1 | 1 |
| Mazike P S | 1 | 1 |
| Dr Mudavanhu B | 1 | 1 |
| Gumbo T L | 1 | 1 |
| Chigodora W | 1 | 1 |

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

| | 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 | % | % | % | % |
| Aids levy | 24.00 | 25.00 | 24.00 | 25.00 |
| Non deductible expenses | 0.72 | 0.75 | 0.72 | 0.75 |
| Exempt income | 18.73 | 59.97 | 16.31 | 14.92 |
| Effect on opening deferred taxes of reduction in tax rate | (18.90) | (19.55) | (16.96) | (21.10) |
| Impact of rebasing tax bases | (2.66) | 1.36 | - | 0.24 |
| 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 parentby the weighted average number of ordinary shares outstanding at the end of the per period after adjusting for treasury shares.

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

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

| | 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:

| | | | | |
|----------------|---------|---------|---------|--------|
| Final dividend | 256 832 | 439 807 | 150 000 | 50 256 |
|----------------|---------|---------|---------|--------|

8. BALANCES WITH BANKS AND CASH

| | | | | |
|--|------------|------------|------------|-----------|
| Cash & bank | 7 009 246 | 993 779 | 7 009 246 | 221 536 |
| Nostro accounts | 4 084 829 | 4 030 443 | 4 084 829 | 898 478 |
| Balances with the Reserve Bank of Zimbabwe | 7 653 728 | 4 693 448 | 7 653 728 | 1 046 277 |
| RBZ Statutory reserve | 514 742 | 726 691 | 514 742 | 161 996 |
| | 19 262 545 | 10 444 361 | 19 262 545 | 2 328 287 |

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.

| | | | | |
|---------------------------------|-----------|---------|-----------|---------|
| Treasury Placements | 7 162 878 | 970 204 | 7 162 878 | 216 280 |
| Accrued interest | 13 544 | 1 103 | 13 544 | 246 |
| Total gross money market assets | 7 176 422 | 971 307 | 7 176 422 | 216 526 |
| Expected credit loss | (12 333) | (239) | (12 333) | (53) |
| Total net money market assets | 7 164 089 | 971 068 | 7 164 089 | 216 473 |

9.1 Maturity analysis

The maturity analysis of money market assets is shown below.

| | | | | |
|------------------------|-----------|---------|-----------|---------|
| Between 0 and 3 months | 7 176 422 | 971 307 | 7 176 422 | 216 526 |
| | 7 176 422 | 971 307 | 7 176 422 | 216 526 |

10. FINANCIAL SECURITIES

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

| | | | | |
|----------------------------------|---------|-----------|---------|-----------|
| Treasury bills | 967 789 | 5 200 017 | 967 789 | 1 159 203 |
| Accrued interest | 21 095 | 133 154 | 21 095 | 29 683 |
| Total gross financial securities | 988 884 | 5 333 171 | 988 884 | 1 188 886 |
| Expected credit loss | (6 005) | (232) | (6 005) | (52) |
| Total net financial securities | 982 879 | 5 332 939 | 982 879 | 1 188 834 |

| | | | | |
|-------------------------|---------|-----------|---------|-----------|
| Maturity analysis | | | | |
| Between 0 and 3 months | 5 759 | 299 643 | 5 759 | 66 797 |
| Between 3 and 6 months | 5 651 | 51 846 | 5 651 | 11 558 |
| Between 6 and 12 months | 4 224 | 154 487 | 4 224 | 34 439 |
| Between 1 and 5 years | 62 752 | 678 361 | 62 752 | 151 222 |
| Above 5 years | 910 498 | 4 148 834 | 910 498 | 924 870 |
| | 988 884 | 5 333 171 | 988 884 | 1 188 886 |

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

11. LOANS AND ADVANCES TO CUSTOMERS

| | | | | |
|--|------------|------------|------------|-----------|
| Overdrafts | 13 554 211 | 9 429 887 | 13 554 211 | 2 102 138 |
| Commercial loans | 9 951 147 | 1 911 136 | 9 951 147 | 426 036 |
| Staff loans | 980 894 | 211 197 | 980 894 | 47 080 |
| Mortgage advances | - | 243 | - | 54 |
| Interest accrued | 938 697 | 71 885 | 938 697 | 16 025 |
| Total gross advances | 25 424 949 | 11 624 348 | 25 424 949 | 2 591 333 |
| Allowance for Expected Credit Loss (ECL) | (586 253) | (466 780) | (586 253) | (104 056) |
| Total net advances | 24 838 696 | 11 157 568 | 24 838 696 | 2 487 277 |

11.1 Maturity analysis

| | | | | |
|-----------------------------|------------|------------|------------|-----------|
| Less than 1 month | 2 485 946 | 8 053 710 | 2 485 946 | 1 795 357 |
| Between 1 and 3 months | 12 017 924 | 74 650 | 12 017 924 | 16 641 |
| Between 3 and 6 months | 1 522 924 | 139 403 | 1 522 924 | 31 076 |
| Between 6 months and 1 year | 5 582 576 | 2 288 810 | 5 582 576 | 510 228 |
| Between 1 and 5 years | 2 961 399 | 890 407 | 2 961 399 | 198 492 |
| More than 5 years | 854 180 | 177 368 | 854 180 | 39 539 |
| | 25 424 949 | 11 624 348 | 25 424 949 | 2 591 333 |

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 | 5 | 432 067 | 4 | 1 333 267 | 5 | 96 318 | 4 |
| Agriculture | 11 956 327 | 47 | 7 871 081 | 68 | 11 956 327 | 47 | 1 754 644 | 68 |
| Mining | 3 085 827 | 12 | 542 070 | 5 | 3 085 827 | 12 | 120 840 | 5 |
| Manufacturing | 816 516 | 3 | 565 982 | 5 | 816 516 | 3 | 126 170 | 5 |
| Distribution | 5 876 872 | 23 | 1 288 984 | 11 | 5 876 872 | 23 | 287 344 | 11 |
| 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 | 4 | 787 616 | 7 | 1 028 276 | 4 | 175 578 | 7 |
| Financial organisations | 1 253 724 | 6 | 56 822 | - | 1 253 724 | 6 | 12 667 | - |
| | 25 424 949 | 100 | 11 624 348 | 100 | 25 424 949 | 100 | 2 591 333 | 100 |

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 | (67 646) | (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) | (126 932) | (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) | - | (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 |
| 286 343 | | 70 339 | 279 176 | 35 173 |
| 21 992 162 | | 34 235 126 | 21 992 162 | 7 631 796 |
| 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 |
| Additions | 289 907 | 161 479 | 289 719 | 17 325 |
| Foreign currency translation movement | - | 1 809 794 | - | 73 137 |
| Disposals | (2 314) | (208 837) | (515) | (7 495) |
| Write offs | - | (100 072) | - | (3 850) |
| Impairment | (818) | - | (818) | (475) |
| Closing balance | 3 219 564 | 2 932 789 | 412 622 | 124 236 |
| 15. EQUITY INVESTMENTS | | | | |
| Opening balance | 187 922 | 122 255 | 41 892 | 4 388 |
| Investment in equities during the period | 4 794 | - | 4 600 | - |
| Foreign currency translation movement | - | 11 635 | - | 470 |
| Fair value adjustments - Profit or loss | (194) | - | - | - |
| Fair value adjustments - Other comprehensive income | 18 398 | 54 032 | 164 428 | 37 034 |
| | 210 920 | 187 922 | 210 920 | 41 892 |

16. CATEGORIES OF FINANCIAL ASSETS

| 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 | - | - | 19 262 545 | 19 262 545 |
| Money market | - | - | 7 164 089 | 7 164 089 |
| Financial securities | - | - | 982 879 | 982 879 |
| Loans and advances to customers | - | - | 24 838 696 | 24 838 696 |
| Equity investments | 4 600 | 206 320 | - | 210 920 |
| Other assets | - | - | 21 992 162 | 21 992 162 |
| TOTAL ASSETS | 4 600 | 206 320 | 74 240 371 | 74 451 291 |
| 31 Dec 2019 | | | | |
| Balances with banks and cash | - | - | 10 444 361 | 10 444 361 |
| Money Market assets | - | - | 971 068 | 971 068 |
| Financial securities | - | - | 5 332 939 | 5 332 939 |
| Loans and advances to customers | - | - | 11 157 568 | 11 157 568 |
| Equity investments | - | 187 922 | - | 187 922 |
| Other assets | - | - | 34 235 126 | 34 235 126 |
| TOTAL ASSETS | - | 187 922 | 62 141 062 | 62 328 984 |
| UNAUDITED HISTORICAL | | | | |
| 31 Dec 2020 | | | | |
| Balances with banks and cash | - | - | 19 262 545 | 19 262 545 |
| Money Market assets | - | - | 7 164 089 | 7 164 089 |
| Financial securities | - | - | 982 879 | 982 879 |
| Loans and advances to customers | - | - | 24 838 696 | 24 838 696 |
| Equity investments | 4 600 | 206 320 | - | 210 920 |
| Other assets | - | - | 21 992 162 | 21 992 162 |
| TOTAL ASSETS | 4 600 | 206 320 | 74 240 371 | 74 451 291 |
| 31 Dec 2019 | | | | |
| Balances with banks and cash | - | - | 2 328 287 | 2 328 287 |
| Money market assets | - | - | 216 473 | 216 473 |
| Financial securities | - | - | 1 188 834 | 1 188 834 |
| Loans and advances to customers | - | - | 2 487 277 | 2 487 277 |
| Equity investments | - | 41 892 | - | 41 892 |
| Other assets | - | - | 7 631 796 | 7 631 796 |
| TOTAL ASSETS | - | 41 892 | 13 852 667 | 13 894 559 |



In 2004...

CBZ Holdings Limited was established to become the financial services provider of choice.



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 |
| Equity investments | 4 600 | - | - | - | 206 320 | 41 892 | 210 920 |
| Land and Buildings | - | - | 1 778 325 | 458 284 | - | - | 1 778 325 |
| Investment properties | - | - | 727 654 | 116 933 | - | - | 727 654 |
| Total assets at fair value | 4 600 | - | 2 505 979 | 575 217 | 206 320 | 41 892 | 2 716 899 |

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

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

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

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

If the fair value adjustment 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

| AUDITED INFLATION ADJUSTED | | | | | | | | | |
|---|-------------------|------------------------|--|--------------------------------|------------------------|------------------------|--------------------------------------|----------------------------------|--------------------|
| RESTATE 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) | - | - | - | - | - | - | 23 944 |
| Disposals | - | - | - | (7 234) | (19 882) | (2 415) | (3 406) | (32 937) | (54 099) |
| 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 |

| 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 |
| 31 DEC 2020 | | | | | | | | | |
| 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 | - | (4 218) | - | - | - | - | - | - | (4 218) |
| Transfers(PPE Intercategories) | - | - | - | 1 961 | 89 159 | 2 073 | 348 | (93 541) | - |
| 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) | (97) |
| Transfers to other assets | - | - | - | - | - | - | - | (301) | (301) |
| Transfers to investment properties | - | (290) | - | - | - | - | - | - | (290) |
| Write offs | - | - | - | - | (3) | (21) | (1) | - | (25) |
| Transfers(PPE Intercategories) | - | 35 | - | - | 333 | 140 | 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:

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

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

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

- Adjustments were made to the following aspects:
- Age of property - state of repair and maintenance
 - Aesthetic quality - quality of fixtures and fittings
 - Structural condition - location
 - Accommodation offered - size of land.

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

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

The carrying amount of buildings would have been ZWL\$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.

| AUDITED | | | | UNAUDITED | | | |
|-------------|--------------------------|-------------|-------------|-------------|-------------|--|--|
| INFLATION | ADJUSTED | RESTATE | | HISTORICAL | HISTORICAL | | |
| 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 | | |
| ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | | |
| 18.1a | Right of Use Assets | | | | | | |
| | 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 | | |

| AUDITED | | UNAUDITED | |
|-------------|---|-------------|-------------|
| INFLATION | ADJUSTED | RESTATE | HISTORICAL |
| 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 |
| 18.1b | Lease liability | | |
| | Opening Balance | - | 4 004 |
| | Additions | 95 906 | 18 278 |
| | Write offs | - | (3 518) |
| | Interest | 7 313 | 540 |
| | Repayment | (24 946) | (6 042) |
| | Monetary adjustment | (60 313) | (1 484) |
| | | 17 960 | 13 262 |
| 18.1c | Lease liability maturity analysis | | |
| | Less than 1 month | 803 | 579 |
| | 1 to 2 months | 2 404 | 1 158 |
| | 3 to 6 months | 2 404 | 1 737 |
| | 6 to 12 months | 4 257 | 2 987 |
| | 1 to 5 years | 9 471 | 9 471 |
| | | 15 932 | 15 932 |
| 18.1d | Amounts recognised in statement of profit or loss for the year ended 31 December 2020 | | |
| | Interest on lease liabilities | 7 313 | 540 |
| | Expenses relating to short term leases | 7 370 | 8 741 |
| | | 14 683 | 9 281 |
| 18.1e | Amounts recognised in statement of cash flow | | |
| | Total cashoutflow for leases | 24 946 | 6 042 |
| 19. | INVESTMENT PROPERTIES | | |
| | Opening balance | 524 545 | 116 933 |
| | Additions | 28 418 | 44 873 |
| | Disposals | - | (675) |
| | Transfer from property and equipment | 8 081 | - |
| | Foreign currency translation movement | 260 195 | - |
| | Fair valuation gain | 32 525 | 566 523 |
| | Closing balance | 727 654 | 116 933 |

The carrying amount of Investment properties is the fair value of the properties as determined by a registered internal appraiser having, an appropriate recognised professional qualification and recent experience in the location and category of the property bring valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Bank's investment properties and also in reference to the rental yields applicable to similar properties in the same location as the Bank's investment properties and also in reference to the rental yields applicable to similar property. The properties were valued as at 31 December 2020.

The rental income derived from investments properties amounted to ZWL\$ 20 475 686 (2019: ZWL\$ 14 181 496) with direct operating expenses amounting to ZWL\$ 255 630 (2019: ZWL\$157 234).

If the fair value adjustment had been 5% up or down, the Bank's profit would have been ZWL\$ 4 785 167 higher or lower the reported position.

| | | AUDITED | | UNAUDITED | |
|-----|--|--------------------|-------------|-------------|-------------|
| | | INFLATION ADJUSTED | RESTATE | HISTORICAL | HISTORICAL |
| | | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| | | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 | ZWL\$ 000 |
| 20. | INTANGIBLE ASSETS | | | | |
| | At cost | 263 693 | 166 097 | 104 021 | 6 301 |
| | Accumulated amortisation | (152 551) | (136 907) | (19 298) | (5 265) |
| | | 111 142 | 29 190 | 84 723 | 1 036 |
| | Movement in intangible assets | | | | |
| | Opening balance | 29 190 | 37 271 | 1 036 | 1 338 |
| | Additions | 97 896 | 2 674 | - | 435 |
| | Transfer from property and equipment | - | 2 704 | 97 896 | 97 |
| | Write offs | (300) | - | (175) | - |
| | Amortisation charge | (15 644) | (13 459) | (14 034) | (834) |
| | Closing balance | 111 142 | 29 190 | 84 723 | 1 036 |
| | Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets are amortised over their useful life of 3 years. | | | | |
| 21. | DEFERRED TAXATION | | | | |
| | Deferred tax liability | | | | |
| | Deferred tax liability represents the amount of income taxes payable in future years in respect of taxable temporary differences. | | | | |
| | The deferred tax liability balances included in the statement of financial position are comprised of: | | | | |
| | Impairments and provisions | (144 922) | (115 837) | (144 922) | (25 823) |
| | Intangible assets | 18 966 | 49 | (5 649) | 11 |
| | Equity investments | 10 362 | 9 396 | 10 362 | 2 095 |
| | Property and equipment | 507 119 | 533 704 | 277 318 | 99 387 |
| | Tax claimable impairments | (54 745) | (119 765) | (54 745) | (26 698) |
| | Investment properties | 34 896 | 75 709 | 34 896 | 16 877 |
| | Other | 1 129 628 | 358 674 | 1 690 714 | 79 956 |
| | Closing balance | 1 501 304 | 741 930 | 1 807 974 | 145 805 |
| | Included in other is deferred tax on unrealised foreign exchange gains provision and deferred income | | | | |
| 22. | DEPOSITS | | | | |
| | Call deposits | 80 398 | 55 461 | 80 398 | 12 364 |
| | Savings and other deposits | 48 100 956 | 28 225 182 | 48 100 956 | 6 292 040 |
| | Wholesale deposits | 4 484 122 | 23 872 932 | 4 484 122 | 5 321 822 |
| | Money market deposits | 10 145 441 | 3 911 622 | 10 145 441 | 871 990 |
| | Lines of credit | 508 332 | 753 245 | 508 332 | 167 916 |
| | Accrued interest | 147 344 | 70 000 | 147 344 | 15 605 |
| | | 63 466 593 | 56 888 442 | 63 466 593 | 12 681 737 |
| | Deposits by type | | | | |
| | Retail | 3 295 551 | 2 919 536 | 3 295 551 | 650 831 |
| | Corporate | 49 384 657 | 49 252 502 | 49 384 657 | 10 979 511 |
| | Money market | 10 273 658 | 3 962 974 | 10 273 658 | 883 438 |
| | Lines of credit | 512 727 | 753 430 | 512 727 | 167 957 |
| | | 63 466 593 | 56 888 442 | 63 466 593 | 12 681 737 |



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

| | AUDITED | | | UNAUDITED | |
|--|---------------------------------------|--------------------------------------|--------------------------------------|--|--|
| | INFLATION 31 DEC 2020 ZWL\$ 000 | 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 |
| | 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) |
| | 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 |
| | 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 |
| | 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 31 DEC 2020 ZWL\$ 000 | 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 key risk exposures. This approach has given direction to the Bank's overall strategic planning and policies. Through the CBZ Bank risk management function, the Bank regularly carries out risk analysis through value at risk (VAR) assessment, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and its desired risk appetite.

27.2 Bank risk management framework

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

27.3 Credit risk

27.3.1 Credit risk exposure

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

| | AUDITED | | | UNAUDITED | |
|---------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|--|--|
| | INFLATION 31 DEC 2020 ZWL\$ 000 | 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 | 216 473 |
| Financial securities | 3 085 827 | | 542 070 | 3 085 827 | 1 188 834 |
| Loans and advances to customers | 24 838 696 | | 11 157 568 | 24 838 696 | 2 487 277 |
| Other assets | 22 271 341 | | 34 235 126 | 22 271 341 | 7 631 794 |
| 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 | 31 DEC 2019 ZWL\$ 000 |
| | Gross maximum exposure | Net maximum exposure (not covered by mortgage security) | Gross maximum exposure | Net maximum exposure (not covered by mortgage security) | Gross maximum exposure | Net maximum exposure (not covered by mortgage security) | Net maximum exposure (not covered by mortgage security) |
| 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 | 6 288 | 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 |

| | AUDITED | | | UNAUDITED | |
|---|---------------------------------------|--------------------------------------|--------------------------------------|--|--|
| | INFLATION 31 DEC 2020 ZWL\$ 000 | 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 |
| | 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 | | | | | | | |
|-----------------------|------------|--------------------|-------------|-------------------|-------------|-------------------|-------------|-----------------|-------------|
| | | 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" | 8 757 887 | 10 803 741 | 307 887 | 116 766 | - | - | 9 065 774 | 10 920 507 |
| Special mention | "4a – 7c" | 16 002 945 | 82 502 | 293 616 | 202 970 | - | - | 16 296 561 | 285 472 |
| Non-performing | "8 – 10" | - | - | - | - | 62 614 | 418 369 | 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 | | | | | | | |
|-----------------------|------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-----------------|-------------|
| | | 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" | 8 757 887 | 2 408 401 | 307 887 | 26 030 | - | - | 9 065 774 | 2 434 431 |
| Special mention | "4a – 7c" | 16 002 945 | 18 391 | 293 616 | 45 247 | - | - | 16 296 561 | 63 638 |
| Non-performing | "8 – 10" | - | - | - | - | 62 614 | 93 264 | 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 | | | | | | | |
|---|--------------------|--------------|-------------------|-------------|-------------------|-------------|-----------------|--------------|
| | 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 | 10 886 243 | 6 901 983 | 319 736 | 3 658 989 | 418 369 | 2 305 614 | 11 624 348 | 12 866 586 |
| New assets originated or purchased (excluding write offs) | 44 890 544 | 32 027 318 | 4 120 539 | 1 235 937 | 20 216 | 3 719 | 49 031 299 | 33 266 974 |
| 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) | (2 277 405) | (1 704 384) |
| Amounts written off | - | - | - | - | (64 799) | (217 321) | (64 799) | (217 321) |
| Monetary adjustment | (31 792 996) | (27 611 563) | (802 414) | (3 379 257) | (293 084) | (1 596 687) | (32 888 944) | (32 587 507) |
| Gross loans and advances to customers | 24 760 832 | 10 886 243 | 601 503 | 319 736 | 62 614 | 418 369 | 25 424 949 | 11 624 348 |
| Expected credit loss allowance | (497 415) | (118 712) | (50 349) | (88 125) | (38 489) | (259 943) | (586 253) | (466 780) |
| Net loans and advances to customers | 24 263 417 | 10 767 531 | 551 154 | 231 611 | 24 125 | 158 426 | 24 838 696 | 11 157 568 |

| GROSS CARRYING AMOUNT | | 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 | 2 426 793 | 247 704 | 71 276 | 131 317 | 93 264 | 82 746 | 2 591 333 | 461 767 |
| New assets originated or purchased (excluding write offs) | 21 954 022 | 2 175 905 | 2 015 177 | 83 968 | 9 887 | 253 | 23 979 086 | 2 260 126 |
| 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) | (1 113 779) | (115 795) |
| Amounts written off | – | – | – | – | (31 691) | (14 765) | (31 691) | (14 765) |
| Gross loans and advances to customers | 24 760 832 | 2 426 793 | 601 503 | 71 276 | 62 614 | 93 264 | 25 424 949 | 2 591 333 |
| Expected credit loss allowance | (497 415) | (26 464) | (50 349) | (19 645) | (38 489) | (57 947) | (586 253) | (104 056) |
| Net loans and advances to customers | 24 263 417 | 2 400 329 | 551 154 | 51 631 | 24 125 | 35 317 | 24 838 696 | 2 487 277 |

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

| 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 |

| INFLATION ADJUSTED | | | | | | | | | |
|-----------------------|------------|------------------|-------------|------------------|-------------|------------------|-------------|----------------|-------------|
| | SRS Rating | Stage 1 ZWLS 000 | | Stage 2 ZWLS 000 | | Stage 3 ZWLS 000 | | Total ZWLS 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 |

| 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" | 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 |

| | 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 |

| 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 | 369 579 | – | – | – | – | 71 752 | 369 579 |
| Total | | 71 752 | 369 579 | – | – | – | – | 71 752 | 369 579 |

| | | HISTORICAL | | | | | | | |
|-----------------------|------------|-------------------|---------------|-------------------|-------------|-------------------|-------------|-----------------|---------------|
| | SRS Rating | Stage 1 ZWL\$ 000 | | Stage 2 ZWL\$ 000 | | Stage 3 ZWL\$ 000 | | Total ZWL\$ 000 | |
| Internal rating grade | | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 | 31 DEC 2020 | 31 DEC 2019 |
| | | | | | | | | | |
| 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 |

| | 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 |

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 deposits 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.

| INFLATION ADJUSTED | | | | | | | |
|---------------------------------|-------------------------------------|-------------------------------|-------------------------------|--------------------------------|------------------------------|-----------------------------------|--------------------|
| AUDITED 31 DECEMBER 2020 | 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 | Total ZWL\$ 000 |
| Assets | | | | | | | |
| Balances with banks and cash | 19 262 545 | – | – | – | – | – | 19 262 545 |
| Financial securities | 6 182 650 | 981 439 | – | – | – | – | 7 164 089 |
| Loans and advances to customers | 2 428 624 | 11 740 813 | 1 487 808 | 4 198 852 | 2 893 115 | 904 969 | 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 |

| INFLATION ADJUSTED | | | | | | | |
|---------------------------------|-------------------------------------|-------------------------------|-------------------------------|--------------------------------|------------------------------|-----------------------------------|--------------------|
| AUDITED 31 DECEMBER 2019 | 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 | Total 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 | — | 3 768 781 | — | — | — | — | 3 768 781 |
| Current tax payable | — | 49 796 | — | — | — | — | 49 796 |
| Lease liabilities | 727 | 2 200 | 2 228 | 3 984 | 8 820 | — | 17 959 |
| Financial guarantees | 692 | 49 582 | 4 469 | 29 525 | 285 311 | — | 369 579 |
| Capital Commitments | — | 74 709 | — | — | — | — | 74 709 |
| Total liabilities | 53 135 213 | 4 838 071 | 148 611 | 1 957 926 | 1 067 268 | 20 178 | 61 167 267 |
| Liquidity gap | (340 181) | (3 830 903) | 41 510 | 422 988 | 751 056 | 4 298 902 | 1 343 372 |
| Cumulative liquidity gap | (340 181) | (4 171 084) | (4 129 574) | (3 706 586) | (2 955 530) | 1 343 372 | 1 343 372 |

| HISTORICAL | | | | | | | |
|---------------------------------|-------------------------------------|-------------------------------|-------------------------------|--------------------------------|------------------------------|-----------------------------------|--------------------|
| UNAUDITED 31 DECEMBER 2020 | 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 | Total 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 | 4 483 245 | 570 000 | 5 338 | 63 466 593 |
| Other liabilities | – | 1 529 631 | – | – | – | – | 1 529 631 |
| Current tax payable | | 264 380 | – | – | – | – | 264 380 |
| Lease Liability | 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 | 4 492 034 | 577 320 | 5 338 | 65 345 618 |
| Liquidity gap | (27 401 031) | 31 268 249 | 14 430 | 972 576 | 2 378 166 | 1 734 115 | 8 966 505 |
| Cumulative liquidity gap | (27 401 031) | 3 867 218 | 3 881 648 | 4 854 224 | 7 232 390 | 8 966 505 | 8 966 505 |

| HISTORICAL | | | | | | | |
|---------------------------------|-------------------------------------|-------------------------------|-------------------------------|--------------------------------|------------------------------|-----------------------------------|--------------------|
| UNAUDITED 31 DECEMBER 2019 | 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 | Total ZWL\$ 000 |
| Assets | | | | | | | |
| BBalances with banks and cash | 2 328 287 | — | — | — | — | — | 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 | 37 952 | 2 487 278 |
| Financial guarantees | 154 | 11 053 | 996 | 6 582 | 63 603 | — | 82 388 |
| Other liquid assets | 7 574 053 | 57 740 | — | — | — | — | 7 631 793 |
| Total assets | 11 769 221 | 224 520 | 42 382 | 530 761 | 405 347 | 962 822 | 13 935 053 |
| Liabilities | | | | | | | |
| Deposits | 11 844 740 | 199 517 | 31 636 | 428 997 | 172 350 | 4 498 | 12 681 738 |
| Other liabilities | — | 839 702 | — | — | — | — | 839 702 |
| Current tax payable | — | 11 101 | — | — | — | — | 11 101 |
| Lease liabilities | 162 | 491 | 497 | 888 | 1 966 | — | 4 004 |
| Financial guarantees | 154 | 11 053 | 996 | 6 582 | 63 603 | — | 82 388 |
| Capital commitments | — | 16 654 | — | — | — | — | 16 654 |
| Total liabilities | 11 845 056 | 1 078 518 | 33 129 | 436 467 | 237 919 | 4 498 | 13 635 587 |
| Liquidity gap | (75 835) | (853 998) | 9 253 | 94 294 | 167 428 | 958 324 | 299 466 |
| Cumulative liquidity gap | (75 835) | (929 833) | (920 580) | (826 286) | (658 858) | 299 466 | 299 466 |

The table above shows the cash flows of the Bank'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 Bank carries 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 Bank's maturity mismatch and related funding or liquidity gap. The Asset and Liability Management Committee (ALCO) comes up with strategies through its monthly meetings to manage these liquidity gaps.

Details of the liquidity ratio for the Bank at the reporting date and during the reporting year were as follows

| | |
|----------------------|----|
| | % |
| At 31 December 2019 | 53 |
| At 31 December 2020 | 62 |
| Average for the year | 50 |
| Maximum for the year | 68 |
| Minimum for the year | 31 |

Concentration risk describes the level of risk in the Bank's liabilities when they are concentrated in few counterparties. The impact on the Bank'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 Bank, 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 Bank's deposits is shown below;





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

| AUDITED INFLATION ADJUSTED | | | | | | | | |
|-------------------------------------|-------------------------------|-------------------------|-------------------------|--------------------------|------------------------|-----------------------------|--------------------------------|-------------------|
| | 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 | Total ZWL\$ 000 |
| 31 DECEMBER 2020 | | | | | | | | |
| 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 | — | — | — | — | — | — | 22 278 505 | 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 | 577 319 | 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) | — | — |

| AUDITED INFLATION ADJUSTED | | | | | | | | |
|-------------------------------------|-------------------------------|-------------------------|-------------------------|--------------------------|------------------------|-----------------------------|--------------------------------|-------------------|
| | 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 | Total ZWL\$ 000 |
| 31 DECEMBER 2019 | | | | | | | | |
| 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) | — | — |

| UNAUDITED HISTORICAL | | | | | | | | |
|-------------------------------------|-------------------------------|-------------------------|-------------------------|--------------------------|------------------------|-----------------------------|--------------------------------|-------------------|
| | 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 | Total ZWL\$ 000 |
| 31 DECEMBER 2020 | | | | | | | | |
| 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 | — | — | — | — | — | — | 412 622 | 412 622 |
| 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 | 172 350 | 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 | 174 579 | 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) | — | — |

| UNAUDITED HISTORICAL | | | | | | | | |
|-------------------------------------|-------------------------------|-------------------------|-------------------------|--------------------------|------------------------|-----------------------------|--------------------------------|-------------------|
| | 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 | Total ZWL\$ 000 |
| 31 DECEMBER 2019 | | | | | | | | |
| 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 | | | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|------------------|----------------|----------------|--------------------------|
| | Total | ZWL | USD | ZAR | GBP | EUR | Other foreign currencies |
| 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 | – | 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 | – | – | – | – | – |
| | 81 752 737 | 36 062 073 | 38 393 414 | 6 292 766 | 320 505 | 680 685 | 3 294 |
| Equity & Liabilities | | | | | | | |
| Deposits | 63 466 593 | 28 266 264 | 33 320 217 | 1 708 445 | 26 719 | 144 453 | 495 |
| Other liabilities | 1 728 062 | 1 057 666 | 542 599 | 125 066 | 784 | 379 | 1 568 |
| Current tax payable | 264 380 | 264 380 | – | – | – | – | – |
| Deferred taxation | 1 501 304 | 1 501 304 | – | – | – | – | – |
| Lease Liability | 13 262 | 13 262 | – | – | – | – | – |
| Equity | 14 779 136 | 14 779 136 | – | – | – | – | – |
| Total equity and liabilities | 81 752 737 | 45 882 012 | 33 862 816 | 1 833 511 | 27 503 | 144 832 | 2 063 |

| | 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 | (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) | (1 488) | 2 |
| Other assets | (1 735) | 157 | (11 483) | (105) |
| Other liabilities | 49 446 | 49 216 | 63 533 | 3 531 |
| 101 676 | 112 591 | 63 999 | 7 778 | |
| Interest received | 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 | 2 061 | 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) | (3 193) | (3 009) |
| Proceeds on disposal of equipment | 88 | 80 | 35 | 61 |
| 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 |

| | 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 | 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 |
| 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 equipment | 113 375 | 135 419 | 100 701 | 23 774 |
| Intangible assets | 3 024 | 6 193 | 132 | 264 |
| Deferred tax | 31 466 | 17 108 | 55 979 | 3 977 |
| TOTAL ASSETS | 843 452 | 549 502 | 842 199 | 113 506 |
| LIABILITIES | | | | |
| Other payables | 79 680 | 39 064 | 79 679 | 8 193 |
| Deferred tax | 5 946 | 25 162 | 26 670 | 4 918 |
| Technical Liabilities | | | | |
| Reinsurance payables | 189 894 | 77 868 | 189 894 | 17 359 |
| Gross outstanding claims | 16 337 | 17 902 | 16 337 | 3 991 |
| IBNR | 15 909 | 9 680 | 15 909 | 2 158 |
| UCR | 49 485 | 31 994 | 49 485 | 7 132 |
| Gross unearned premium reserve | 281 382 | 194 464 | 281 382 | 43 500 |
| TOTAL LIABILITIES | 638 633 | 396 134 | 659 356 | 87 101 |
| EQUITY | | | | |
| Share capital | 2 177 | 2 177 | 78 | 78 |
| Share premium | 97 028 | 41 213 | 23 179 | 1 479 |
| Foreign currency translation reserve | 63 100 | 63 100 | 2 550 | 2 550 |
| Revaluation reserve | 2 512 | - | 68 287 | 11 555 |
| Fair value reserve | (1 302) | - | 6 143 | - |
| Retained earnings | 41 304 | 46 878 | 82 606 | 10 743 |
| TOTAL EQUITY | 204 819 | 153 368 | 182 843 | 26 405 |
| TOTAL LIABILITIES AND EQUITY | 843 452 | 549 502 | 842 199 | 113 506 |

| | Share capital ZWL\$ 000 | Share premium ZWL\$ 000 | Revaluation reserve ZWL\$ 000 | Fair Value reserve ZWL\$ 000 | FCTR ZWL\$ 000 | Revenue reserves ZWL\$ 000 | Total ZWL\$ 000 |
|---|----------------------------|----------------------------|----------------------------------|---------------------------------|-------------------|-------------------------------|--------------------|
| INFLATION ADJUSTED | | | | | | | |
| Audited 31 December 2019 | | | | | | | |
| Opening balance | 2 177 | 41 213 | — | — | — | 170 076 | 213 466 |
| Reinstated balance 1 January 2019 | 2 177 | 41 213 | — | — | — | 170 076 | 213 466 |
| Profit for the year | — | — | — | — | — | (118 588) | (118 588) |
| Other comprehensive income for the year | — | — | — | — | 63 100 | — | 63 100 |
| Dividend paid | — | — | — | — | — | (4 610) | (4 610) |
| Balance as at 31 December 2019 | 2 177 | 41 213 | — | — | 63 100 | 46 878 | 153 368 |
| Audited 31 December 2020 | | | | | | | |
| Opening balance | 2 177 | 41 213 | — | — | 63 100 | 46 878 | 153 368 |
| Profit for the period | — | — | — | — | — | (5 574) | (5 574) |
| Other comprehensive income for the year | — | — | 2 512 | (1 302) | — | — | 1 210 |
| Dividend paid | — | — | — | — | — | — | — |
| Rights issue | — | 55 815 | — | — | — | — | 55 815 |
| Closing balance | 2 177 | 97 028 | 2 512 | (1 302) | 63 100 | 41 304 | 204 819 |
| HISTORICAL | | | | | | | |
| Unaudited 31 December 2019 | | | | | | | |
| Opening balance | 78 | 1 479 | — | — | — | 6 104 | 7 661 |
| Reinstated balance as at 1 January 2019 | 78 | 1 479 | — | — | — | 6 104 | 7 661 |
| Profit for the year | — | — | — | — | — | 5 180 | 5 180 |
| Other comprehensive income for the year | — | — | 11 555 | — | 2 550 | — | 14 105 |
| Dividend paid | — | — | — | — | — | (541) | (541) |
| Closing balance | 78 | 1 479 | 11 555 | — | 2 550 | 10 743 | 26 405 |
| Unaudited 31 December 2020 | | | | | | | |
| Opening balance | 78 | 1 479 | 11 555 | — | 2 550 | 10 743 | 26 405 |
| Profit for the year | — | — | — | — | — | 71 863 | 71 863 |
| Other comprehensive income for the year | — | — | 56 732 | 6 143 | — | — | 62 875 |
| Dividend paid | — | — | — | — | — | — | — |
| Rights issue | — | 21 700 | — | — | — | — | 21 700 |
| Closing balance | 78 | 23 179 | 68 287 | 6 143 | 2 550 | 82 606 | 182 843 |

| | 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 | (38 938) | (88 248) | 23 434 | 2 189 |
| Adjusted for: | | | | |
| Depreciation | 6 592 | 4 877 | 2 265 | 372 |
| Amortisation | 3 169 | 1 944 | 132 | 132 |
| Monetary loss | 124 400 | 194 747 | - | - |
| Impairment of fixed assets | - | 26 358 | - | (49) |
| Fair value adjustment - investment property | 20 014 | (258) | (20 674) | (1 676) |
| Fair value adjustment - listed investments | 14 795 | 27 266 | (10 041) | (1 268) |
| Expected credit loss expense | (4) | 17 | (4) | 4 |
| Impairment on insurance assets | 15 218 | (8 700) | 15 218 | (1 939) |
| Gains on functional currency change | (9 573) | 7 428 | (9 573) | 689 |
| Earned premium reserve movement | 14 136 | 6 128 | 68 549 | 13 316 |
| Deferred commission movement | 1 249 | 2 547 | 183 | 348 |
| Provisions for but not yet reported claims provision | 13 751 | 9 796 | 13 751 | 1 584 |
| Losses on disposal of property and equipment | - | 1 686 | - | 40 |
| Operating cash inflow before changes in operating assets and liabilities | 164 809 | 185 590 | 83 240 | 13 742 |
| Changes in operating assets and liabilities | | | | |
| Increase in receivables | (448 874) | (209 830) | (386 665) | (31 762) |
| Increase/(decrease) in money market assets | 6 720 | (4 558) | 1 498 | 916 |
| Increase/(decrease) in payables | 349 213 | 102 629 | 341 074 | 24 662 |
| Cash flow before changes in operating assets and liabilities | 71 868 | 73 831 | 39 147 | 7 558 |
| Corporate tax paid | (7) | (6) | (7) | (1) |
| Cash generated / (utilised in) from operating activities | 71 861 | 73 825 | 39 140 | 7 557 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Net acquisition of equity investments | (34 219) | 6 725 | (9 604) | 643 |
| Investment property | (26 623) | - | (19 347) | - |
| Proceeds on disposal of property and equipment | - | 771 | - | 48 |
| Purchase of property and equipment | (9 838) | (44 936) | (6 829) | (3 650) |
| Purchase of intangible assets | - | (3 911) | - | (228) |
| Net cash utilised in investing activities | (70 680) | (41 351) | (35 780) | (3 187) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from rights issue | 55 815 | - | 21 700 | - |
| Dividend paid | - | (4 610) | - | (541) |
| Net cash (paid)/ proceeds generated from financing activities | 55 815 | (4 610) | 21 700 | (541) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 56 996 | 27 864 | 25 060 | 3 829 |
| Cash and cash equivalents at the beginning of the year | 25 988 | 49 047 | 5 793 | 1 760 |
| Change gains on foreign cash balances | 9 573 | - | 9 573 | 204 |
| Translation effects on cash and cash equivalents | (52 131) | (50 924) | - | - |
| BALANCES WITH BANKS AND CASH AT THE END OF THE YEAR | 40 426 | 25 987 | 40 426 | 5 793 |



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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

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

STATEMENT OF CHANGES IN EQUITY

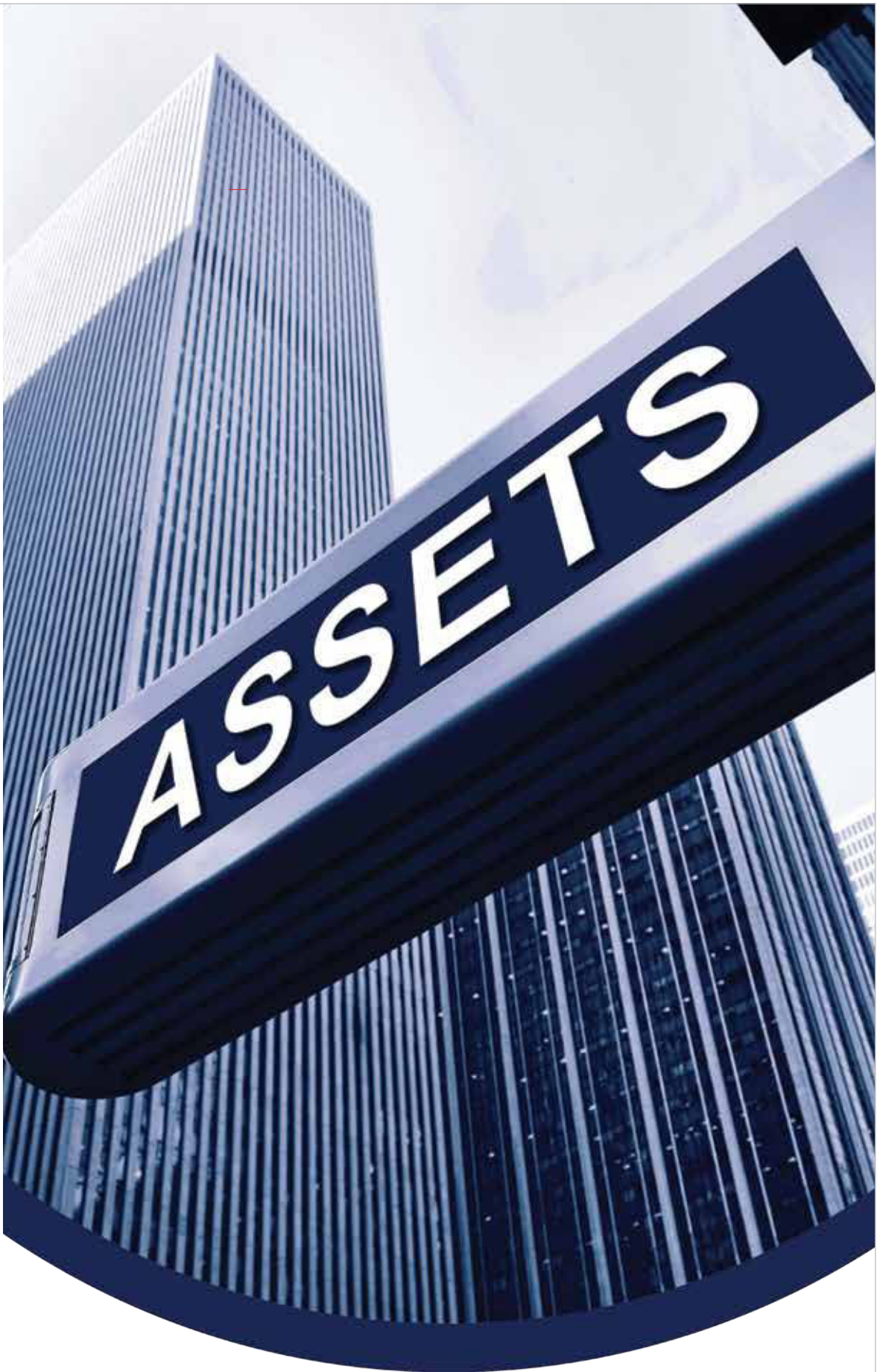
FOR THE YEAR ENDED 31 DECEMBER 2020

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



**Invest in stable,
reliable gains
confidently**

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 Policies, 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.

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) | |
| <p>Revenue was an area of most significance for the audit in the current year due to the following:</p> <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. | <p>Our audit procedures included a combination of tests over internal controls and substantive procedures over the Group's principal revenue lines as follows:</p> <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. |

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. |

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