

# ABRIDGED AUDITED INFLATION ADJUSTED FINANCIAL RESULTS

For the year ended 31 December 2023

cbz.co.zw



## KEY FINANCIAL HIGHLIGHTS (ZWL\$m) INFLATION ADJUSTED



## GROUP CHAIRMAN'S STATEMENT

### Introduction

I take pleasure in presenting the financial performance of the CBZH Group for the year ended 31 December 2023.

### Economic developments

The Global economy collectively overcame geopolitical tensions, restrictive monetary policies and fragmentation, to grow by 3.1% in 2023 (IMF). Emerging markets and developing economies are estimated to have grown by 4.1% in 2023, same as 2022, amid a slowdown in India and greater recovery in China. Growth in Sub Saharan Africa, however, declined from 4.0% in 2022 to 3.3% in 2023, weighed down by South Africa, which moved from 1.9% to 0.6%. Sovereign debt distress in Zambia, Ethiopia, Kenya and Ghana also weighed down the Sub Saharan Africa growth numbers.

In Zimbabwe, economic growth is estimated to have moderately decelerated from 6.5% in 2022 to 5.5% in 2023. This notable growth was anchored on strong activity in the agricultural, transport, construction, manufacturing, wholesale and real estate activities, which outweighed slowdowns and declines in mining, electricity supply, accommodation & food services, information & communication and financial & insurance services. The Group continued to play a pivotal role in supporting its customers in the various sectors to both withstand economic headwinds as well as expand their operations.

Notwithstanding the relatively strong growth and elevated foreign currency inflows through Diaspora remittances, the economy experienced intermittent currency weaknesses and price instabilities during the period under review. Reflecting the foreign currency demand and supply imbalances, the local currency depreciated from ZWL\$671.45:1USD in January 2023 to end the year at year at ZWL\$6106.1:1USD on the official foreign exchange market. On the other hand, the underlying monthly inflation averaged 2.0%, albeit having reached a high of 12.1% in June 2023. To address these market volatilities, the authorities introduced a number of monetary and fiscal measures, among them enhancement of the tight monetary policy stance, standardisation of the exports retentions, and an extension of the multi-currency system to December 2030.

In particular, the extension of the multi-currency system to 2030 provided the much needed policy clarity and consistency for the given period, thereby enabling the Group to effectively underwrite long term products. The Group also continued to leverage on its strong investment in intellectual, manufactured and financial capital to continuously develop and offer solutions that satisfy the needs of its wide range of clients. These included, among others, enhancement of products and mobilisation of external lines of credit to better meet the loan requirements of industry.

### Environmental, Social & Governance "ESG"

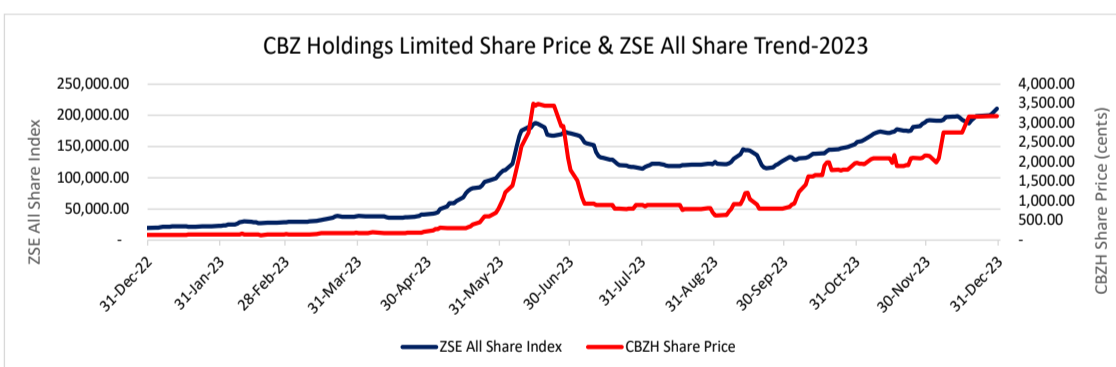
The Group accelerated its drive to create long term value through embedding Environmental, Social and Governance, "ESG", factors into its strategy and operations. As a result, in addition to the ongoing certification with the European Organisation for Sustainable Development "EOSD", the Group obtained a nomination for accreditation with the Green Climate Fund "GCF". The Group also engaged the International Finance Corporation "IFC" for advisory services on ESG, Climate Governance and Climate Risk. Through this engagement, the Group's various Board Members and Senior Management received training on Climate Governance and Climate Risk Management.

### Corporate Social Responsibility

CBZ Holdings recognizes the vital role it plays in the communities it serves, extending beyond financial services to encompass responsible corporate citizenship. In 2023, the Group remained steadfast in the commitment to create long-term value for key stakeholders, including investors, customers, employees, suppliers, and the communities that it operates in. The Group hosted the 2023 CBZ marathon, attracting approximately 1,800 athletes across the country and promoting health and wellness. On the Environmental Sustainability front, the Group partnered with the Forestry Commission contributing to environmental preservation. The Group continues to actively participate in initiatives that protect and preserve the natural world for future generations and foster strong relationships with the communities through investing in their well-being and development.

### Stock Market Performance

The Zimbabwe Stock Exchange "ZSE" benchmark industrial index rose by 982%, buoyed by a 2412% growth in the medium-cap counters index. The small-cap index also rose by 1113%, whilst the Top Ten Index rose by 632%. Resultantly, the market capitalisation closed the year at ZWL\$16.8 trillion, a 719% gain. CBZ Holdings closed the year with a market capitalization of ZWL\$1.66 trillion, being the 3rd largest trading counter on the bourse. On the US dollar denominated Victoria Falls Stock Exchange "VFEX", the All Share Index declined by 30.8% from 101.80 on 01 January 2023 to close the year at 70.48. The graph below shows the movements in the CBZH share price and the benchmark All share index from December 2022 to December 2023.



### Governance & Directorship

The qualities of professionalism, integrity and high ethical standards are upheld by the CBZ Holdings governance structure. The Board is committed to upholding the highest standards of governance and understands that it has a responsibility to its stakeholders for sound corporate governance.

The Board seeks to strike a balance between the need to provide competitive financial returns and the expectations of stakeholders and shareholders regarding governance in the context of growing change and regulatory complexity. The Board has done a commendable job of establishing the Group's strategic direction and making sure the Group successfully manages risk. Our primary emphasis continues to be setting measurable goals to support a positive company culture that is in line with our steadfast dedication to our stakeholders.

Marc Holtzman, retired as Group Chairman effective 31 December 2023 after serving in that position since September 2019. During his tenure as Group Chairman, Marc served with distinction and showed strong leadership as he steered the Company and the Group on a clear growth trajectory. On behalf of the Board and management I would like to express our sincere gratitude to Marc for his service over the past four years during which the Company has embarked on a number of corporate actions which will transform it into an integrated financial services group.

After five distinguished years with the Group as the Group Chief Executive Officer, Dr Blessing Mudavanhu retired from the Group on 31 December 2023. With over 20 years of experience in regional and international financial services organizations, Blessing was key in driving the Company's growth strategy headlined by the successful acquisition of a significant shareholding in a leading, publicly listed insurance group. His astute leadership was instrumental in restoring the Company's brand and reputation, the momentum of which will no doubt continue into the future. On behalf of everyone at CBZ, I want to thank Blessing for his huge contribution to the Group and wish him well as he enters a new chapter in his life.

Pursuant to the retirement of Dr. Blessing Mudavanhu, the Board appointed Mr. Lawrence Nyazema to the position of Acting Group Chief Executive Officer and an Executive Director of CBZ Holdings Limited with effect from 1 December 2023. Prior to this appointment, Lawrence was the Managing Director of CBZ Bank Limited, a position he took up on 1 January 2022 having joined CBZ Bank as Executive Director - Wholesale Banking, in January 2020. Prior to that, he spent 19 years with Barclays Bank (now First Capital Bank) in various capacities including as Commercial Director from 1 April 2011 to January 2020 when he then joined CBZ Bank. He also spent 10 years at ZB Financial Holdings. I would like to congratulate Lawrence on his appointment and wish him all the best in his new role.

### Overview of the Group's performance

The table below summarises the Group's financial performance for the year ended 31 December 2023.

Key Financial Highlights	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2023 ZWL\$m	RESTATE 31 DEC 2022 ZWL\$m	HISTORICAL 31 DEC 2023 ZWL\$m	RESTATE 31 DEC 2022 ZWL\$m
Profit after taxation	693 566.9	161 288.0	1 009 049.5	81 027.1
Total comprehensive income	921 377.7	209 346.6	1 382 208.0	111 288.5
Total assets	8 258 316.4	4 593 017.8	8 008 350.4	923 850.4
Total equity	1 743 733.4	808 700.1	1 528 444.4	143 217.9
Total deposits	5 577 534.4	3 269 575.0	5 577 534.4	680 399.5
Total advances	2 072 759.7	846 797.9	2 072 759.7	176 218.9
<b>Other statistics</b>				
Basic earnings per share (cents)	125 351.10	30 907.15	182 358.04	15 523.41
Non-interest income to total income (%)	78.3	71.2	86.0	78.3
Cost to income ratio (%)	42.4	34.2	32.5	26.6
Return on assets (%)	13.7	6.9	26.6	17.9
Return on equity (%)	54.3	23.1	120.7	93.9
Growth in deposits (YTD %)	70.6	50.7	719.7	417.9
Growth in advances (YTD %)	144.8	18.1	1 076.2	215.2
Growth in PAT (YOY %)	330.0	(29.1)	1 145.3	409.7

### Dividend

The final dividend amount for the year ending 31 December 2023 is still being finalised by the Board. A separate dividend announcement with record and settlement dates will be published separately in due course.

### Outlook

In 2024, the IMF expects global growth to remain flat at 3.1%, with the risks to the outlook largely balanced. Sub Saharan Africa is expected to recover to 3.8%. In Zimbabwe, however, the Government expects growth to moderate further to 3.5% as the adverse effects of the El Nino effect become more pronounced particularly on the agricultural and related sectors. Relatively strong performance is, however, still expected in the mining, accommodation & food services, and wholesale & retail trade sectors. The downside risks to the growth projections include, among others, prolonged weak commodity prices, especially for base metals and PGMs, potential further disruptions to supply chains and trade flows, and currency weaknesses. The Group will continue to monitor these developments for quicker detection of, and response to, emerging risks and opportunities.

### Appreciation

Our valued customers continue to be the foundation of our business, and we are incredibly grateful for their support. I express my gratitude to CBZH Board of Directors, Boards of Subsidiary Companies, Management and Staff for their dedication to the CBZ brand and willingness to support the nation's economic development.



L. Zembe  
GROUP CHAIRMAN

30 April 2024

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the oversight of the Inflation adjusted consolidated financial statements preparation to ensure that they comply with the Companies and Other Business Entities (Chapter 24:31) and IFRS<sup>®</sup> Accounting Standards. They have general responsibility, through various Board Committees, Executive management, compliance and internal audit function for risk management and ensuring that internal controls are in place to identify and mitigate risks of the Group to prevent and detect fraud and other irregularities.

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

The Group's consolidated inflation adjusted financial statements have been prepared in accordance with IFRS<sup>®</sup> Accounting Standards, and the International Financial Reporting Interpretations Committee, ("IFRS IC") interpretations. In addition, these consolidated inflation adjusted financial statements have also been prepared in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Microfinance Act (Chapter 24:29) and Asset Management Act (Chapter 24:26).

The consolidated inflation adjusted financial statements results have been restated to take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. The historical 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.

### 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. These consolidated inflation adjusted financial statements were prepared by CBZ Holdings Limited's Group Finance Department, under the direction and supervision of the Group Chief Finance Officer, Mr Tawanda L. Gumbo, PAAB Number 0223.

### By order of the Board.



T. GUMBO  
GROUP CFO

30 April 2024



L. NYAZEMA  
GROUP CEO

30 April 2024































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## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2023 ZWL\$ 000	RESTATE 31 DEC 2022 ZWL\$ 000	HISTORICAL 31 DEC 2023 ZWL\$ 000	HISTORICAL 31 DEC 2022 ZWL\$ 000
Revenue	24 226 564	5 213 424	22 665 318	2 033 344
Operating expenditure	(22 244 760)	(7 387 669)	(13 958 781)	(1 095 161)
<b>Operating income/ (loss)</b>	<b>1 981 804</b>	<b>(2 174 245)</b>	<b>8 706 537</b>	<b>938 183</b>
Monetary gain	608 179	792 378	-	-
<b>Profit/ (Loss) before taxation</b>	<b>2 589 983</b>	<b>(1 381 867)</b>	<b>8 706 537</b>	<b>938 183</b>
Taxation	(760 325)	317 386	(712 321)	13 862
<b>Profit/(Loss) for the year after taxation</b>	<b>1 829 658</b>	<b>(1 064 481)</b>	<b>7 994 216</b>	<b>952 045</b>
Other comprehensive income	369 492	108 567	573 059	44 505
<b>Total comprehensive income/ (loss)</b>	<b>2 199 150</b>	<b>(955 914)</b>	<b>8 567 275</b>	<b>996 550</b>

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2023 ZWL\$ 000	RESTATE 31 DEC 2022 ZWL\$ 000	HISTORICAL 31 DEC 2023 ZWL\$ 000	HISTORICAL 31 DEC 2022 ZWL\$ 000
<b>ASSETS</b>				
Cash and cash equivalents	147 868	86 525	147 868	18 006
Money market assets	906 090	167 655	906 090	34 889
Equity investments	1 459 973	1 119 400	1 459 973	232 948
Other assets	1 005 249	629 820	1 005 249	122 214
Investment properties	12 506 883	6 611 826	12 506 883	1 375 923
Intangible assets	13 303	16 907	361	698
Property and equipment	503 786	361 224	156 375	11 607
Current taxation	-	203 285	-	42 304
Deferred taxation	809 725	411 893	809 725	85 715
<b>TOTAL ASSETS</b>	<b>17 352 877</b>	<b>9 608 535</b>	<b>16 992 524</b>	<b>1 924 304</b>
<b>LIABILITIES</b>				
Current taxation	192 492	-	192 492	-
Other liabilities	5 211 460	1 759 080	5 211 460	366 065
Lease liability	240 117	154 062	240 117	32 060
Deferred taxation	1 213 936	473 733	1 121 146	92 055
<b>TOTAL LIABILITIES</b>	<b>6 858 005</b>	<b>2 386 875</b>	<b>6 765 215</b>	<b>490 180</b>
<b>EQUITY</b>				
Share capital	46 653	46 614	71	63
Share premium	2 498 184	1 424 159	227 829	1 925
Retained Earnings	7 380 310	5 550 652	9 373 064	1 378 848
Fair value reserve	569 726	200 234	626 347	53 288
<b>TOTAL EQUITY</b>	<b>10 494 873</b>	<b>7 221 659</b>	<b>10 227 311</b>	<b>1 434 124</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>17 352 878</b>	<b>9 608 534</b>	<b>16 992 526</b>	<b>1 924 304</b>

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	AUDITED INFLATION ADJUSTED				
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Fair value reserve ZWL\$ 000	Revenue reserves ZWL\$ 000	Total ZWL\$ 000
<b>Restated 31 December 2022</b>					
Opening balance	46 614	1 424 159	91 667	6 615 132	8 177 572
Loss for the period	-	-	-	(1 064 480)	(1 064 480)
Other comprehensive income	-	-	108 567	-	108 567
<b>Closing balance</b>	<b>46 614</b>	<b>1 424 159</b>	<b>200 234</b>	<b>5 550 652</b>	<b>7 221 659</b>
<b>31 December 2023</b>					
Opening balance	46 614	1 424 159	200 234	5 550 652	7 221 659
Issue of shares	39	1 074 024	-	-	1 074 063
Profit for the period	-	-	-	1 829 659	1 829 659
Other comprehensive income	-	-	369 492	-	369 492
<b>Closing balance</b>	<b>46 653</b>	<b>2 498 183</b>	<b>569 726</b>	<b>7 380 311</b>	<b>10 494 873</b>
	UNAUDITED HISTORICAL				
<b>31 December 2022</b>					
Opening balance	63	1 925	8 783	426 803	437 574
Profit for the period	-	-	-	952 045	952 045
Other comprehensive income	-	-	44 505	-	44 505
<b>Closing balance</b>	<b>63</b>	<b>1 925</b>	<b>53 288</b>	<b>1 378 848</b>	<b>1 434 124</b>
<b>31 December 2023</b>					
Opening balance	63	1 925	53 288	1 378 848	1 434 124
Issue of shares	8	225 904	-	-	225 912
Profit for the period	-	-	-	7 994 216	7 994 216
Other comprehensive income	-	-	573 059	-	573 059
<b>Closing balance</b>	<b>71</b>	<b>227 829</b>	<b>626 347</b>	<b>9 373 064</b>	<b>10 227 311</b>

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	AUDITED		UNAUDITED	
	INFLATION ADJUSTED 31 DEC 2023 ZWL\$ 000	RESTATE 31 DEC 2022 ZWL\$ 000	HISTORICAL 31 DEC 2023 ZWL\$ 000	HISTORICAL 31 DEC 2022 ZWL\$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit/ (Loss) before taxation</b>	<b>2 589 983</b>	<b>(1 381 865)</b>	<b>8 706 538</b>	<b>938 183</b>
<b>Adjust for:</b>				
Fair value adjustments	(7 721 132)	(180 531)	(12 201 401)	(1 264 103)
Depreciation and amortisation	96 452	181 508	11 448	3 646
Monetary gain	(608 179)	(792 381)	-	-
Expected credit loss expense	761 542	60 556	761 542	12 602
Unrealised (gain)/loss on foreign currency position	(1 082 496)	314 905	(1 082 496)	65 532
Profit on disposal of investment properties	(538 604)	(78 389)	(188 581)	(24 481)
Profit on disposal of property and equipment	(41 428)	-	(47 835)	-
Write off of property and equipment	-	176	-	13
Write off of right of use asset and lease liability	-	438 800	-	(70 087)
Interest on lease liability	22 120	30 377	12 403	3 705
<b>Operating cash outflow before changes in operating assets and liabilities</b>	<b>(6 521 742)</b>	<b>(1 406 844)</b>	<b>(4 028 382)</b>	<b>(334 990)</b>
<b>Changes in operating assets and liabilities</b>				
Money market assets	(937 424)	(167 914)	(260 035)	(34 943)
Other assets	(9 069 005)	(1 602 301)	(1 252 880)	(96 885)
Other liabilities	13 867 049	2 998 724	4 797 360	292 751
<b>Cash utilised from operating activities</b>	<b>3 860 620</b>	<b>1 228 509</b>	<b>3 284 445</b>	<b>160 923</b>
Corporate tax paid	(266 063)	(448 801)	(202 606)	(59 170)
<b>Cash utilised from operating activities</b>	<b>(2 927 185)</b>	<b>(627 136)</b>	<b>(946 543)</b>	<b>(233 237)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds on disposal of investment properties	2 383 561	1 667 885	806 680	288 752
Purchase of investment properties	-	(4 658)	-	(297)
Investment in equities during the year	(1 649 924)	(4 491 676)	(609 218)	(331 346)
Equity investments disposed during the year	1 679 409	3 398 420	437 754	249 384
Purchase of equipment	(128 156)	(20 316)	(77 690)	(3 380)
Proceeds from sale of equipment	53 445	-	47 873	-
Purchase of intangible assets	-	(1 093)	-	(118)
<b>Net cash inflow from investing activities</b>	<b>2 338 335</b>	<b>548 562</b>	<b>605 399</b>	<b>202 995</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issue of shares	1 074 063	-	225 912	-
Lease liability repayment	(41 693)	(62 560)	(26 441)	(4 064)
Interest on lease liability	(22 120)	(30 377)	(12 403)	(3 705)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>1 010 250</b>	<b>(92 937)</b>	<b>187 068</b>	<b>(7 769)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>421 400</b>	<b>(171 512)</b>	<b>(154 076)</b>	<b>(38 011)</b>
Cash and cash equivalents at 01 January	86 525	452 764	18 006	27 409
Exchange gains on foreign cash balances	283 938	137 473	283 938	28 608
Inflation effects on cash and cash equivalents	(643 996)	(332 200)	-	-
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>147 868</b>	<b>86 525</b>	<b>147 868</b>	<b>18 006</b>

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## Independent Auditors' Report

### To the shareholders of CBZ Holdings Limited

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#### Qualified opinion

We have audited the inflation adjusted consolidated and separate financial statements of CBZ Holdings Limited (the Group and Company) set out on pages 13 to 186 , which comprises of the inflation adjusted consolidated and company's statement of financial position as at 31 December 2023, and inflation adjusted consolidated and company's statement of profit or loss and other comprehensive income, inflation adjusted consolidated and company's statement of changes in equity and the inflation adjusted consolidated and company's statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and company financial statements, comprising material accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion section of our report, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of CBZ Holdings Limited as at 31 December 2023, and its inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Securities and Exchange Act (Chapter 24:25), Microfinance Act (Chapter 24:29), the Insurance Act (Chapter 24:07) and the Asset Management Act (Chapter 24:06).

#### Basis for qualified opinion

As explained in notes 17.1 to 17.3 to the inflation adjusted consolidated financial statements, CBZ Holdings Limited increased its shareholding to 36.47% in First Mutual Holdings Limited (FMHL) and to 16.8% in First Mutual Properties Limited (FMP) during the year. As at 31 December 2023, both FMHL and FMP were accounted for using the equity method based on unaudited amounts with the equity-accounted investees amounting to ZWL339,5 billion, inflation adjusted, included in the inflation adjusted consolidated statement of financial position and the share of profit of equity-accounted investees, net of tax of ZWL 132,5 billion, inflation adjusted, and share of other comprehensive loss of equity-accounted investees of ZWL 23.6 billion, inflation adjusted, being included in the inflation adjusted consolidated statement of profit or loss and other comprehensive income for the year then ended. Included in the inflation adjusted company's statement of financial position as at 31 December 2023 is the investments in associates, relating to FMHL and FMP amounting to ZWL 230,7 billion inflation adjusted carried at cost.

As disclosed in note 17.3, FMHL's subsidiary First Mutual Life Assurance Company signed a Memorandum of Agreement with the Insurance and Pensions Commissions which sets out correction actions required to ensure compliance with statutory and legal requirements. The possible impact on FMHL's financial position and financial performance of the actions set out in the Memorandum of Agreement are yet to be determined. Consequently, this may also have an impact on FMP's, a subsidiary of FMHL, financial position and financial performance which has been equity accounted for in the Group's financial statements.



Accordingly, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group and Company's investment in FMHL as at 6 September 2023 (acquisition date) and as at 31 December 2023 and the Group's share of FMHL's profit and other comprehensive income for the year then ended. Consequently, we were unable to determine whether any adjustments to these amounts in the inflation adjusted Group and Company's financial statements were necessary in the circumstances.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted consolidated and separate financial statements in Zimbabwe, and 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.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter 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.

The key audit matters apply only to the audit of the consolidated financial statements. We have determined that there are no key audit matters to communicate in our report on the separate financial statements.

#### 1. Valuation of investment properties and land and buildings

Refer to;

- Group and Company material accounting policies - the significant accounting estimates and judgements note 1.3 fair value measurement principles, the investment properties accounting policy note 1.5, the property and equipment accounting policy note 1.6 and the fair value measurement accounting policy note 1.29
- notes to the inflation adjusted consolidated financial statements - the fair value measurement note 19, the property and equipment note 20 and the investment properties note 21

Key audit matter	How the matter was addressed in our audit
<p>The Group and holds land and buildings measured at fair value in accordance with IAS 16, Property, Plant and Equipment (IAS 16). The Group also holds investment properties which is measured at fair value in accordance with IAS 40, Investment Property (IAS 40).</p> <p>As at reporting date the Group had land and buildings valued at ZWL 399.5 billion inflation adjusted and also held investment properties valued at ZWL 395.9 billion inflation adjusted.</p> <p>Investment properties, and land and buildings are subject to variability in values. The fair values of the properties were determined by a registered</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Group property portfolio and the selection of the methods used in the valuation of the different properties.</li> <li>• Performing an independent deeds search to confirm the ownership and accuracy of data such as land sizes and locations used in the property valuations.</li> <li>• Evaluating the professional qualifications, competence, capabilities and objectivity of the registered internal appraiser, employed by management, who valued the Group's</li> </ul>



Key audit matter	How the matter was addressed in our audit
<p>internal appraiser.</p> <p>The Group uses several methods, such as the implicit investment approach and market value of similar properties method in performing the valuations.</p> <p>The Group properties are classified as Level 2 in the fair value hierarchy, through their use of observable inputs such as rental rates per square meter and unobservable inputs such as capitalisation rates which have estimation uncertainty inherent in their values.</p> <p>Given the degree of complexity involved in determining the fair value of the land and buildings and investment properties, the significant judgement and estimation required in determining the key inputs and assumptions used in determining the fair values in the local property market, the valuation of the Group's land and buildings and the investment properties was considered a key audit matter.</p>	<p>properties through the inspection of their professional membership and reviewing their curriculum vitae.</p> <ul style="list-style-type: none"> <li>• Engaging our own professional independent property valuation expert to reperform valuations through a desktop valuation of a sample of the properties and compared their results to the valuations that were determined by the internal appraiser appointed by the directors.</li> <li>• Evaluating the professional qualifications, competence, objectivity, capabilities and independence of our own engaged professional independent property valuer by enquiring about their interest and relationship with the Group and confirming their membership to professional associations.</li> <li>• Assessing the adequacy of the disclosures in the inflation adjusted consolidated financial statements in respect of the valuation of land and buildings and investment properties in accordance with IAS 16, IAS 40 and IFRS 13, Fair value measurement.</li> <li>• Testing the completeness of key inputs such as the land size, lettable area and property descriptions by inspecting the title deeds and assessing the changes from the prior year.</li> </ul> <p>Our engaged external property valuation expert assisted with:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness of the valuation methodologies used by the internal appraiser, by comparing the valuation methods used by the internal appraiser to market best practice property valuation methods based on our specialist's knowledge of the industry; and</li> <li>• Challenging the assumptions such as capitalisation rates, rent per square meter and market comparable prices used to the properties through performing independent property valuations for a sample of properties. The performance of independent fair values involved re-computation of capitalisation rates and comparison of management's rentals per square meter and comparable market prices to the engaged specialist values observed from market transactions and offer prices.</li> </ul>



## 2. Expected credit losses in respect of loans and advances to customers

Refer to:

- Group and Company material accounting policies - significant accounting estimates and judgements note 1.3, expected credit loss and the impairment of financial assets policy accounting policy note 1,9
- notes to the inflation adjusted consolidated financial statements - the loans and advances to customers note 12, the expected credit losses on financial instruments note 13 and the credit risk note 35.3.

Key audit matter	How the matter was addressed in our audit
<p>The Group assesses at each reporting date on a forward-looking basis, the Expected Credit Losses (ECL) associated with the loans and advances to customers. The Group carries out a significant increase in credit risk assessment at each reporting date in order to determine whether the credit risk of its loans and advances to customers has increased significantly since initial recognition.</p> <p>As at reporting date, the Group had net loans and advances to customers of ZWL 2.07 trillion inflation adjusted.</p> <p>The Group's ECL model includes certain judgements and assumptions such as:</p> <ul style="list-style-type: none"> <li>• the credit rating allocated to the counterparties;</li> <li>• the determination of the Group's definition of default;</li> <li>• the estimate of the likelihood of default over a given time horizon (probability of default (PD));</li> <li>• the estimate of the loss arising in the case where a default occurs at a given time (loss given default (LGD));</li> <li>• the estimate of the exposure at a future default date (exposure at default (EAD));</li> <li>• the criteria for assessing a significant increase in credit risk (SICR);</li> <li>• the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collateral held.</li> <li>• the incorporation of forward-looking information related to the expected outlook on the country's macro-economic variables and the gross domestic product growth rates used in determining the expected credit losses in the loans and advances portfolios;</li> </ul> <p>Due to the significance of the loans and advances to customers to the Group and the level of judgement applied in determining the ECL, the expected credit loss in respect of loans and advances to customers was considered a key</p>	<p>Our procedures included the following;</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding the Group's IFRS 9, Financial instruments (IFRS 9) policy and models.</li> <li>• Assessed whether the models are compliant with the requirements of IFRS 9 by inspecting the IFRS 9 accounting policy and IFRS 9 ECL model document.</li> <li>• Evaluating the effectiveness of credit risk management and governance controls by testing the design, implementation, and operating effectiveness of controls implemented by the Group.</li> <li>• Identifying changes that were implemented in the ECL models parameters during the year and challenging management on the reasonableness and validity of the changes applied to key parameters.</li> <li>• Performing advanced credit risk reviews on a sample of loans and advances to customers which include significant borrowers and watchlist facilities by assessing the reasonability of credit risk ratings that had been applied in determining the probability of default (PD).</li> <li>• Testing the accuracy and completeness of historical credit loss information that is used in the development of the probability of default (PD) model by our engaged specialist by inspecting the source documents in the credit origination process.</li> <li>• Assessing the completeness, accuracy and validity of data and inputs used during the application of the ECL model by obtaining external confirmations for loan balances, reconciling the balances on the sub-ledger to the general ledger and agreeing interest rates to loan agreement.</li> <li>• Testing collateral data to confirm the registration of collateral recognised in the model by agreeing the value of collateral to supporting legal documentation</li> <li>• Assessing the adequacy of the Group's</li> </ul>



Key audit matter	How the matter was addressed in our audit
audit matter.	<p>disclosures in respect of ECL as required in terms of IFRS 7, Financial instruments disclosures.</p> <p>Engaged our internal financial risk management specialists to:</p> <ul style="list-style-type: none"> <li>• Assessing the reasonableness of management’s assumptions in the determination of the PD, EADs and LGDs for stage 1 and stage 2 loans by comparing against industry benchmarks.</li> <li>• Testing the LGD model for unsecured loans by using historical write-off and recovery data to create an independent LGD estimate.</li> <li>• Assessing the appropriateness of the Group’s IFRS 9 ECL models by reperforming management’s calculations using our own independent models.</li> <li>• Engaging an economist and using available external and independent macro-economic information (gross domestic product growth rates) to challenge management’s judgements and assumptions incorporated into forward looking ECLs.</li> <li>• Performing an analysis of the financial performance of selected entities and independently computing the credit rating through use of an independent credit rating model.</li> </ul>

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the document titled “CBZ Holdings Group and Company Annual Inflation Adjusted Financial Statements for the year ended 31 December 2023”, including the unaudited financial information in the consolidated and separate inflation adjusted financial statements titled “Historical”, but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the "The Annual Report", which is expected to be made available to us after that date.

Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Securities and Exchange Act (Chapter 24:25), Microfinance Act (Chapter 24:29), the Insurance Act (Chapter 24:07) and the Asset Management Act (Chapter 24:06) and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 and/or Company or to cease operations, or have no realistic alternative but to do so.

## **Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 inflation adjusted consolidated and separate 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 consolidated and separate 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 Group's and 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 Group and 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 auditors' report to the related disclosures in the inflation adjusted consolidated and separate 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 auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 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 safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Themba Mudidi  
Chartered Accountant (Zimbabwe)  
Registered Auditor  
PAAB Practicing Certificate Number 0437

.....2024

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors

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