



CHAIRMAN'S STATEMENT

I take great pleasure in presenting the CBZ Holdings Limited's financial results for the half year ended 30 June 2017.

Operating Environment

Following a higher than expected agricultural output, and improved prospects in the mining sector, both the World Bank and the International Monetary Fund (IMF) revised upwards the country's projected growth rate for 2017. The World Bank now expects Gross Domestic Product (GDP) to expand by 2.6% in 2017, up from 0.7% in 2016. However, with economic activity and growth largely driven by very few sectors, the operating environment remained largely challenging during the period under review.

Money Markets

According to the Reserve Bank of Zimbabwe, broad money supply grew by 8.5% from US\$5.64 billion in December 2016 to US\$6.12 billion in April 2017 underpinned by injection of new money through the ongoing tobacco marketing season. On the other hand, average lending rates for individuals and corporates were largely subdued, falling from 10.66% in December 2016 to 9.14% in June 2017. Average rates for 1-month and 3-month deposits also fell from 5.34% and 5.74% in December 2016 to 4.22% and 4.29% in June 2017, respectively.

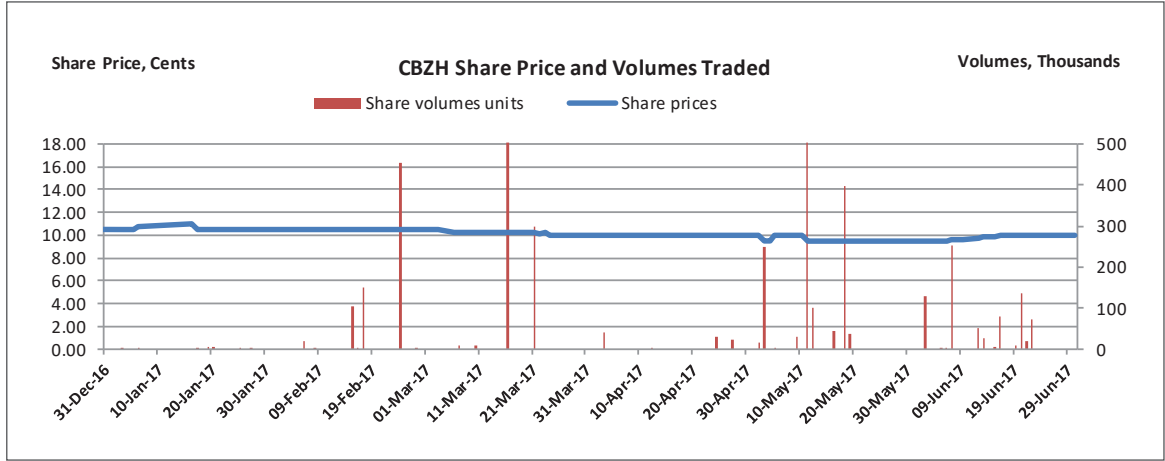
Property Market

Activity remained concentrated around medium and low cost housing development, during the period under review. In the commercial property sector, however, the major challenges remained as rental arrears, restrained rental yields and low occupancy levels.

Capital Markets

On the Zimbabwe Stock Exchange "ZSE", despite generally weak fundamentals, both the industrial and mining indices advanced by 35.6% and 19.3% to close at 195.97 and 69.79, respectively, during the first half of 2017. This was mainly driven by hedge funds. Market turnover rose by 28.8% to US\$115.05 million in the first half of 2017, compared to US\$89.29 million over the same period in 2016.

The graph below shows the performance of CBZ Holdings' share during the period.



Overview of the Group's Performance

	Unaudited Half Year June 2017	Unaudited Half Year June 2016	Audited Full Year December 2016
Key Financial Highlights	US\$m	US\$m	US\$m
Total assets	2,159.0	2,069.1	2,086.6
Total equity	293.3	272.8	283.1
Total deposits	1,822.9	1,773.6	1,777.2
Total advances	1,043.1	1,022.1	1,007.2
Profit before taxation	12.0	12.2	28.5
Profit after taxation	12.0	11.9	23.8
Total comprehensive income	12.0	11.9	24.2
Other statistics			
Basic earnings per share (cents)	4.6	4.5	4.5
Non-interest income to total income (%)	45.8	42.4	43.4
Cost to income ratio (%)	66.0	72.2	69.6
Return on assets (%)	1.1	1.3	1.4
Return on equity (%)	8.1	8.7	8.7
Growth in deposits (YTD %)	2.6	5.3	5.5
Growth in advances (YTD %)	3.6	0.1	(1.4)
Growth in PAT (YOY %)	0.2	(13.2)	(32.5)

Directorship

In line with regulatory requirements, the following members were retired from the Board after having served for more than 10 years within the Group: Ian Harris, Richard Zirobwa and Dr Ruvimbo Mabeza-Chimedza. We thank them for their dedication and service. Rebecca Pasi and Richard Dawes have moved to the CBZ Bank Limited Board and CBZ Life Limited Board, respectively.

My appointment as the Chairman was with effect from 18 July 2017 taking over from Richard Dawes who was serving the Board as Acting Chairman following the retirement of Elliot Mugamu on 28 February 2017. I would like to thank Richard Dawes for his leadership during this period.

Governance

The Group believes that a business built on good governance is more likely to succeed over the long term. Given the volatile environment, the Board will continue to pay particular attention to sharpening the Group's focus on corporate governance matters.

Interim Dividend

In line with the Group's dividend growth policy and considering the need for prudent capital and liquidity management, the Board has declared an interim dividend of US\$ 1,762,371 for the half year ended 30 June 2017.

Outlook

Whilst economic growth is expected to recover in 2017, it remains critical for the monetary and fiscal authorities to buttress ongoing efforts to normalise the country's credit standing with policy measures that result in broad based economic growth.

Appreciation

My appreciation goes to our valued clients, who are the mainstay of our success. I am grateful for the confidence bestowed on me by my fellow Directors expressed through this appointment and would like to thank the Group Boards, Management and Staff in ensuring the attainment of our goals.

Noah M Matimba

Chairman

03 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30 June 2017

	Notes	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Interest income	2	81 024 273	89 266 645
Interest expense	2	(41 332 782)	(50 636 713)
Net interest income		39 691 491	38 629 932
Net non-interest income	3	36 830 861	31 030 284
Net underwriting income	4	3 947 949	4 451 449
Total income		80 470 301	74 111 665
Operating expenditure	5	(53 116 660)	(52 874 407)
Operating income		27 353 641	21 237 258
Charge for impairment	12.5/13.2	(15 393 843)	(9 086 165)
Profit before taxation		11 959 798	12 151 093
Taxation	6	(8 703)	(229 562)
Profit after taxation		11 951 095	11 921 531
Other comprehensive income		-	-
Total comprehensive income		11 951 095	11 921 531
Profit for the period attributable to:			
Equity holders of parent		11 917 526	11 825 961
Non-controlling interests	27.7	33 569	95 570
Profit for the period		11 951 095	11 921 531
Total comprehensive income attributable to:			
Equity holders of parent		11 917 526	11 825 961
Non-controlling interests	27.7	33 569	95 570
Total comprehensive income for the period		11 951 095	11 921 531
Earnings per share (cents):			
Basic	7.1	4.56	4.50
Fully diluted	7.1	4.43	4.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
ASSETS			
Balances with banks and cash	9	51 021 451	73 482 774
Money market assets	10	20 790 344	37 512 007
Financial securities	11	827 784 127	760 536 057
Loans and advances to customers	12	1 043 117 599	1 007 172 157
Insurance assets	13	7 812 576	4 851 887
Equity investments	15	9 552 107	7 826 107
Other assets	14	78 315 261	71 450 097
Current tax receivable		38 525	3 692 462
Investment properties	18	30 813 637	32 601 223
Property and equipment	17	70 489 462	72 220 038
Intangible assets	19	2 468 395	2 697 421
Deferred taxation	20.1	16 775 074	12 566 810
TOTAL ASSETS		2 158 978 558	2 086 609 040
LIABILITIES			
Deposits	21	1 822 899 822	1 777 154 753
Insurance liabilities	22	10 175 257	6 470 950
Other liabilities	23	26 490 229	13 859 233
Current tax payable		479 870	295 265
Life fund	24	1 637 296	1 844 992
Life assurance investment contract liabilities	25	1 655 085	1 517 121
Deferred taxation	20.2	2 354 076	2 359 408
TOTAL LIABILITIES		1 865 691 635	1 803 501 722
EQUITY			
Share capital	27.1	6 868 348	6 868 288
Share premium	27.2	40 008 756	40 008 086
Treasury shares	27.3	(17 588 582)	(17 588 582)
Revaluation reserve	27.4	27 089 982	27 089 982
Share option reserve	27.5	1 118 686	1 101 026
Revenue reserve	27.6	235 691 701	225 085 611
Equity attributable to equity holders of the parent		293 188 891	282 564 411
Non-controlling interests	27.7	98 032	542 907
TOTAL EQUITY		293 286 923	283 107 318
TOTAL LIABILITIES AND EQUITY		2 158 978 558	2 086 609 040

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for half year ended 30 June 2017

	Share capital US\$	Share premium US\$	Treasury shares US\$	Revaluation reserve US\$	Share option reserve US\$	Revenue reserve US\$	Total equity attributable to parent US\$	Non- controlling interests US\$	Total US\$
Unaudited 30 June 2016									
Opening balance	6 867 689	40 001 416	(16 810 640)	26 625 959	1 032 565	203 691 964	261 408 953	468 104	261 877 057
Total comprehensive income	-	-	-	-	-	11 825 961	11 825 961	95 570	11 921 531
Rights issue (NCI)	-	-	-	-	-	-	-	20 600	20 600
Employee share option expense	-	-	-	-	52 601	-	52 601	-	52 601
Exercise of share options	390	4 345	-	-	(1 303)	-	3 432	-	3 432
Dividend paid	-	-	-	-	-	(1 114 559)	(1 114 559)	-	(1 114 559)
Closing balance	6 868 079	40 005 761	(16 810 640)	26 625 959	1 083 863	214 403 366	272 176 388	584 274	272 760 662
Unaudited 30 June 2017									
Opening balance	6 868 288	40 008 086	(17 588 582)	27 089 982	1 101 026	225 085 611	282 564 411	542 907	283 107 318
Total comprehensive income	-	-	-	-	-	11 917 526	11 917 526	33 569	11 951 095
Change in degree of ownership	-	-	-	-	-	(105 754)	(105 754)	(463 207)	(568 961)
Employee share option reserve	-	-	-	-	17 860	-	17 860	-	17 860
Exercise of share options	60	670	-	-	(200)	-	530	-	530
Dividend paid	-	-	-	-	-	(1 205 682)	(1 205 682)	(15 237)	(1 220 919)
Closing balance	6 868 348	40 008 756	(17 588 582)	27 089 982	1 118 686	235 691 701	293 188 891	98 032	293 286 923



UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2017



Partners For Success

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 30 June 2017

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11 959 798	12 151 093
Non cash items:		
Depreciation	3 869 899	3 625 881
Amortisation of intangible assets	565 351	148 219
Fair value adjustments on financial instruments	(623 204)	34 340
Impairment on advances and insurance assets	15 393 843	9 086 165
Unrealised loss on foreign currency position	1 070 052	403 807
Unearned premium reserve movement	562 700	200 407
Provision for incurred but not reported claims(IBNR)	18 910	(439 919)
Loss on sale of investment properties	350 000	-
Loss on sale of property and equipment	900	5 139
Deferred commission movement	63 523	36 160
Employee share option expense	17 860	52 601
Operating cash inflow before changes in operating assets and liabilities	33 249 632	25 303 893
Changes in operating assets and liabilities		
Deposits	44 675 018	88 918 875
Loans and advances to customers	(73 290 541)	(74 561 120)
Life assurance investment contract liabilities	137 964	114 514
Money market assets	16 721 663	(16 872 241)
Financial securities	(35 349 331)	7 496 575
Insurance assets	(2 035 644)	(2 733 869)
Insurance liabilities	1 616 700	2 735 671
Other assets	(5 365 164)	(3 894 556)
Other liabilities	2 993 245	(8 036 702)
	(49 896 090)	(6 832 853)
Corporate tax paid	(383 757)	(837 612)
Net cash (outflow) / inflow from operating activities	(17 030 215)	17 633 428
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(1 102 796)	-
Non-Controlling Interest (NCI) partial acquisition	(568 961)	-
Purchase of investment properties	(62 414)	(1 539 179)
Proceeds on disposal of property and equipment	238 395	37 050
Purchase of property and equipment	(2 626 117)	(3 092 474)
Purchase of intangible assets	(88 826)	(838 022)
Net cash outflow from investing activities	(4 210 719)	(5 432 625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	530	3 432
Rights issue (NCI)	-	20 600
Dividend paid	(1 220 919)	(1 114 559)
Net cash outflow from financing activities	(1 220 389)	(1 090 527)
NET (DECREASE) / INCREASE IN BALANCES WITH BANKS AND CASH	(22 461 323)	11 110 276
Balances with banks and cash at the beginning of the period	73 482 774	42 522 322
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	51 021 451	53 632 598

ACCOUNTING POLICIES

for the half year ended 30 June 2017

1. GROUP ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group, which have been applied consistently.

1.1 BASIS OF PREPARATION

The Group's financial results have been prepared under policies consistent with International Financial Reporting Standards ('IFRS'). The financial results are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of property, equipment, investment property and certain financial instruments stated at fair value.

The financial results are presented in United States Dollars (US\$), the Group's functional and presentation currency and all figures are rounded to the nearest dollar.

Basis of consolidation

The Group's consolidated financial results incorporate the financial results of the Company and entities controlled by the Company. Control is achieved when the Company has power over the investee, is exposed or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired and up to the date control ceased.

The financial results of the subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that are recognised in assets and liabilities and income and expenses are eliminated in full.

Non-controlling interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, Management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Kindly refer to our website (www.cbz.co.zw) for a detailed analysis of the significant accounting estimates and judgements, which are consistent with those applied in the Group's 2016 annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 30 June 2017

1. INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the half year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 3 August 2017. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance, risk advisory and other financial services and is incorporated in Zimbabwe.

2. INTEREST

Interest Income

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

Interest expense

Call deposits
Savings deposits
Money market deposits
Other offshore deposits

NET INTEREST INCOME

3. NET NON-INTEREST INCOME

Fair value adjustments on financial instruments
Net income from foreign currency dealings
Unrealised loss on foreign currency position
Commission and fee income
Loss on sale of property and equipment
Loss on sale of investment properties
Bad debts recovered
Property sales
Rental income
Other income

4. NET UNDERWRITING INCOME

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

(a) Net commission

Commission received
Commissions paid
Deferred acquisition costs
Net commission

(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

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

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

Operating leases

The following is an analysis of expenses related to operating leases:
Non cancellable lease rentals are payable as follows:

Less than 1 year
Between 1 and 5 years

The Group leases a number of buildings from which its branches operate. The leases typically run for a period of 5 years with an option to renew the lease after the expiry date.

During the period ended 30 June 2017, an amount of US\$1 378 348 (June 2016: US\$1 015 117) was recognised as rent expense in the statement of profit or loss and other comprehensive income.

6. TAXATION

The following constitutes the major components of income tax expense recognised in the statement of profit or loss and other comprehensive income.

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Analysis of tax charge in respect of the profit for the period		
Current income tax charge	4 222 300	(1 203)
Deferred income tax	(4 213 597)	230 765
Income tax expense	8 703	229 562
6.1 Tax rate reconciliation		
Notional tax	%	%
Aids levy	25.00	25.00
Non deductible expenses	0.75	0.75
Exempt income	32.18	30.00
Tax credit	(57.28)	(53.17)
	(0.58)	(0.69)
Effective tax rate	0.07	1.89



7. **EARNINGS PER SHARE**

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

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

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

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
7.1 Annualised earnings per share (US cents)		
Basic	4.56	4.50
Fully diluted	4.43	4.38
7.2 Earnings		
Basic earnings (earnings attributable to holders of parent)	11 917 526	11 825 961
Fully diluted	11 917 526	11 825 961
Number of shares used in calculations (weighted)	Shares	Shares
Basic earnings per share (weighted)	517 829 267	525 298 508
Fully diluted earnings per share (weighted)	533 002 794	540 489 956
7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:		
Weighted average number of shares before adjustment for treasury shares	686 811 114	686 793 194
Less: Treasury shares held	(168 981 847)	(161 494 686)
Weighted average number of shares used for basic EPS	517 829 267	525 298 508
Potentially dilutive shares (Employee Share Options)	15 173 527	15 191 448
Weighted average number of shares used for diluted EPS	533 002 794	540 489 956

8. **DIVIDENDS**

	US\$	US\$
Interim dividend proposed and paid	1 762 371	1 602 155
Interim dividend per share (cents)	0.26	0.21

Dividends are paid on shares held at the record date net of treasury shares held on the same date. The dividend per share is calculated inclusive of treasury shares.

9. **BALANCES WITH BANKS AND CASH**

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Cash	8 864 902	9 427 759
Nostro accounts	1 907 112	18 878 945
Balance with the Reserve Bank of Zimbabwe	40 242 594	45 172 652
Interbank clearing accounts	6 843	3 418
	51 021 451	73 482 774

10. **MONEY MARKET ASSETS**

Money market assets are non-credit financial assets with an original maturity of 1 year or less.

AMA bills	1 912 000	1 912 000
Agro bills	1 420 000	1 420 000
Treasury placements	16 405 673	32 783 045
Affrades	299 638	635 656
ZETDC	446 999	546 333
Accrued interest	306 034	214 973
	20 790 344	37 512 007

10.1 **Maturity analysis**

The maturity analysis of money market assets is shown below:

Between 0 and 3 months	17 549 736	32 340 662
Between 3 and 6 months	307 728	909 447
Between 6 months and 12 months	2 932 880	4 261 898
	20 790 344	37 512 007

11. **FINANCIAL SECURITIES**

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

Treasury bills	814 507 942	751 645 905
Accrued interest	13 276 185	8 890 152
	827 784 127	760 536 057

11.1 **Maturity analysis**

The maturity analysis of financial securities is shown below:

Between 0 and 3 months	22 524 649	46 657 787
Between 3 and 6 months	21 525 318	1 510 156
Between 6 and 12 months	36 430 504	26 341 510
Between 1 and 5 years	218 936 108	156 643 663
Above 5 years	528 367 548	529 382 941
	827 784 127	760 536 057

12. **LOANS AND ADVANCES TO CUSTOMERS**

Overdrafts	567 268 903	528 694 701
Loans	385 286 015	365 701 540
Staff loans	57 007 080	57 455 489
Mortgage advances	79 895 485	106 829 953
	1 089 457 483	1 058 681 683
Interest accrued	18 206 205	9 292 767
Total gross loans and advances to customers	1 107 663 688	1 067 974 450
Provision for impairment (Including interest in suspense)	(64 546 089)	(60 802 293)
	1 043 117 599	1 007 172 157

12.1 **Sectoral analysis**

	US\$	%	US\$	%
Private	181 276 878	16	191 112 349	18
Agriculture	259 819 562	23	250 771 986	24
Mining	11 848 630	1	9 764 786	1
Manufacturing	93 328 516	8	100 708 876	9
Distribution	105 137 744	9	114 916 923	11
Construction	8 338 649	1	7 105 680	1
Transport	13 540 292	1	12 209 680	1
Communication	-	-	11 884	-
Services	206 489 028	20	153 633 755	14
Financial organisations	227 884 389	21	227 738 531	21
	1 107 663 688	100	1 067 974 450	100

12.2 **Maturity analysis**

	US\$	US\$
Less than 1 month	439 174 900	453 831 069
Between 1 and 3 months	47 771 688	45 289 663
Between 3 and 6 months	95 153 247	15 710 628
Between 6 months and 1 year	86 467 449	71 812 691
Between 1 and 5 years	100 306 417	115 948 102
More than 5 years	338 789 987	365 382 297
	1 107 663 688	1 067 974 450

Maturity analysis is based on the remaining period from 30 June 2017 to contractual maturity.

12.3 **Loans to directors, key management and employees**

Loans to directors and key management

Included in advances are loans to Executive Directors and key management:-

Opening balance	6 841 673	6 886 820
Advances made during the period	911 109	611 259
Repayments during the period	(351 604)	(656 406)
Balance at end of the period	7 401 178	6 841 673

Loans to employees

Included in advances are loans to employees:

Opening balance	50 613 817	48 598 363
Advances made during the period	1 470 762	6 680 242
Repayments during the period	(2 478 679)	(4 664 788)
Balance at end of the period	49 605 900	50 613 817

12.4 **Non performing advances**

Total advances on which interest is suspended

	68 894 563	70 622 426
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12.5 **Provision for impairment of advances**

Opening balance	60 802 293	74 938 709
Charge for impairment on advances	15 084 111	19 594 299
Interest in suspense	3 199 489	(1 057 208)
Amounts written off during the period	(14 539 804)	(32 673 507)
Balance at end of the period	64 546 089	60 802 293

Comprising:

Specific impairments	29 502 543	33 231 459
Portfolio impairments	35 043 546	27 570 834
	64 546 089	60 802 293

12.6 **Collateral**

Cash cover	13 575 164	14 093 465
Mortgage bonds	869 948 343	932 012 190
Notarial general covering bonds	944 718 923	760 371 701
	1 828 242 430	1 706 477 356

13. **INSURANCE ASSETS**

Reinsurance unearned premium reserve	2 325 089	1 300 868
Reinsurance receivables	2 332 989	1 608 046
Deferred acquisition cost	768 848	679 407
Insurance premium receivables	2 547 229	1 393 082
Suspended premium	(161 579)	(129 516)
	7 812 576	4 851 887

13.1 **Reinsurance unearned premium reserve**

Unearned premiums at the beginning of the period	1 300 868	1 531 253
Written premiums	3 641 966	5 292 959
Premiums earned during the period	(2 530 681)	(5 523 344)
	2 412 153	1 300 868

13.2 **Impairment on insurance assets**

Opening balance	689 408	436 451
Charge for impairment on insurance receivables	309 732	252 957
Balance at end of the period	999 140	689 408

14. **OTHER ASSETS**

Land inventory	62 214 240	59 963 806
Prepayments and deposits	1 846 662	1 681 360
Other receivables	14 254 359	9 804 931
	78 315 261	71 450 097

15. **EQUITY INVESTMENTS**

Opening balance	7 826 107	7 233 272
Investments in equities during the period	1 102 796	150 002
Fair value adjustments	623 204	442 833
	9 552 107	7 826 107

15.1 **Investments in equities**

Listed investments	3 323 764	1 553 193
Unlisted investments	6 228 343	6 272 914
	9 552 107	7 826 107

At cost	6 228 343	6 272 914
At fair value	3 323 764	1 553 193
	9 552 107	7 826 107

15.2 **Investment in subsidiaries**

CBZ Bank Limited	21 839 891	100	21 839 891	100
CBZ Asset Management (Private) Limited	1 987 950	100	1 987 950	100
CBZ Building Society	19 114 990	100	19 114 990	100
CBZ Insurance (Private) Limited	2 215 268	98.41	1 690 879	89.37
CBZ Properties (Private) Limited	4 779 144	100	4 779 144	100
CBZ Life Assurance (Private) Limited	1 388 014	100	1 388 014	100
CBZ Asset Management - Mauritius	132 990	100	132 990	100
CBZ Risk Advisory (Private) Limited	545 080	100	545 080	100
Red Sphere Finance (Private) Limited	520 250	100	-	-
	52 523 577		51 478 938	

During the period CBZ Holdings invested in Red Sphere Finance (Private) Limited and also increased its shareholding in CBZ Insurance as detailed in note 27.7.1.

16. **CATEGORIES OF FINANCIAL ASSETS**

	At fair value through profit or loss US\$	Available for sale US\$	Loans and receivables US\$	Total carrying amount US\$
Unaudited 30 June 2017				
Balances with banks and cash	-	-	51 021 451	51 021 451
Money market assets	-	-	20 790 344	20 790 344
Financial securities	-	-	827 784 127	827 784 127
Loans and advances to customers	-	-	1 043 117 599	1 043 117 599
Insurance assets	-	-	7 812 576	7 812 576
Equity investments	3 323 764	6 228 343	-	9 552 107
Other assets	-	-	16 101 021	16 101 021
Total	3 323 764	6 228 343	1 966 627 118	1 976 179 225
Audited 31 Dec 2016				
Balances with banks and cash	-	-	73 482 774	73 482 774
Money market assets	-	-	37 512 007	37 512 007
Financial securities	-	-	760 536 057	760 536 057
Loans and advances to customers	-	-	1 007 172 157	1 007 172 157
Insurance assets	-	-	4 851 887	4 851 887
Equity investments	1 553 193	6 272 914	-	7 826 107
Other assets	-	-	11 486 291	11 486 291
Total	1 553 193	6 272 914	1 895 041 173	1 902 867 280



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Partners For Success

17. PROPERTY AND EQUIPMENT

Unaudited 30 June 2017							
Cost	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computer and equipment US\$	Work in progress US\$	Total US\$
Opening balance	5 254 461	43 704 177	805 435	6 417 459	37 742 951	4 068 804	97 993 287
Additions	-	56 078	64 139	103 560	1 272 275	1 130 065	2 626 117
Disposals	-	-	-	-	(50 794)	(230 916)	(281 710)
Transfers to intangible assets	-	-	-	-	-	(247 499)	(247 499)
Transfers (PPE inter-categories)	-	116 814	-	89 350	912 149	(1 118 313)	-
Closing balance	5 254 461	43 877 069	869 574	6 610 369	38 876 581	3 602 141	100 090 195
Accumulated depreciation and impairment							
Opening balance	-	-	428 746	3 805 247	21 539 256	-	25 773 249
Charge for the period	-	1 361 253	39 346	432 604	2 036 696	-	3 869 899
Disposals	-	-	-	-	(42 415)	-	(42 415)
Closing balance	-	1 361 253	468 092	4 237 851	23 533 537	-	29 600 733
Net book value	5 254 461	42 415 816	401 482	2 372 518	16 343 044	3 602 141	70 489 462

Audited 31 December 2016							
Cost	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computer and equipment US\$	Work in progress US\$	Total US\$
Opening balance	5 287 613	49 571 576	805 435	5 733 574	32 305 911	5 331 414	99 035 523
Additions	-	50 842	-	868 077	3 078 374	2 463 877	6 461 170
Revaluation	(33 152)	(1 989 146)	-	-	-	-	(2 022 298)
Impairments	-	(198 920)	-	-	(32 740)	-	(231 660)
Disposals	-	-	-	(184 192)	(133 925)	(33 288)	(351 405)
Transfers to intangible assets	-	-	-	-	-	(1 124 088)	(1 124 088)
Transfers to other assets	-	-	-	-	(3 744)	-	(3 744)
Transfers to investment properties	-	(3 764 750)	-	-	-	(5 461)	(3 770 211)
Transfers (PPE inter-categories)	-	34 575	-	-	2 529 075	(2 563 650)	-
Closing balance	5 254 461	43 704 177	805 435	6 417 459	37 742 951	4 068 804	97 993 287
Accumulated depreciation and impairment							
Opening balance	-	-	350 202	3 182 255	17 818 677	-	21 351 134
Charge for the year	-	2 626 375	78 544	788 764	3 857 581	-	7 351 264
Disposals	-	-	-	(165 772)	(114 202)	-	(279 974)
Transfer on revaluation	-	(2 539 724)	-	-	-	-	(2 539 724)
Impairments	-	(86 651)	-	-	(22 800)	-	(109 451)
Closing balance	-	-	428 746	3 805 247	21 539 256	-	25 773 249
Net book value	5 254 461	43 704 177	376 689	2 612 212	16 203 695	4 068 804	72 220 038

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2016 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.

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:
 - i. Surveys and data collection on similar past transactions.
 - ii. 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:
 - a) Age of property – state of repair and maintenance,
 - b) Aesthetic quality – quality of fixtures and fittings,
 - c) Structural condition – location,
 - d) Accommodation offered – size of land.

The maximum useful lives are as follows:

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

The carrying amount of buildings would have been US\$25 608 119 (December 2016:US\$25 827 521) had they been carried at cost.

18. INVESTMENT PROPERTIES

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Opening balance	32 601 223	27 944 072
Additions	62 414	1 642 209
Transfer from property and equipment	-	3 770 211
Disposals	(1 850 000)	260 000
Fair valuation loss	-	(1 015 269)
Closing balance	30 813 637	32 601 223

The carrying amount of the investment property is the fair value of the property as determined by a registered independent 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 2016. Further details on fair valuation hierarchy are provided in the Group's annual report.

The rental income derived from investment properties amounted to US\$101 664 (June 2016: US\$545 404) and direct operating expenses amounted to US\$23 110 (June 2016: US\$52 887).

19. INTANGIBLE ASSETS

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Computer software		
At cost	6 840 035	6 503 710
Accumulated amortisation	(4 371 640)	(3 806 289)
	2 468 395	2 697 421
Movement in intangible assets:		
Opening balance	2 697 421	1 509 346
Additions	88 826	1 079 769
Impairment charges	-	(38 675)
Transfer from property and equipment	247 499	1 124 088
Amortisation charge	(565 351)	(977 107)
Closing balance	2 468 395	2 697 421

Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets, which comprise computer software, are amortised over a useful life of 3 years.

20. DEFERRED TAXATION

20.1 Deferred tax asset
Deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, unused tax losses and unused tax credits.

20.1.1 The deferred tax included in the statement of financial position and changes recorded in the statement of profit or loss and other comprehensive are comprised of:

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Opening balance	12 566 810	17 171 546
Assessed loss	49 350	(74 124)
Impairments and provisions	826 223	(3 367 207)
Intangible assets	(54 701)	(26 995)
Property and equipment	(339 369)	24 740
Prepayments	284 557	560 823
Tax claimable impairments	3 370 425	854 229
Investment properties	-	56 551
Other	71 779	(2 632 753)
Closing balance	16 775 074	12 566 810

20.2 Deferred tax liability

Deferred tax liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences.

20.2.1 The deferred tax included in the statement of financial position and changes recorded in the statement of profit or loss and other comprehensive income comprised of:

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Opening balance	2 359 408	2 534 187
Equity investments	2 026	3 831
Property and equipment	(7 358)	(17 645)
Investment properties	-	(63 156)
Other	-	(97 809)
Closing balance	2 354 076	2 359 408

21. DEPOSITS

Call deposits	18 722 390	11 303 411
Savings and other deposits	1 059 011 442	1 054 695 613
Money market deposits	667 146 107	606 173 907
Lines of credit	71 414 256	96 174 558
Accrued interest	6 605 627	8 807 264
	1 822 899 822	1 777 154 753

21.1 Deposits by type

Retail	233 096 306	155 145 969
Corporate	874 835 310	911 849 912
Money market	642 004 268	611 077 928
Lines of credit	72 963 938	99 080 944
	1 822 899 822	1 777 154 753

Lines of credit relate to borrowings from a foreign bank or financial institution. These have an average tenure of 3 years with an average interest rate of 8.2 % and are secured by a variety of instruments which include lien over bank accounts, guarantees, treasury bills and sub borrower securities.

21.2 Sectoral Analysis

	30 June 2017 US\$	%	31 Dec 2016 US\$	%
Private	112 041 757	6	88 636 424	5
Agriculture	53 778 778	3	54 321 702	3
Mining	16 051 990	1	16 625 453	1
Manufacturing	126 291 414	7	125 340 664	7
Distribution	243 502 441	13	296 085 858	17
Construction	37 178 622	2	38 714 651	2
Transport	25 495 194	1	26 191 824	1
Communication	55 458 919	3	36 278 492	2
Services	586 018 674	32	582 644 267	33
Financial organisations	542 726 955	31	487 396 643	28
Financial and investments	24 355 078	1	24 918 775	1
	1 822 899 822	100	1 777 154 753	100

21.3 Maturity analysis

Less than 1 month	421 300 111
Between 1 and 3 months	371 874 349
Between 3 and 6 months	138 378 268
Between 6 months and 1 year	344 287 025
Between 1 and 5 years	384 110 921
More than 5 years	162 949 148
	1 822 899 822

Maturity analysis is based on the remaining period from 30 June 2017 to contractual maturity.

22. INSURANCE LIABILITIES

Reinsurance payables (a)	2 046 430	763 507
Gross outstanding claims (b)	2 693 082	2 359 305
Gross unearned premium reserve (c)	4 858 236	3 035 840
Deferred reinsurance acquisition revenue (d)	577 509	312 298
	10 175 257	6 470 950

22.1 Insurance contract provisions

(a) Reinsurance payables

Reinsurance payables at beginning of period	763 507	605 094
Premiums ceded during the period	3 378 686	4 718 951
Reinsurance paid	(2 095 763)	(4 560 538)
Reinsurance payables at end of the period	2 046 430	763 507

(b) Gross outstanding claims provision

Outstanding claims at the beginning of period	2 359 305	953 962
Claims incurred	3 087 434	5 524 190
Incurred but not reported claims provision (IBNR)	-	17 127
Claims paid	(2 753 657)	(4 135 974)
Outstanding claims at end of the period	2 693 082	2 359 305

(c) Gross premium reserve

Unearned premiums at the beginning of period	3 035 840	3 079 891
Written premiums	7 059 744	10 220 701
Premiums earned during the period	(5 237 348)	(10 264 752)
Unearned premiums at end of the period	4 858 236	3 035 840

(d) Deferred reinsurance acquisition revenue

	Unearned commissions US\$	Deferred acquisition US\$	Net US\$
Unaudited 30 June 2017			
Unearned at the beginning of period	312 298	368 242	(55 944)
Written premiums	851 497	806 642	44 855
Earned during the period	(586 286)	(605 214)	18 928
Unearned at end of period	577 509	569 670	7 839

Audited 31 December 2016

Unearned at the beginning of period	316 775	330 247	(13 472)
Written premiums	1 123 500	1 187 637	(64 137)
Earned during the period	(1 127 977)	(1 149 642)	21 665
Unearned at end of period	312 298	368 242	(55 944)

23. OTHER LIABILITIES

	US\$	US\$
Revenue received in advance	13 054 326	827 799
Sundry creditors	9 674 363	8 182 501
Other	3 761 540	4 848 933
	26 490 229	13 859 233

24. LIFE FUND

24.1 Movement in Life Fund

	Unearned Premium Reserve US\$	Incurred But Not Reported US\$	Total US\$
Unaudited 30 June 2017			
Opening balance	1 313 343	531 649	1 844 992
Transfer to income	(226 607)	18 911	(207 696)
Closing balance	1 086 736	550 560	1 637 296

Audited 31 December 2016

Opening balance	2 292 534	1 068 154	3 360 688
Transfer to income	(979 191)	(536 505)	(1 515 696)
Closing balance	1 313 343	531 649	1 844 992



	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
24.2	Life funds liabilities as supported by the following net assets	
Money market assets	210 573	1 017 897
Prescribed assets	631 957	77 095
Investment property	794 766	750 000
	1 637 296	1 844 992
25.	LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES	
25.1	Life assurance investment contract liabilities movement	
Opening balance	1 517 121	1 314 713
Interest on Guaranteed Education Plan (GEP) fund	42 642	84 427
Fund Management expenses	(16 148)	(26 938)
GEP Investment	435 156	701 399
GEP Withdrawals	(323 686)	(556 480)
Closing balance	1 655 085	1 517 121
25.2	Life assurance investment contract liabilities are supported by the following net assets	
Money market assets	1 293 917	939 008
Cash	203 119	276 303
Prescribed assets	158 049	301 810
	1 655 085	1 517 121
26.	CATEGORIES OF FINANCIAL LIABILITIES	
	The Group's financial liabilities are carried at amortised cost.	
27.	EQUITY AND RESERVES	
27.1	Share capital	
Authorised		
1 000 000 000 ordinary shares of US\$ 0.01each	10 000 000	10 000 000
Issued and fully paid		
Reconciliation of number of shares	Shares	Shares
Opening balance	686 828 740	686 768 943
Employee share options	6 000	59 797
Closing balance	686 834 740	686 828 740
	30 June 2017 US\$	31 Dec 2016 US\$
Opening balance	6 868 288	6 867 689
Exercise of share options	60	599
Closing balance	6 868 348	6 868 288
27.2	Share premium	
Opening balance	40 008 086	40 001 416
Exercise of Share options	670	6 670
Closing balance	40 008 756	40 008 086
27.3	Treasury shares	
Opening balance	17 588 582	16 810 640
Share buyback	-	777 942
Closing balance	17 588 582	17 588 582
27.4	Revaluation reserve	
Opening balance	27 089 982	26 625 959
Net revaluation gain	-	464 023
Closing balance	27 089 982	27 089 982
27.5	Employee share option reserve	
Opening balance	1 101 026	1 032 565
Share options to employees	17 660	68 461
Closing balance	1 118 686	1 101 026
During the period 6 000 shares were exercised after vesting and US\$530 was realised from the exercise.		
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 30 June 2017 were as follows:		
	Subscription price	Number of Shares
Granted 1 June 2012	US\$0.0881	40 000 000
	Shares	Shares
Movement for the period		
Opening balance	37 331 624	37 391 389
Options exercised	(6 000)	(59 765)
Closing balance	37 325 624	37 331 624
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 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.		
27.6	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Revenue reserve		
The revenue reserve comprises:		
Holding company	17 902 973	14 400 232
Subsidiary companies	222 296 273	215 095 907
Effect of consolidation journals	(4 507 545)	(4 410 528)
	235 691 701	225 085 611
27.7	Non-controlling interests	
Non-controlling interests comprise:		
Opening balance	542 907	468 104
Total comprehensive income	33 569	95 641
Rights issue	-	20 600
Dividend paid	(15 237)	-
Change in degree of ownership	(463 207)	(41 438)
Closing balance	98 032	542 907
27.7.1	Change in degree of control in subsidiary (CBZ Insurance Private Limited)	
On 31 March 2017, CBZ Holdings increased its shareholding in its subsidiary (CBZ Insurance (Pvt) Ltd) from 89.37% to 98.4%, through purchasing 9.03% of the Non Controlling Interest. The Net Assets of CBZ Insurance (Pvt) Ltd as at that date were US\$5.13 million.		
CBZ Holdings equity share at 31 December 2016		89.37
Non Controlling Interest purchased on 31 March 2017		9.03
CBZ Holdings equity share at 30 June 2017		98.40

28. 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 that 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 vs return).

29. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

Guarantees

Capital commitments
Authorised and contracted for
Authorised but not yet contracted for

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

30. FUNDS UNDER MANAGEMENT

Pensions
Private
Unit trust
Money market

31. OPERATING SEGMENTS

The Group is comprised of the following operating units:

Banking Operations

Provides commercial banking and mortgage finance products through retail banking, corporate and merchant banking and investing portfolios through the treasury function.

Asset Management Operations

Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios. Provides short term, long term insurance and risk advisory services. Property investment arm of the Group.

Insurance Operations
Property Management

The table below shows the segment operational results for the period ended 30 June 2017:

31.1 Segment operational results

	Commercial banking US\$	Mortgage finance US\$	Asset management US\$	Insurance operations US\$	Property investment US\$	Other operations US\$	Elimination of intersegment amounts US\$	Consolidated US\$
Income								
Total income for the period ended 30 Jun 2017	62 819 646	13 662 648	1 049 486	5 241 776	24 715	8 460 889	(10 788 859)	80 470 301
Total income for the period ended 30 Jun 2016	52 649 615	15 782 532	970 520	5 002 894	30 159	(156 129)	(167 926)	74 111 665
Net underwriting income for the period ended 30 Jun 2017	-	-	-	4 183 794	-	-	(235 845)	3 947 949
Net underwriting income for the period ended 30 Jun 2016	-	-	-	4 405 995	-	-	45 454	4 451 449
Depreciation and amortisation for the period ended 30 Jun 2017	3 506 322	657 412	24 309	190 419	-	28 219	28 569	4 435 250
Depreciation and amortisation for the period ended 30 Jun 2016	2 850 393	685 290	24 752	144 127	-	12 872	56 666	3 774 100
Impairment of assets for the period ended 30 Jun 2017	14 403 347	680 764	-	309 732	-	-	-	15 393 843
Impairment of assets for the period ended 30 Jun 2016	8 997 836	186 764	-	(98 435)	-	-	-	9 086 165
Results								
Profit before taxation for the period ended 30 Jun 2017	9 968 962	789 840	75 567	2 303 229	21 400	4 738 308	(5 937 508)	11 959 798
Profit before taxation for the period ended 30 Jun 2016	7 328 734	3 314 426	51 066	2 525 532	24 572	(1 097 937)	4 700	12 151 093
Cash flows								
Generated/used from operating activities for the period ended 30 Jun 2017	(13 774 522)	(741 511)	65 599	1 135 018	(5 513)	(1 048 408)	(2 660 878)	(17 030 215)
Utilised from operating activities for the period ended 30 Jun 2016	19 751 673	1 056 849	25 306	2 079 449	19 047	(1 142 196)	(4 156 700)	17 633 428
Used in investing activities for the period ended 30 Jun 2017	(2 221 449)	(245 761)	(26 070)	(1 184 020)	(5 272)	(1 048 408)	520 261	(4 210 719)
Used in investing activities for the period ended 30 Jun 2016	(3 668 431)	115 652	-	(1 622 451)	12 314	(1 040 936)	771 227	(5 432 625)
Used/Generated in financing activities for the period ended 30 Jun 2017	(4 950 000)	-	-	(1 022 460)	-	(1 048 408)	5 800 479	(1 220 389)
Generated/used from financing activities for the period ended 30 Jun 2016	-	-	-	20 600	-	(557 675)	(553 452)	(1 090 527)
Assets and liabilities								
Reportable segment liabilities for the period ended 30 Jun 2017	1 795 296 205	93 706 968	393 968	15 116 973	653 806	9 379 018	(48 855 303)	1 865 691 635
Reportable segment liabilities for the period ended 31 Dec 2016	1 745 961 922	100 799 450	393 056	11 947 270	672 942	9 861 793	(66 134 711)	1 803 501 722
Total segment assets for the period ended 30 Jun 2017	1 967 002 205	186 143 602	3 122 417	36 745 872	10 448 068	58 209 449	(102 693 055)	2 158 978 558
Total segment assets for the period ended 31 Dec 2016	1 912 591 402	192 446 244	3 068 816	32 315 405	10 446 655	54 650 841	(118 910 323)	2 086 609 040

32. RELATED PARTIES

The Group does not have an ultimate parent as it is owned by several shareholders none of which has a controlling interest. Related parties are those companies owned by Directors of the Group who have the power to exercise control over the management or financial and operating policies of the Group. The Group carries out banking and investment related transactions with related parties, all of which were undertaken at arm's length and in compliance with the relevant Banking Regulations.

Loans and advances to other related parties

	Gross limits US\$	Utilised limits US\$	Value of security US\$
30 June 2017			
Loans to directors' companies	2 992 638	2 509 815	4 621 344
31 December 2016			
Loans to directors companies	4 435 248	3 558 585	8 000 044

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 6% to 16% and a tenure ranging from 1 month to 3 years. The loans to directors and key management personnel are shown in note 12.3.

Transactions with other related parties

Interest income
Commission and fee income

Compensation of key management personnel of the Group

As required by IAS 24: Related Party Disclosures, the Board's view is that Non-Executive and Executive Directors constitute the management of the Group. Accordingly, key management remuneration is disclosed under note 5 to the financial results.

33. CLOSING EXCHANGE RATES

ZAR
GBP
EUR

13.0459
1.3019
1.4400

13.6273
0.8145
0.9496

34. RISK MANAGEMENT

34.1 Risk overview

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

34.2 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:



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FOR THE HALF YEAR ENDED 30 JUNE 2017



Partners For Success

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.

Strategy & Innovation Committee – oversees the harmonisation, adequacy, relevance and effectiveness of Group IT systems in supporting as well as delivering services to the Group's stakeholders. In addition, the committee looks at the integrity of the Group's management information systems.

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

34.3 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.

Non-performing loans and advances

The Group's credit policy also covers past due, default, impaired and non-performing loans and advances, as well as specific and portfolio impairments.

Past due refers to a loan or advance that exceeds its limit for fluctuating types of advances or is in arrears by 30 days or more.

Non-performing loans and advances is where, for example, a specific provision for impairment is raised against a credit exposure as a result of a decline in the credit quality or where an obligation is past due for more than 90 days or an obligor has exceeded a sanctioned limit for more than 90 days.

Non-performing loans and advances are defined as loans and advances where the Group has raised a specific provision for impairment. A specific provision for impairment is raised where an asset is classified as substandard, doubtful or loss under the prudential lending guidelines issued by the regulatory authorities and where collateral held against the advance is insufficient to cover the total expected losses.

Portfolio impairment, on the other hand, applies under loans and advances that have not yet individually evidenced a loss event i.e. advances classified as "Pass" and "Special Mention" under prudential lending guidelines issued by the regulatory authorities. For such portfolios, the Group calculates and makes general provisions.

34.3. (a) Credit risk exposure

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

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Balances with banks	49 963 584	64 055 015
Money market assets	20 790 344	37 512 007
Financial securities	827 784 127	760 536 057
Loans and advances to customers	1 043 117 599	1 007 172 157
Other assets	16 101 021	11 486 291
Total	1 957 756 675	1 880 761 527
Guarantees	19 663 107	20 681 653

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 US\$49 963 584 (excluding notes and coins) as at 30 June 2017, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

(b) Aging analysis of past due but not impaired loans (special mention loans):

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
1 to 3 months	318 449 512	310 125 191
Past due but not impaired loans relate to loans in the special mention category. See definition of special mention category on note number 34.3.1		
(c) Aging analysis of non-performing loans		
3 to 6 months	33 556 833	20 190 340
6 to 12 months	35 337 730	50 432 086
Total	68 894 563	70 622 426

(d) An industry sector analysis of the Group's financial assets before and after taking into account collateral held is as follows:

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$	Audited 31 Dec 2016 US\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	181 276 878	18 053 133	191 112 349	18 777 485
Agriculture	259 819 562	62 681 102	250 771 986	63 166 397
Mining	11 848 630	2 712 361	9 764 786	1 911 212
Manufacturing	93 328 516	35 822 614	100 708 876	31 722 453
Distribution	105 137 744	30 211 746	114 916 923	39 653 796
Construction	8 338 649	2 013 665	7 105 680	2 419 274
Transport	13 540 292	2 974 007	12 209 680	3 265 357
Communication	-	-	11 884	-
Services	206 489 028	10 681 552	153 633 755	9 920 594
Financial organisations	227 884 389	106 303 008	227 738 531	-
Total	1 107 663 688	271 453 188	1 067 974 450	170 836 568

Collateral held
Mortgage bonds
Cash cover
Other forms of security including
Notarial General Covering Bonds (NGCBs) sessions, etc.

Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
869 948 343	932 012 190
13 575 164	14 093 465
944 718 923	760 371 701
1 828 242 430	1 706 477 356

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

Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
13 095 453	24 200 242
34 610 479	17 389 900
17 444 599	6 603 775
27 857 126	21 086 126
279 245 183	209 438 485
255 803 010	240 335 469
560 163 106	691 769 687
640 023 474	495 653 672
1 828 242 430	1 706 477 356

*See definition on note 34.3.1

34.3(e) Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for loan-related statement of financial position lines based on the Group's credit rating system.

Unaudited 30 June 2017	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful and loss grade US\$	Total US\$
Advances					
Agriculture	76 692 467	163 676 612	8 876 151	10 574 332	259 819 562
Manufacturing	64 269 411	28 309 783	749 322	-	93 328 516
Commercial	129 166 254	58 734 425	8 063 593	10 524 756	206 489 028
Individuals and households	142 363 740	33 904 240	3 454 616	1 554 282	181 276 878
Mining	8 922 318	2 745 942	-	180 370	11 848 630
Distribution	71 561 988	25 501 946	3 480 600	4 593 210	105 137 744
Construction	3 917 918	2 602 179	1 807 085	11 467	8 338 649
Transport	4 561 986	1 852 840	7 125 466	-	13 540 292
Financial services	218 863 531	1 121 545	-	7 899 313	227 884 389
	720 319 613	318 449 512	33 556 833	35 337 730	1 107 663 688

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is US\$19 663 107.

Audited 31 December 2016	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful and loss grade US\$	Total US\$
Advances					
Agriculture	69 397 318	155 879 386	10 843 526	14 651 756	250 771 986
Manufacturing	59 630 350	37 970 824	578 037	2 529 665	100 708 876
Commercial	86 915 705	52 701 435	2 691 235	11 325 380	153 633 755
Private	155 825 168	29 656 519	3 026 686	2 603 976	191 112 349
Mining	7 234 310	2 530 476	-	-	9 764 786
Distribution	73 418 056	26 669 285	2 986 118	11 843 464	114 916 923
Construction	3 757 846	3 283 096	64 738	-	7 105 680
Transport	11 195 516	1 014 164	-	-	12 209 680
Communication	11 884	-	-	-	11 884
Financial services	219 840 680	420 006	-	7 477 845	227 738 531
	687 226 833	310 125 191	20 190 340	50 432 086	1 067 974 450

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is US\$20 681 653.

Allowances for impairment

The Group creates an allowance for impairment on assets carried at amortised cost or classified as available-for-sale that represents its estimate of incurred losses in its loan and investment debt security portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Write-offs

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment, when the relevant committees determine that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Concentration of credit risk

The directors believe that the concentration risk is limited due to the customer base being large and unrelated. The Group is not exposed to any customer by more than 10% of the total advance book.

34.3.1 Credit quality definitions

Normal grade

An asset is classified as normal, if the asset in question;

- (i) is fully protected by the current sound worth and paying capacity of the obligor,
- (ii) is performing in accordance with contractual terms and is expected to continue to do so.

Special mention grade

An asset is classified as special mention, if the asset in question;

- (i) is past due for more than 30 days but less than 90 days; or
- (ii) although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asset or inadequately protect the institution's position at some future date, for example, where:
 - the asset in question cannot be properly supervised due to an inadequate loan agreement; or
 - the condition or control of the collateral for the asset in question is deteriorating; or
 - the repayment capacity of the obligor is jeopardised because of deteriorating economic conditions or adverse trends in the obligor's financial position; or
 - there is an unreasonably long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset:Provided that, generally, a loan or advance shall require special mention only if its risk potential is greater than that under which it was originally granted.

Substandard grade

An asset is classified as substandard, if the asset in question;

- (i) is past due for more than 90 days but less than 180 days; or
- (ii) if it is a renegotiated loan, unless all past due interest is paid by the borrower in cash at the time of renegotiation and a sustained record of timely repayment of principal and interest under a realistic repayment programme has been demonstrated for a period of not less than 180 days; or
- (iii) whether or not it is past due, is inadequately protected by the current sound worth and paying capacity of the obligor by reason of the fact that:
 - the primary source of repayment is insufficient to service the debt and the institution must look to secondary sources such as collateral, sale of fixed assets, refinancing or additional capital injections for repayment; or
 - there is an unduly long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset; or
 - generally, there is more than a normal degree of risk attaching to the asset due to the borrower's unsatisfactory financial condition.

Doubtful

An asset is classified as doubtful, if the asset in question;

- (i) is past due for more than 180 days but less than 360 days; or
- (ii) exhibits all the weaknesses of a substandard asset and, in addition, is not well-secured by reason of the fact that collection in full, on the basis of currently existing facts, is highly improbable, but the actual amount of the loss is indeterminable due to pending events that have a more than reasonable prospect of mitigating the loss, such as a proposed merger, acquisition or liquidation, a capital injection, perfecting liens on additional collateral, refinancing plans, new projects or asset disposal.



Loss:
An asset is classified as a loss, if the asset in question;
(i) is past due for more than 360 days, unless such asset is well secured and legal action has actually commenced which is expected to result in the timely realisation of the collateral or enforcement of any guarantee relating to the asset; or
(ii) if the asset had been characterised as doubtful on account of any pending event , and the event concerned did not occur within 360 days, whether or not the event is still pending thereafter; or
(iii) if the asset is otherwise considered uncollectible or of such little value that its continuance as an asset is not warranted.

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

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

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

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

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

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

34.4.1 Gap analysis

LIQUIDITY PROFILE AS AT 30 JUNE 2017

	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
Assets							
Balances with banks and cash	51 021 451	-	-	-	-	-	51 021 451
Money market assets	4 553 761	12 995 975	307 728	2 932 880	-	-	20 790 344
Financial securities	13 277 190	9 247 459	21 525 318	36 430 504	218 936 108	528 367 548	827 784 127
Loans and advances to customers	372 693 498	47 771 688	95 153 248	86 467 448	102 241 730	338 789 987	1 043 117 599
Financial guarantees	104 869	1 616 469	1 804 888	1 429 083	2 001 572	12 706 226	19 663 107
Current tax receivable	-	-	38 525	-	-	-	38 525
Other liquid assets	-	16 101 021	-	-	-	-	16 101 021
Total	441 650 769	87 732 612	118 829 707	127 259 915	323 179 410	879 863 761	1 978 516 174
Liabilities							
Deposits	421 300 111	371 874 349	138 378 268	344 287 025	384 110 921	162 949 148	1 822 899 822
Current tax payable	-	479 870	-	-	-	-	479 870
Other liabilities	916 278	15 125 950	302 932	-	9 369 532	-	25 714 692
Financial guarantees	104 869	1 616 469	1 804 888	1 429 083	2 001 572	12 706 226	19 663 107
Capital commitments contracted for	-	-	-	582 653	-	-	582 653
Total	422 221 258	389 096 638	140 486 088	346 298 761	395 482 025	175 655 374	1 869 340 144
Liquidity gap	19 329 511	(301 364 026)	(21 656 381)	(219 038 846)	(72 302 615)	704 208 387	109 176 030
Cumulative liquidity gap	19 329 511	(282 034 515)	(303 690 896)	(522 729 742)	(595 032 357)	109 176 030	109 176 030

LIQUIDITY PROFILE AS AT 31 DECEMBER 2016

	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
Assets							
Balances with banks and cash	73 482 774	-	-	-	-	-	73 482 774
Money market assets	31 562 045	778 617	909 447	4 261 898	-	-	37 512 007
Financial securities	-	46 657 787	1 510 156	26 341 510	156 643 663	529 382 941	760 536 057
Loans and advances to customers	393 028 775	45 289 663	15 710 628	71 812 691	115 948 102	365 382 298	1 007 172 157
Insurance assets	-	-	-	1 483 879	-	-	1 483 879
Financial guarantees	350 817	982 331	2 807 766	1 834 513	2 000 000	12 706 226	20 681 653
Current tax receivable	-	3 692 462	-	-	-	-	3 692 462
Other liquid assets	1 208 193	10 278 098	-	-	-	-	11 486 291
Total	499 632 604	107 678 958	20 937 997	105 734 491	274 591 765	907 471 465	1 916 047 280
Liabilities							
Deposits	451 608 712	342 776 681	222 852 073	391 358 214	210 474 249	158 084 824	1 777 154 753
Insurance liabilities	-	163 326	-	3 122 813	-	-	3 286 139
Other liabilities	1 481 473	2 129 154	-	476 987	9 771 619	-	13 859 233
Current tax payable	-	295 265	-	-	-	-	295 265
Financial guarantees	350 817	982 331	2 807 766	1 834 513	2 000 000	12 706 226	20 681 653
Capital commitments contracted for	-	-	-	1 232 940	-	-	1 232 940
Total	453 441 002	346 346 757	225 659 839	398 025 467	222 245 868	170 791 050	1 816 509 983
Liquidity gap	46 191 602	(238 667 799)	(204 721 842)	(292 290 976)	52 345 897	736 680 415	99 537 297
Cumulative liquidity gap	46 191 602	(192 476 197)	(397 198 039)	(689 489 015)	(637 143 118)	99 537 297	99 537 297

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 Asset and Liability Management Committee (ALCO) of the respective SBU comes up with strategies through its monthly meetings to manage these liquidity gaps.

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

	CBZ Bank Limited %
At 30 June 2017	72.8
At 31 December 2016	76.7
Average for the period	76.2
Maximum for the period	78.6
Minimum for the period	72.8

34.5 Interest rate risk
This is the possibility of the 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, 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 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 USD in order to minimise cross currency interest rate risk. The Group's interest rate risk profiling is illustrated on the next table.

At 30 June 2017, 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 US\$640 568 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.

30 June 2017	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non-interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	1 906 755	-	-	-	-	-	49 114 696	51 021 451
Money market assets	4 553 761	12 995 975	307 728	2 932 880	-	-	-	20 790 344
Financial securities	13 277 190	9 247 459	21 525 318	36 430 504	218 936 108	528 367 548	-	827 784 127
Loans and advances to customers	372 693 498	47 771 688	95 153 248	86 467 448	102 241 730	338 789 987	-	1 043 117 599
Insurance assets	-	-	-	-	-	-	7 812 576	7 812 576
Equity investment	-	-	-	-	-	-	9 552 107	9 552 107
Other assets	-	-	-	-	-	-	78 315 261	78 315 261
Current tax receivable	-	-	-	-	-	-	38 525	38 525
Intangible assets	-	-	-	-	-	-	2 468 395	2 468 395
Investment properties	-	-	-	-	-	-	30 813 637	30 813 637
Property and equipment	-	-	-	-	-	-	70 489 462	70 489 462
Deferred taxation	-	-	-	-	-	-	16 775 074	16 775 074
Total assets	392 431 204	70 015 122	116 986 294	125 830 832	321 177 838	867 157 535	265 379 733	2 158 978 558
Equity and liabilities								
Deposits	421 300 111	371 874 349	138 378 268	344 287 025	384 110 921	162 949 148	-	1 822 899 822
Insurance liabilities	-	-	-	-	-	-	10 175 257	10 175 257
Other liabilities	-	-	-	-	-	-	26 490 229	26 490 229
Current tax payable	-	-	-	-	-	-	479 870	479 870
Life fund	-	-	-	-	-	-	1 637 296	1 637 296
Life assurance investment contract liabilities	-	-	-	-	-	-	1 655 085	1 655 085
Deferred taxation	-	-	-	-	-	-	2 354 076	2 354 076
Equity	-	-	-	-	-	-	293 286 923	293 286 923
Total equity and liabilities	421 300 111	371 874 349	138 378 268	344 287 025	384 110 921	162 949 148	336 078 736	2 158 978 558

Interest rate repricing gap	(28 868 907)	(301 859 227)	(21 391 974)	(218 456 193)	(62 933 083)	704 208 387	(70 699 003)	
Cumulative gap	(28 868 907)	(330 728 134)	(352 120 108)	(570 576 301)	(633 509 384)	70 699 003	-	-

31 DECEMBER 2016	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non-interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	18 882 363	-	-	-	-	-	54 600 411	73 482 774
Money market assets	31 562 045	778 617	909 447	4 261 898	-	-	-	37 512 007
Financial securities	-	46 657 787	1 510 156	26 341 510	156 643 663	529 382 941	-	760 536 057
Loans and advances to customers	393 028 774	45 289 664	15 710 628	71 812 691	115 948 102	365 382 298	-	1 007 172 157
Insurance assets	-	-	-	-	-	-	4 851 887	4 851 887
Equity investment	-	-	-	-	-	-	7 826 107	7 826 107
Other assets	-	-	-	-	-	-	71 450 097	71 450 097
Current tax receivable	-	-	-	-	-	-	3 692 462	3 692 462
Intangible assets	-	-	-	-	-	-	2 697 421	2 697 421
Investment properties	-	-	-	-	-	-	32 601 223	32 601 223
Property and equipment	-	-	-	-	-	-	72 220 038	72 220 038
Deferred taxation	-	-	-	-	-	-	12 566 810	12 566 810
Total assets	443 473 182	92 726 068	18 130 231	102 416 099	272 591 765	894 765 239	262 506 456	2 086 609 040
Equity and liabilities								
Deposits	451 608 712	342 776 681	222 852 073	391 358 214	210 474 249	158 084 824	-	1 777 154 753
Insurance liabilities	-	-	-	-	-	-	6 470 950	6 470 950
Other liabilities	-	-	-	-	-	-	13 859 233	13 859 233
Current tax payable	-	-	-	-	-	-	295 265	295 265
Life funds	-	-	-	-	-	-	1 844 992	1 844 992
Life assurance investment contract liabilities	-	-	-	-	-	-	1 517 121	1 517 121
Deferred taxation	-	-	-	-	-	-	2 359 408	2 359 408
Equity	-	-	-	-	-	-	283 107 318	283 107 318
Total equity and liabilities	451 608 712	342 776 681	222 852 073	391 358 214	210 474 249	158 084 824	309 454 287	2 086 609 040

Interest rate repricing gap	(8 135 530)	(250 050 613)	(204 721 842)	(288 942 115)	62 117 516	736 680 415	(46 947 831)	-
Cumulative gap	(8 135 530)	(258 186 143)	(462 907 985)	(751 850 100)	(689 732 584)	46 947 831	-	-

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

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

At 30 June 2017, 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 US\$6 044 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Group as at 30 June 2017 is as below:

Foreign currency position as at 30 June 2017

Position expressed in US\$	Other foreign currencies				
	Total	USD	ZAR	GBP	
Assets					
Balances with banks and cash	51 021 451	48 249 302	2 237 332	62 984	471 833
Money market assets	20 790 344	20 790 344	-	-	-
Financial securities	827 784 127	827 784 127	-	-	-
Loans and advances to customers	1 043 117 599	1 032 626 419	52 656	258 859	10 179 665
Insurance assets	7 812 576	7 812 576	-	-	-
Equity investment	9 552 107	9 408 206	-	-	143 901
Other assets	78 315 261	77 884 147	273 765	48 617	108 732
Current tax receivable	38 525	38 525	-	-	-
Intangible assets	2 468 395	2 468 395	-	-	-
Investment properties	30 813 637	30 813 637	-	-	-
Property and equipment	70 489 462	70 489 462	-	-	-
Deferred taxation	16 775 074	16 775 074	-	-	-
Total assets	2 158 978 558	2 145 140 214	2 563 753	370 460	10 904 131



UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2017



Partners For Success

Foreign currency position as at 30 June 2017

Underlying currency

Assets

Cash and short term assets
Loans and advances to customers
Equity investments
Other assets
Total assets

ZAR	GBP	Other foreign currencies in US\$
29 188 012	48 379	471 833
686 749	198 832	10 179 665
-	-	143 901
3 571 508	37 343	108 732
33 446 269	284 554	10 904 131

Liabilities

Deposits
Other liabilities
Total liabilities

39 729 948	202 071	10 381 752
319 551	15 671	425
40 049 499	217 742	10 382 177

Net position

(6 603 230)	66 812	521 954
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Foreign currency position as at 31 December 2016

Underlying currency

Assets

Cash and short term assets
Loans and advances to customers
Equity investments
Other assets
Total assets

ZAR	GBP	Other foreign currencies in US\$
60 279 778	440 369	1 049 468
282 311	210 284	16 651 467
-	-	143 901
4 596 629	97 022	56 948
65 158 718	747 675	17 901 784

Liabilities

Deposits
Other liabilities
Total liabilities

114 525 798	324 303	11 155 727
153 927	15 673	434
114 679 725	339 976	11 156 161

Net position

(49 521 007)	407 699	6 745 623
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34.7 Operational risk

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

34.7.1 Operational risk management framework

The Group Risk Management Committee exercises adequate oversight over operational risks across the Group with the support of SBU Boards as well as business and functional level committees. Group Risk Management is responsible for setting and approving of Group Operational Policies and maintaining standards for operational risk.

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

34.8 Strategic risk

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

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

34.9 Regulatory risk

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

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

34.10 Reputation risk

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

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

34.11 Money-laundering risk

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

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

34.12 Insurance risk

The principal risk that the insurance segment faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the insurance subsidiary is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The subsidiaries also purchase reinsurance as part of their risk mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

The insurance company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the company substantially dependent upon any single reinsurance contract.

34.13 Risk and Credit Ratings

34.13.1 External Credit Rating

CBZ Bank Limited

Rating agent	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating	A	A	A	A+	A+	A+	A+	A	A	A	A+	A+

CBZ Life Pvt Limited

Rating agent	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating (Financial strength)	BBB+	BBB+	BBB+	-	-	-	-	-	-	-	-	-

CBZ Insurance Pvt Limited

Rating agent	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating(Claims paying ability)	BBB+	BBB	BBB	-	-	-	-	-	-	-	-	-

CBZ Asset Management Pvt Limited

Rating agent	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating (Manager quality)	A(zw)(mq)	A	A	-	-	-	-	-	-	-	-	-

31.13.2 Reserve Bank Ratings

CAMELS RATING MATRIX							
	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank	1	1	2	1	1	2	2
CBZ Holdings Group	2	2	2	-	2	2	2

Key

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

34.13.3 Risk Matrix Summary

CBZ Group 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	Low	Acceptable	Low	Stable
Reputation Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

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	Low	Acceptable	Low	Stable
Reputation Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

CBZ Asset Management Pvt Limited Risk Matrix Summary

Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Low	Low	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Investment Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

CBZ Life Pvt Limited Risk Matrix Summary

Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Low	Low	Stable
Financial Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

CBZ Insurance Pvt Limited Risk Matrix Summary

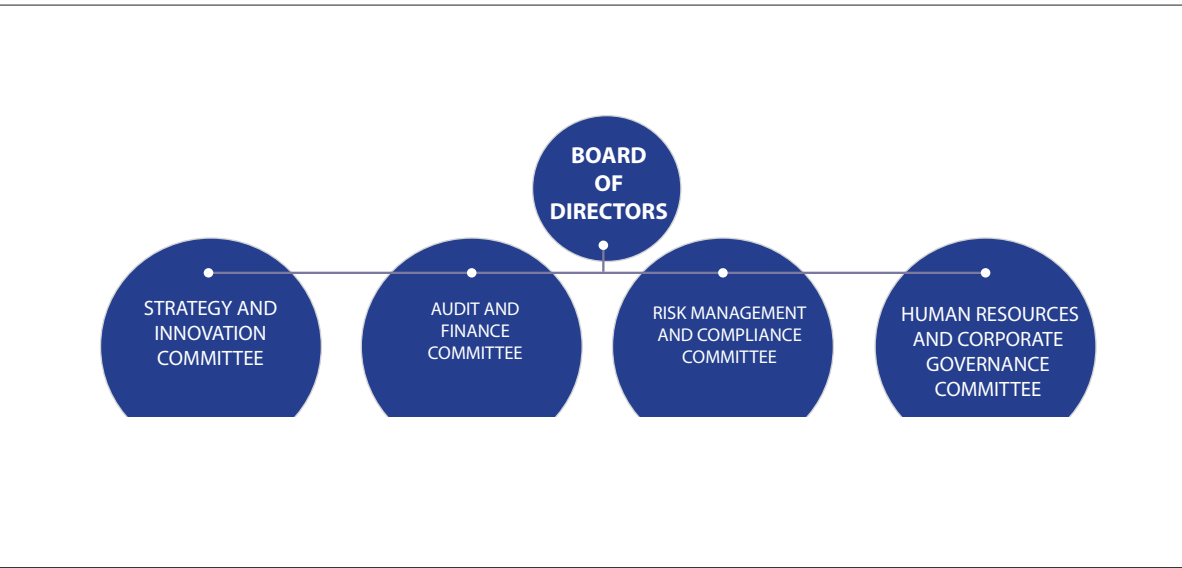
Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Low	Low	Stable
Financial Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

CORPORATE GOVERNANCE

The Group recognises the need to conduct the affairs of the company with integrity and in line with best corporate governance practices. In order to protect stakeholders' interests at all times, the Group has designed systems, procedures and practices that foster a culture that values ethical behaviour, integrity and respect.

The Group continues to apply high corporate governance standards aimed at ensuring the on-going sustainability of the business, the creation of long-term shareholder value and stakeholder benefit from the Group's on-going success. The Board of Directors is responsible for ensuring that the Group has a clearly defined governance and compliance framework. 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





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 collectively responsible for the long term success of the company and is accountable to shareholders for financial and operational performance. 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 strategic policies and financial objectives.

With the recent appointment of Chairman on 18 July 2017, the Board now comprises 9 Directors being; an Independent Non-Executive Chairman, two Executive Directors and six Non-Executive Directors.

Appointment of New Directors

Following the retirement of Elliot Mugamu, Ian Harris, Richard Ziobwa and Dr Ruvimbo Mabeza Chimedza, the CBZ Holdings Limited Board has been recruiting to fill in the Board vacancies.

The appointment of new Directors is based on pre-established criteria having regard to the existing skills matrix of the Board as a whole and having assessed areas where additional skill, expertise or experience is required. Appointments to the Board are made with due cognisance of the need to ensure that the Board comprises 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 our Annual General Meeting. Before appointment, potential Board appointees must undergo a Fitness and Probity Assessment in line with the Reserve Bank of Zimbabwe (RBZ) Prudential Guidelines and the Banking Act.

Banking Amendment Act 2015

Since the promulgation of the Banking Amendment Act, 2015 the Group has taken all the necessary steps to comply with its provisions. This has resulted in the retirement of a number of Board members due to tenure and moving away from the cross sitting model which has seen Roseline Nhamo, Rebecca Pasi, Richard Dawes relinquishing their roles as Board Members in other Group Boards.

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 four standing committees, to assist it in discharging its duties and responsibilities. The Terms of Reference of each committee are approved by the Board and reviewed annually or as necessary. The four standing committees are:- Audit and Finance Committee, Strategy and Innovation Committee, Risk Management & Compliance Committee and Human Resources and 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 other management attend meetings of the various committees by invitation.

The Boards of Directors of the various units for the period ended 30 June 2017 were constituted as tabulated below:

CBZ Holdings Limited	CBZ Bank Limited	CBZ Asset Management	CBZ Insurance	CBZ Life Limited
Dawes, R.W	Bhulabhai, N	Naik, B S	Naik, B S	Dawes, R.W
Nhamo, R	Pasi, R	Nyemudzo, N	Nyemudzo, N	Masunda, V (Dr)
Taputaira, G	Chirimuuta, F.B	Chimutsa, C	Chimutsa, C	Zizhou, F.B
Mutasa, T	Shinya, D	Smith, J.F**	Mureriwa, N**	Nyemudzo, N
Dernawi, F.M	Madzonga, P.S	Muzadzi, T**		Chimutsa, C
Nyamayi, G.T	Nyemudzo, N			Tshuma, H
Nyemudzo, N**	Chimutsa, C			Mureriwa, N**
Chimutsa, C**	Mudondo, M.T**			
	Zimunya, P**			

Key
** Executive Director

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER
(January to June 2017)

	Audit & Finance	Risk Management & Compliance	HR & Corporate Governance	Special HR & Corporate Governance	Strategy & Innovation	Joint Audit & HR	Special Main Board	NED Special Main Board	Main Board
Number of Meetings Held	2	2	2	1	2	3	1	2	2
Dawes, R	**	**	2	1	2	2	1	2	2
Dernawi, F M	**	1	**	**	**	**	0	1	2
Harris, I.H***	1	**	**	**	**	2	1	1	1
Mabeza Chimedza, R (Dr)***	**	**	1	**	**	2	1	1	1
Mugamu, E***	**	1	1	**	1	1	0	**	1
Mutasa, T	**	2	1	1	**	2	1	2	2
Nhamo, R	**	**	2	1	**	3	0	1	2
Nyamayi, G.T	2	1	**	**	**	3	1	0	1
Pasi, R	**	1	**	**	1	**	0	1	1
Taputaira, G	1	**	**	**	2	**	1	2	2
Ziobwa, R***	1	**	**	**	**	3	1	1	1
Nyemudzo, N*	2	2	2	1	2	3	1	**	2
Chimutsa, C*	2	2	**	**	2	1	1	**	2

KEY
* Executive Directors
** Not a Member
*** Retired

Meeting	Number of Meetings Held
AUDIT AND FINANCE	2
RISK MANAGEMENT & COMPLIANCE	2
HUMAN RESOURCES & CORPORATE GOVERNANCE	2
STRATEGY & INNOVATION	2
MAIN BOARD	2

CBZ BANK BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER
(January to June 2017)

	AUDIT & FINANCE	ALCO & BUSINESS	CREDIT	LOANS REVIEW	SPECIAL CREDIT	MAIN BOARD
Number of meetings held	2	2	2	2	1	3
Mabeza-Chimedza, R(Dr)***	**	**	1	**	**	1
Pasi,R	**	1	2	**	1	3
Mugamu, E***	**	1	**	1	**	1
Chirimuuta, F.B	**	2	2	**	1	3
Whata, P.S ***	1	**	**	**	**	2
Madzonga, P.S	2	**	**	2	**	3
Bhulabhai, N	1	1	-	-	**	2
Shinya, D.K	2	**	-	1	**	2
Nyemudzo, N	1	2	**	2	**	3
Chimutsa, C	2	2	2	**	1	3
Zimunya, P*	2	2	2	2	1	3
Mudondo, M*	2	2	2	2	**	3

Key
* Executive Directors
** Not a committee member
*** Retired

Meeting	Number of Meetings Held
AUDIT & FINANCE	2
ALCO & BUSINESS	2
CREDIT	2
LOANS REVIEW	2
MAIN BOARD	3

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER
(January to June 2017)

	AUDIT & COMPLIANCE	INVESTMENTS & RISK	MAIN BOARD
Meetings held	1	2	2
Naik, B.S	1	2	2
Harris,I.H ***	1	**	1
Ziobwa, R***	**	**	1
Nyemudzo, N	0	0	1
Chimutsa, C	1	2	2
Smith, J.F*	1	2	2
Muzadzi, T*	**	2	2

Key
* Executive Directors
** Not a Member
*** Retired

Meeting	Number of Meetings Held
AUDIT & COMPLIANCE	1
INVESTMENTS & RISK	2
MAIN BOARD	2

CBZ INSURANCE BOARD ATTENDANCE REGISTER
(January to June 2017)

	MAIN BOARD
Meetings Held	2
Nhamo, R ***	1
Naik, S B	2
Nyemudzo, N	1
Chimutsa, C	2
Mureriwa, N*	2

Key
* Executive Directors
** Not a Member
*** Retired

Meeting	Number of Meetings Held
MAIN BOARD	2

STATEMENT OF COMPLIANCE

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

By order of the Board



.....
Rumbidzayi A. Jakanani
GROUP LEGAL CORPORATE SECRETARY

03 August 2017

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER
(January to June 2017)

	INVESTMENTS & RISK	MAIN BOARD
Meetings Held	2	2
Dawes, R	**	2
Zizhou, F B	2	2
Masunda,V(Dr)	2	2
Tshuma, H	2	2
Nyemudzo, N	**	2
Chimutsa, C	2	2
Mureriwa, N*	2	2

Key
* Executive Directors
** Not a Member

Meeting	Number of Meetings Held
INVESTMENTS & RISK	2
MAIN BOARD	2

CBZ RISK ADVISORY SERVICES BOARD ATTENDANCE REGISTER
(January to June 2017)

	MAIN BOARD
Meetings Held	2
Pasi, R ***	1
Magorimbo, L	2
Ndlovu, N	2
Nyemudzo, N	2
Chimutsa, C	2
Mureriwa, N*	2

Key
* Executive Directors
** Not a Member
*** Retired

Meeting	Number of Meetings Held
MAIN BOARD	2



UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2017



Partners For Success

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the half year ended 30 June 2017

	Notes	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Interest income	2	73 503 592	80 115 882
Interest expense	2	(40 991 682)	(50 206 668)
Net interest income		32 511 910	29 909 214
Net non-interest income	3	30 307 736	22 740 401
Total income		62 819 646	52 649 615
Operating expenditure	4	(38 447 337)	(36 323 045)
Operating income		24 372 309	16 326 570
Charge for impairment on advances	11.5	(14 403 347)	(8 997 836)
Profit before taxation		9 968 962	7 328 734
Taxation	5	57 558	62 003
Profit after taxation		10 026 520	7 390 737
Other comprehensive income		-	-
Total comprehensive income		10 026 520	7 390 737
Profit attributable to:			
Equity holders of parent		10 026 520	7 390 737
Total comprehensive income attributed to:			
Equity holders of parent		10 026 520	7 390 737
Earnings per share (cents):			
Basic	6.4	3.92	2.89
Diluted	6.4	3.92	2.89

STATEMENT OF FINANCIAL POSITION as at 30 June 2017

	Notes	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
ASSETS			
Balances with banks and cash	8	50 365 166	71 311 137
Money market assets	9	4 396 698	20 980 988
Financial securities	10	827 784 127	760 536 057
Loans and advances to customers	11	910 994 329	873 999 508
Other assets	12	98 435 596	108 090 526
Equity investments	13	956 682	956 682
Property and equipment	15	50 244 653	51 394 822
Investment properties	16	5 547 000	7 397 000
Intangible assets	17	1 988 268	2 123 872
Deferred taxation	18	16 289 686	12 132 337
Current tax receivable		-	3 668 473
TOTAL ASSETS		1 967 002 205	1 912 591 402
LIABILITIES			
Deposits	19	1 771 883 003	1 735 423 213
Other liabilities	20	22 981 885	10 538 709
Current tax payable		431 317	-
Total liabilities		1 795 296 205	1 745 961 922
EQUITY AND RESERVES			
Share capital	22	5 118 180	5 118 180
Share premium	22.1	16 721 711	16 721 711
Revaluation reserve	22.2	11 378 985	11 378 985
Revenue reserve	22.3	138 487 124	133 410 604
Total equity and reserves		171 706 000	166 629 480
TOTAL LIABILITIES, EQUITY AND RESERVES		1 967 002 205	1 912 591 402

STATEMENT OF CHANGES IN EQUITY for the half year ended 30 June 2017

	Share capital US\$	Share premium US\$	Revaluation reserve US\$	Revenue reserve US\$	Total US\$
Unaudited 30 June 2016					
Opening balance	5 118 180	16 721 711	11 232 956	114 729 519	147 802 366
Total comprehensive income	-	-	-	7 390 737	7 390 737
Closing balance	5 118 180	16 721 711	11 232 956	122 120 256	155 193 103
Unaudited 30 June 2017					
Opening balance	5 118 180	16 721 711	11 378 985	133 410 604	166 629 480
Total comprehensive income	-	-	-	10 026 520	10 026 520
Dividend paid	-	-	-	(4 950 000)	(4 950 000)
Closing balance	5 118 180	16 721 711	11 378 985	138 487 124	171 706 000

STATEMENT OF CASH FLOWS for the half year ended 30 June 2017

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9 968 962	7 328 734
Non-cash items:		
Depreciation	3 042 517	2 776 886
Amortisation of intangible assets	463 805	73 507
Impairment on advances	14 403 347	8 997 836
Loss on sale of property and equipment	900	1 283
Loss on disposal of investment property	350 000	-
Unrealised loss on foreign currency positions	1 188 662	513 315
Operating cash flow before changes in operating assets and liabilities	29 418 193	19 691 561
Changes in operating assets and liabilities		
Deposits	35 271 128	79 954 512
Advances	(74 715 840)	(68 710 182)
Money market assets	16 584 290	(534 818)
Financial securities	(35 405 331)	7 496 575
Other assets	12 267 614	(12 112 674)
Other liabilities	2 805 424	(5 613 073)
	(43 192 715)	480 340
Corporate tax paid	-	(420 228)
Net cash inflow/(outflow) from operating activities	(13 774 522)	19 751 673
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	238 345	36 394
Purchase of property and equipment	(2 379 093)	(2 925 295)
Purchase of intangible assets	(80 701)	(779 530)
Net cash outflow from investing activities	(2 221 449)	(3 668 431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4 950 000)	-
NET INCREASE/(DECREASE) IN BALANCES WITH BANKS AND CASH	(20 945 971)	16 083 242
Balances with banks and cash at the beginning of the period	71 311 137	38 351 549
BALANCES WITH BANKS AND CASH AT THE END OF THE PERIOD	50 365 166	54 434 791

NOTES TO THE FINANCIAL RESULTS for the half year ended 30 June 2017

1. INCORPORATION ACTIVITIES

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

2. NET INTEREST INCOME

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Interest income		
Overdrafts	30 444 597	36 189 314
Loans	17 513 077	17 579 103
Home loans	458 287	-
Staff loans	1 534 679	1 537 567
Securities investments	21 784 583	22 649 818
Other investments	1 768 369	2 160 080
	73 503 592	80 115 882
Interest expense		
Savings deposits	17 619 668	19 499 112
Call deposits	490 149	876 511
Money market deposits	18 491 318	22 653 607
Other Offshore deposits	4 390 547	7 177 438
	40 991 682	50 206 668
	32 511 910	29 909 214

3. NET NON-INTEREST INCOME

Net income from foreign currency dealings	2 639 363	1 217 749
Unrealised loss on foreign currency positions	(1 188 662)	(513 315)
Commission and fee income	27 280 666	18 454 748
Loss on sale of property and equipment	(900)	(1 283)
Loss on sale of investment properties	(350 000)	-
Bad debts recovered	90 842	862 954
Property sales	915 181	1 273 997
Rental income	457 706	165 879
Other operating income	463 540	1 279 672
	30 307 736	22 740 401

4. OPERATING EXPENDITURE

Staff costs	20 105 446	23 305 345
Other administration expenses	14 717 024	10 035 350
Audit fees	118 545	131 957
Depreciation	3 042 517	2 776 886
Amortisation of intangible assets	463 805	73 507
	38 447 337	36 323 045

Included in staff costs are pension contributions under the National Social Security Authority, defined contribution fund and the Bank's separate trustee administered fund of US\$2 005 995 (2016:US\$1 716 160).

Remuneration of directors / key management personnel

Fees for services as directors	111 481	360 610
Pension for past and present directors	99 585	118 026
Salaries and other benefits	1 561 914	1 599 716
	1 772 980	2 078 352

Operating leases

The following is an analysis of expenses related to operating leases
Non cancellable leases are paid as follows:

Less than 1 year	1 026 291	1 754 868
Between 1 and 5 years	739 242	1 237 050
	1 765 533	2 991 918

The Bank leases a number of properties that houses its branches and other equipment under operating leases. The leases typically run for a period of less than five years with an option to renew the lease after that expiry date. During the period, an amount of US\$1 229 763 (2016:US\$795 599) was recognised as rent expense in the statement of comprehensive income.

5. TAXATION

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

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Analysis of tax charge in respect of the profit for the year		
Current tax (income)/expense	4 099 790	(287 428)
Deferred tax expense	(4 157 348)	225 425
Tax expense	(57 558)	(62 003)
Tax rate reconciliation		
	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Non deductible expenses	25.76	21.79
Exempt income	(51.40)	(47.55)
Tax benefits	(0.69)	(0.84)
Effective rate	(0.58)	(0.85)

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit after tax attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into the ordinary shares.

The following notes, 6.2 and 6.3, reflect the respective earnings and share data used in the basic and diluted earnings per share computations:

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Earnings		
Basic earnings	10 026 520	7 390 737
Diluted earnings	10 026 520	7 390 737
Reconciliation of numerators used for calculating basic and diluted earnings per share:		
Basic earnings	10 026 520	7 390 737
Effect of potential dilutive transactions	-	-
Diluted earnings	10 026 520	7 390 737



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	Unaudited 30 June 2017 Shares	Unaudited 30 June 2016 Shares
6.3	Reconciliation of denominators used for calculating basic and diluted earnings per share: Weighted average number of shares used for basic earnings per share Potential dilutive shares Weighted average number of shares used for dilutive EPS	
	511 817 951	511 817 951
	-	-
	511 817 951	511 817 951
6.4	Annualised earnings per share (cents) Basic Diluted	
	3.92	2.89
	3.92	2.89
	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
7.	DIVIDENDS	
	Dividend paid	
	4 950 000	-
	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
8.	BALANCES WITH BANKS AND CASH	
	Cash	14 550 305
	Nostro accounts	11 584 761
	Balance with the Reserve Bank of Zimbabwe	45 172 653
	Interbank clearing accounts	3 418
	50 365 166	71 311 137
9.	MONEY MARKET ASSETS	
	Treasury placements	20 958 292
	Accrued interest	22 696
	4 396 698	20 980 988
	Maturity analysis Between 0 and 3 months Between 3 and 6 months Between 6 and 12 months	
	4 396 698	20 980 988
	-	-
	-	-
	4 396 698	20 980 988
10.	FINANCIAL SECURITIES	
	Treasury bills	751 645 905
	Accrued interest	8 890 152
	827 784 127	760 536 057
	Maturity analysis Between 0 and 3 months Between 3 and 6 months Between 6 and 12 months Between 1 and 5 years Above 5 years	
	22 524 649	46 657 787
	21 525 318	1 510 156
	36 430 504	26 341 510
	218 936 108	156 643 663
	528 367 548	529 382 941
	827 784 127	760 536 057
11.	ADVANCES	
	Overdrafts	501 345 223
	Loans	347 281 987
	Staff loans	50 952 052
	Mortgage advances	22 718 551
	953 579 307	922 297 813
	16 264 660	7 332 700
	969 843 967	929 630 513
	(58 849 638)	(55 631 005)
	910 994 329	873 999 508
11.1	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	
	407 316 041	421 281 442
	42 554 153	44 532 158
	90 639 285	15 046 669
	81 173 890	63 542 124
	81 632 164	95 481 754
	266 528 434	289 746 366
	969 843 967	929 630 513
	Maturity analysis is based on the remaining period from 30 June 2017 to contractual maturity.	
11.2	Sectoral Analysis	
	30 June 2017 US\$	31 Dec 2016 US\$
	%	%
	Private	113 106 750
	105 987 620	12
	Agriculture	233 956 469
	242 777 416	25
	Mining	8 735 758
	10 704 212	1
	Manufacturing	99 639 623
	91 944 120	11
	Distribution	93 147 969
	89 258 221	10
	Construction	5 742 777
	5 392 516	1
	Transport	11 812 351
	13 277 474	1
	Communication	11 884
	-	0
	Services	130 772 055
	180 682 685	14
	Financial organisations	232 704 877
	229 819 703	25
	969 843 967	929 630 513
	100	100
	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
11.3	Loans to directors and key management personnel and employees	
	Loans to directors and key management personnel Included in advances are loans to directors and key management: Opening balance Advances made during the period Repayments during the period Closing balance	
	6 828 766	6 873 913
	911 109	611 259
	(338 696)	(656 406)
	7 401 179	6 828 766
	Loans to employees Included in advances are loans to employees: Opening balance Advances made during the period Repayments during the period Closing balance	
	44 123 286	43 480 054
	906 025	4 548 840
	(1 995 902)	(3 905 608)
	43 033 409	44 123 286
11.4	Non performing advances Total advances on which interest is suspended	
	62 630 929	67 487 096
11.5	Provision for impairment of advances Opening balance Charge for impairment Interest in suspense Amounts written off during the period Balance at end of the period	
	55 631 005	69 301 308
	14 403 347	19 644 304
	3 073 000	(736 451)
	(14 257 714)	(32 578 156)
	58 849 638	55 631 005

		Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$				
11.6	Comprising: Specific impairments Portfolio impairments						
		27 121 222	31 440 136				
		31 728 416	24 190 869				
		58 849 638	55 631 005				
12.	OTHER ASSETS						
	Intercompany balances	34 054 352	51 053 633				
	Land inventory	52 502 830	49 438 067				
	Prepayments	1 493 614	1 550 358				
	Receivables	10 384 800	6 048 468				
		98 435 596	108 090 526				
13.	EQUITY INVESTMENTS						
	Investments in equity instruments	956 682	956 682				
		956 682	956 682				
	At cost	956 682	956 682				
	956 682	956 682					
14.	CATEGORIES OF FINANCIAL ASSETS						
30 June 2017		Available for sale US\$	Loans and receivables US\$	Total carrying amount US\$			
Balances with banks and cash		-	50 365 166	50 365 166			
Money market assets		-	4 396 698	4 396 698			
Financial securities		-	827 784 127	827 784 127			
Loans and advances to customers		-	910 994 329	910 994 329			
Equity investments		956 682	-	956 682			
Other monetary assets		-	44 033 896	44 033 896			
Total		956 682	1 837 574 216	1 838 530 898			
31 December 2016		Available for sale US\$	Loans and receivables US\$	Total carrying amount US\$			
Balances with banks and cash		-	71 311 137	71 311 137			
Money market assets		-	20 980 988	20 980 988			
Financial securities		-	760 536 057	760 536 057			
Loans and advances to customers		-	873 999 508	873 999 508			
Equity investments		956 682	-	956 682			
Other monetary assets		-	56 626 867	56 626 867			
Total		956 682	1 783 454 557	1 784 411 239			
15.	PROPERTY AND EQUIPMENT						
30 June 2017							
	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computers and equipment US\$	Work in progress US\$	Total US\$
COST							
Opening balance	3 770 000	27 029 500	602 917	5 193 433	29 374 617	4 065 882	70 036 349
Additions	-	15 957	4 946	77 660	1 130 464	1 130 066	2 379 093
Disposals	-	-	-	-	(50 293)	(230 916)	(281 209)
Transfers to non PPE assets	-	-	-	-	-	(247 500)	(247 500)
Transfers	-	116 814	-	89 350	912 149	(1 118 313)	-
Closing balance	3 770 000	27 162 271	607 863	5 360 443	31 386 937	3 599 219	71 886 733
ACCUMULATED DEPRECIATION							
Opening balance	-	-	347 495	3 068 721	15 225 311	-	18 641 527
Charge for the period	-	866 963	29 220	367 988	1 778 346	-	3 042 517
Disposals	-	-	-	-	(41 964)	-	(41 964)
Closing balance	-	866 963	376 715	3 436 709	16 961 693	-	21 642 080
Net book value	3 770 000	26 295 308	231 148	1 923 734	14 425 244	3 599 219	50 244 653
31 December 2016							
	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computers and equipment US\$	Work in progress US\$	Total US\$
COST							
Opening balance	3 770 000	28 539 400	602 917	4 876 505	24 137 717	5 328 492	67 255 031
Additions	-	31 561	-	493 620	2 787 874	2 463 877	5 776 932
Revaluation reserve	-	(1 392 036)	-	-	-	-	(1 392 036)
Impairments	-	(184 000)	-	-	-	-	(184 000)
Disposals	-	-	-	(176 692)	(80 049)	(33 288)	(290 029)
Transfers to non PPE assets	-	-	-	-	-	(1 129 549)	(1 129 549)
Transfers	-	34 575	-	-	2 529 075	(2 563 650)	-
Closing balance	3 770 000	27 029 500	602 917	5 193 433	29 374 617	4 065 882	70 036 349
ACCUMULATED DEPRECIATION							
Opening balance	-	-	289 204	2 519 925	12 011 907	-	14 821 036
Charge for the period	-	1 670 401	58 291	707 817	3 278 797	-	5 715 306
Disposals	-	-	-	(159 021)	(65 393)	-	(224 414)
Revaluation	-	(1 588 707)	-	-	-	-	(1 588 707)
Impairments	-	(81 694)	-	-	-	-	(81 694)
Closing balance	-	-	347 495	3 068 721	15 225 311	-	18 641 527
Net book value	3 770 000	27 029 500	255 422	2 124 712	14 149 306	4 065 882	51 394 822

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2016 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



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

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

The carrying amount of buildings would have been US\$21 197 128 (December 2016: US\$21 607 873) had they been carried at cost.

16. INVESTMENT PROPERTIES

Opening balance	7 397 000	7 605 000
Fair value adjustment	-	(576 491)
Transfer from property and equipment	-	265 461
Additions	-	103 030
Disposal	(1 850 000)	-
Closing balance	5 547 000	7 397 000

Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2016 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The basis of valuation is consistent with that detailed in note 15 to the financial statements.

The rental income derived from investments properties amounted to US\$283 302 with direct operating expenses amounting to US\$56 723. Direct operating expenses (including repairs and maintenance) arising from investment properties that did not generate rental income during the period were US\$nil.

17. INTANGIBLE ASSETS

At cost	4 776 704	4 448 503
Accumulated amortisation and impairment	(2 788 436)	(2 324 631)
	1 988 268	2 123 872

Movement in intangible asset		
Opening balance	2 123 872	498 674
Additions	80 701	990 171
Transfers from property and equipment	247 500	1 124 089
Amortisation charge	(463 805)	(489 062)
Closing balance	1 988 268	2 123 872

Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets, which comprise computer software are amortised over a useful life of 3 years.

18. DEFERRED TAX ASSET

Deferred tax related to items charged or credited to statement of comprehensive income during the period is as follows:

Opening balance	12 132 337	13 878 170
Impairment and provisions	828 798	(3 520 103)
Intangible assets	(54 626)	(26 995)
Prepayments	283 282	560 823
Property and equipment	(342 311)	24 740
Tax claimable impairments	3 370 425	854 229
Investment properties	-	56 551
Other	71 781	304 922
Closing balance	16 289 686	12 132 337

19. DEPOSITS

Call deposits	18 722 390	11 303 411
Savings and other deposits	1 049 002 496	1 015 108 442
Money market deposits	630 561 182	608 908 958
Lines of credit	67 289 858	91 615 660
Accrued interest	6 307 077	8 486 742
	1 771 883 003	1 735 423 213

Deposits by type

Retail	210 916 480	137 957 505
Corporate	857 786 590	889 432 866
Money market	634 341 837	613 514 065
Lines of credit	68 838 096	94 518 777
	1 771 883 003	1 735 423 213

Lines of credit relate to borrowings from a foreign bank or financial institution. These have an average tenure of 3 years with an average interest rate of 8.2 % and are secured by a variety of instruments which include liens over bank accounts, guarantees, treasury bills and sub borrower securities.

	30 June 2017 US\$	%	31 Dec 2016 US\$	%
Sectoral analysis				
Private	86 761 140	5	71 394 344	4
Agriculture	52 493 255	3	54 069 005	3
Mining	15 851 211	1	16 327 034	1
Manufacturing	124 373 358	7	120 444 415	7
Distribution	241 875 608	14	293 760 361	17
Construction	37 134 360	2	38 249 064	2
Transport	25 388 954	2	26 151 083	2
Communication	55 222 250	3	36 043 078	2
Services	553 170 975	31	555 971 737	32
Financial organisations	537 566 239	30	481 320 946	28
Investment organisations	42 045 653	2	41 692 146	2
	1 771 883 003	100	1 735 423 213	100
Maturity analysis				
Less than one month	370 621 752		411 906 957	
Between 1 and 3 months	378 965 303		348 956 643	
Between 3 and 6 months	138 360 268		222 702 072	
Between 6 months and 1 year	344 237 025		391 358 213	
Between 1 and 5 years	380 873 906		207 466 711	
More than 5 years	158 824 749		153 032 617	
	1 771 883 003		1 735 423 213	

Maturity analysis is based on the remaining period from 30 June 2017 to contractual maturity.

20. OTHER LIABILITIES

Revenue received in advance	12 956 409	813 551
Sundry creditors	6 773 002	6 654 810
Other suspense accounts	3 252 474	3 070 348
Total other liabilities	22 981 885	10 538 709

21. CATEGORIES OF FINANCIAL LIABILITIES

The Bank's financial liabilities comprising of deposits, other liabilities and current tax payable are carried at amortised cost with a total carrying amount of US\$1 795 296 205 (2016:US\$1 745 961 922).

22. SHARE CAPITAL

Authorised
600 000 000 ordinary shares of \$0.01 each

Issued and fully paid
511 817 951 ordinary shares of \$0.01 each

22.1 Share premium

22.2 Revaluation reserve

Opening balance	11 378 985	11 232 956
Revaluation adjustments made during the period	-	196 672
Deferred tax	-	(50 643)
Closing balance	11 378 985	11 378 985

22.3 Revenue reserve

Opening balance	133 410 604	114 729 519
Profit for the period	10 026 520	18 681 085
Dividend paid	(4 950 000)	-
Closing balance	138 487 124	133 410 604

23. RELATED PARTY DISCLOSURES

The Bank is 100% owned by CBZ Holdings Limited. CBZ Properties (Private) Limited, CBZ Building Society, CBZ Asset Management (Private) Limited, CBZ Insurance (Private) Limited, CBZ Advisory Services (Private) Limited and CBZ Life (Private) Limited are related to CBZ Bank Limited through common shareholding.

The Bank has related party relationships with its Directors and key management employees and their companies and close family members.

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

Loans and advances to other related parties

	Gross limits	Utilised limits	Value of security
	US\$	US\$	US\$
30 June 2017			
Loans to entities related to directors	1 513 384	1 230 048	2 407 900
31 December 2016			
Loans to entities related to directors	2 343 484	1 657 783	5 190 750

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.

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
(a) Transactions with other related parties:		
Interest income earned on loans and advances to directors and other related parties	124 300	299 863
Commission and fee income	2 582	37 720
	126 882	337 583
(b) Deposits from directors and key management personnel:		
Closing balance	46 388	134 212
Interest expense on deposits from directors and key management personnel	298	879
(c) Balances with group companies:		
Amounts due from group companies	33 334 999	53 396 795
Amounts due to group companies	17 690 825	16 773 253
(d) Transactions with group companies:		
Interest income on amounts due from group companies	2 084 204	4 704 548
Interest expense on amounts due to group companies	404 818	775 015
Non interest income from group companies	323 067	767 950
Costs charged by group companies	3 595 009	6 437 730

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 12% and a tenure ranging from 1month to 3 years. The loans to directors and key management personnel are shown in note 11.3.

24. RISK MANAGEMENT

24.1 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 thrust 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 Group 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.

24.2 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 Group Risk Management function is responsible for ensuring that the Bank's risk taking remains within the set risk benchmarks. The CBZ Group Internal Audit function continuously provides independent assurance on the adequacy and effectiveness of the deployed risk management processes. The CBZ Group Enterprise Wide Governance and Compliance Unit evaluates the quality of compliance with policies, processes and governance structures.

24.3 Credit risk

24.3.1 Credit risk exposure

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

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Balances with banks	42 052 146	56 760 832
Money market assets	4 396 698	20 980 988
Financial securities	827 784 127	760 536 057
Loans and advances to customers	910 994 329	873 999 508
Other assets	44 033 896	56 626 867
Total	1 829 261 196	1 768 904 252
Guarantees	19 217 043	20 229 252
	19 217 043	20 229 252

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 US\$42 052 146 (excluding notes and coins) as at 30 June 2017 (2016:US\$56 760 832), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

24.3.2 Aging analysis of past due but not impaired loans and advances (Special Mention Loans):

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
1 to 3 months	291 018 361	280 046 650

Past due but not impaired loans relate to loans in the special mention category. (See definition on note number 34.3.1 of the CBZ Holdings Limited notes to the financial results)



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24.3.3 Aging analysis of Non Performing Loans:

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
3 to 6 months	28 954 626	18 679 302
6 to 12 months	33 676 303	48 807 794
Total	62 630 929	67 487 096

Past due and impaired loans relate to loans under the following asset classification classes: Substandard, Doubtful and Loss. (See definition on note number 34.3.1 of the CBZ Holdings Limited notes to the financial results)

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

	30 June 2017 US\$	30 June 2017 US\$	31 Dec 2016 US\$	31 Dec 2016 US\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	105 987 620	14 201 611	113 106 750	13 577 930
Agriculture	242 777 416	62 681 102	233 956 469	63 166 397
Mining	10 704 212	2 712 361	8 735 758	1 911 212
Manufacturing	91 944 120	35 822 614	99 639 623	31 722 453
Distribution	89 258 221	30 211 746	93 147 969	39 653 796
Construction	5 392 516	2 013 665	5 742 777	2 419 274
Transport	13 277 474	2 974 007	11 812 351	3 265 357
Communication	-	-	11 884	-
Services	180 682 685	10 681 552	130 772 055	9 920 594
Financial organisations	229 819 703	106 303 008	232 704 877	-
Total	969 843 967	267 601 666	929 630 513	165 637 013

Collateral analysis

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Cash cover	2 210 000	2 210 000
Mortgage bonds	702 242 301	763 993 500
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc.	944 718 923	760 371 701
	1 649 171 224	1 526 575 201

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, leasebacks and stop-orders. 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. An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown above and analysed as follows:

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Against doubtful* and loss* grades		
Property	10 852 530	22 007 450
Other	34 610 479	17 389 900
Against substandard* grade		
Property	11 231 619	4 563 874
Other	27 857 127	21 086 126
Against special mention* grade		
Property	242 213 129	168 164 531
Other	255 803 010	240 335 469
Against normal* grade		
Property	437 945 023	569 257 645
Other	628 658 307	483 770 206
	1 649 171 224	1 526 575 201

*See definition on note number 34.3.1 of the CBZ Holdings Limited notes to the financial results.

24.3.5 Credit quality per class of financial assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for loan-related statement of financial position lines based on the Bank’s credit rating system.

	*Normal grade US\$	*Special mention grade US\$	*Sub- Standard grade US\$	*Doubtful and Loss grade US\$	Total US\$
30 June 2017					
Loans and advances to customers					
Agriculture	73 644 935	151 706 976	7 379 312	10 046 193	242 777 416
Manufacturing	62 918 583	28 276 215	749 322	-	91 944 120
Commercial	109 271 064	53 319 580	7 579 449	10 512 592	180 682 685
Private	77 949 352	25 653 770	1 192 786	1 191 712	105 987 620
Mining	8 922 151	1 601 691	-	180 370	10 704 212
Distribution	57 177 074	24 883 565	3 362 926	3 834 656	89 258 221
Construction	1 213 505	2 602 179	1 565 365	11 467	5 392 516
Transport	4 299 168	1 852 840	7 125 466	-	13 277 474
Financial services	220 798 845	1 121 545	-	7 899 313	229 819 703
	616 194 677	291 018 361	28 954 626	33 676 303	969 843 967

	*Normal grade US\$	*Special mention grade US\$	*Sub- Standard grade US\$	*Doubtful and Loss grade US\$	Total US\$
31 December 2016					
Loans and advances to customers					
Agriculture	66 530 994	142 738 406	10 562 506	14 124 563	233 956 469
Manufacturing	58 591 311	37 940 611	578 037	2 529 664	99 639 623
Commercial	69 453 529	47 656 157	2 336 989	11 325 380	130 772 055
Private	85 196 129	23 221 026	2 424 345	2 265 250	113 106 750
Mining	7 233 367	1 502 391	-	-	8 735 758
Distribution	57 079 398	22 270 792	2 712 687	11 085 092	93 147 969
Construction	2 394 943	3 283 096	64 738	-	5 742 777
Transport	10 798 186	1 014 165	-	-	11 812 351
Communication	11 884	-	-	-	11 884
Financial services	224 807 026	420 006	-	7 477 845	232 704 877
	582 096 767	280 046 650	18 679 302	48 807 794	929 630 513

The Bank has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Bank, assuming all guarantees are called on, is US\$19.2 million (December 2016: US\$20.2 million).

*See definition on note number 34.3.1 of the CBZ Holdings Limited notes to the financial results.

24.4 Liquidity risk

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

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

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

The Bank’s liquidity risk management framework ensures that limits are set relating to levels of wholesale funding, retail funding, loans to deposit ratio, counter- party exposures as well as prudential liquidity ratio.

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

24.4.1 Liquidity Gap Analysis

	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
30 June 2017							
Assets							
Balances with banks and cash	50 365 166	-	-	-	-	-	50 365 166
Money market assets	3 395 693	1 001 005	-	-	-	-	4 396 698
Financial securities	13 277 190	9 247 459	21 525 318	36 430 504	218 936 108	528 367 548	827 784 127
Advances	348 466 403	42 554 153	90 639 285	81 173 890	81 632 164	266 528 434	910 994 329
Other assets	-	44 033 896	-	-	-	-	44 033 896
Financial guarantees	38 156	1 310 754	1 771 252	1 389 083	2 001 572	12 706 226	19 217 043
Total assets	415 542 608	98 147 267	113 935 855	118 993 477	302 569 844	807 602 208	1 856 791 259
Liabilities							
Deposits	370 621 752	378 965 303	138 360 268	344 237 025	380 873 906	158 824 749	1 771 883 003
Other liabilities	-	22 981 885	-	-	-	-	22 981 885
Financial guarantees	38 156	1 310 754	1 771 252	1 389 083	2 001 572	12 706 226	19 217 043
Current tax payable	-	431 317	-	-	-	-	431 317
Capital commitments contracted for	-	-	-	560 378	-	-	560 378
Total liabilities	370 659 908	403 689 259	140 131 520	346 186 486	382 875 478	171 530 975	1 815 073 626
Liquidity gap	44 882 700	(305 541 992)	(26 195 665)	(227 193 009)	(80 305 634)	636 071 233	41 717 633
Cumulative liquidity gap	44 882 700	(260 659 292)	(286 854 957)	(517 047 966)	(594 353 600)	41 717 633	41 717 633

	Less than one month US\$	1 to 3 months US\$	13 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
31 December 2016							
Assets							
Balances with banks and cash	71 311 137	-	-	-	-	-	71 311 137
Money market assets	19 828 862	1 152 126	-	-	-	-	20 980 988
Financial securities	-	46 657 787	1 510 156	26 341 510	156 643 663	529 382 941	760 536 057
Loans and advances to customers	365 650 437	44 532 158	15 046 669	63 542 124	95 481 754	289 746 366	873 999 508
Financial guarantees	350 817	846 331	2 759 646	1 566 232	2 000 000	12 706 226	20 229 252
Current tax receivable	-	3 668 473	-	-	-	-	3 668 473
Other assets	-	56 626 867	-	-	-	-	56 626 867
Total assets	457 141 253	153 483 742	19 316 471	91 449 866	254 125 417	831 835 533	1 807 352 282
Liabilities							
Deposits	411 906 957	348 956 643	222 702 072	391 358 213	207 466 711	153 032 617	1 735 423 213
Other liabilities	-	10 538 709	-	-	-	-	10 538 709
Financial guarantees	350 817	846 331	2 759 646	1 566 232	2 000 000	12 706 226	20 229 252
Capital commitments contracted for	-	-	-	1 095 804	-	-	1 095 804
Total liabilities	412 257 774	360 341 683	225 461 718	394 020 249	209 466 711	165 738 843	1 767 286 978
Liquidity gap	44 883 479	(206 857 941)	(306 145 247)	(302 570 383)	44 658 706	666 096 690	40 065 304
Cumulative liquidity gap	44 883 479	(161 974 462)	(368 119 709)	(670 690 982)	(626 031 386)	40 065 690	40 065 304

The table above shows the discounted 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 period were as follows:

	%
At 30 June 2017	72.8
At 31 December 2016	76.7
Average for the period	76.2
Maximum for the period	78.6
Minimum for the period	72.8

24.5 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 USD in order to minimize cross currency interest rate risk. The Bank’s interest rate risk profiling is illustrated below:

24.5.1 Interest rate repricing and gap analysis

	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non interest bearing US\$	Total US\$
30 June 2017								
Assets								
Balances with banks and cash	1 906 756	-	-	-	-	-	48 458 410	50 365 166
Money market assets	3 395 693	1 001 005	-	-	-	-	-	4 396 698
Financial securities	13 277 190	9 247 459	21 525 318	36 430 504	218 936 108	528 367 548	-	827 784 127
Loans & advances to customers	348 466 403	42 554 153	90 639 285	81 173 890	81 632 164	266 528 434	-	910 994 329
Other assets	-	34 054 352	-	-	-	-	64 381 244	98 435 596
Equity investments	-	-	-	-	-	-	956 682	956 682
Investment property	-	-	-	-	-	-	5 547 000	5 547 000
Property and equipment	-	-	-	-	-	-	50 244 653	50 244 653
Intangible assets	-	-	-	-	-	-	1 988 268	1 988 268
Deferred tax	-	-	-	-	-	-	16 289 686	16 289 686
Total assets	367 046 042	86 856 969	112 164 603	117 604 394	300 568 272	794 895 982	187 865 943	1 967 002 205
Equity and liabilities								
Deposits	370 621 752	378 965 303	138 360 268	344 237 025	380 873 906	158 824 749	-	1 771 883 003
Other liabilities	-	-	-	-	-	-	22 981 885	22 981 885
Current tax payable	-	-	-	-	-	-	431 317	431 317
Equity and reserves	-	-	-	-	-	-	171 706 000	171 706 000
Total liabilities, equity and reserves	370 621 752	378 965 303	138 360 268	344 237 025	380 873 906	158 824 749	195 119 202	1 967 002 205

Interest rate repricing gap	(3 575 710)	(292 108 334)	(26 195 665)	(226 632 631)	(80 305 634)	636 071 233	(7 253 259)	-
Cumulative gap	(3 575 710)	(295 684 044)	(321 879 709)	(548 512 340)	(628 817 974)	7 253 259	-	-

31 December 2016	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	11 588 178	-	-	-	-	-	59 722 959	71 311 137
Money market assets	19 828 862	1 152 126	-	-	-	-	-	20 980 988
Financial securities	-	46 657 787	1 510 156	26 341 510	156 643 663	529 382 941	-	760 536 057
Loans & advances to customers	365 650 437	44 532 158	15 046 669	63 542 124	95 481 754	289 746 366	-	873 999 508
Other assets	-	51 053 633	-	-	-	-	57 036 893	108 090 526
Equity investments	-	-	-	-	-	-	956 682	956 682
Investment property	-	-	-	-	-	-	7 397 000	7 397 000
Property and equipment	-	-	-	-	-	-	51 394 822	51 394 822
Intangible assets	-	-	-	-	-	-	2 123 872	2 123 872
Deferred tax	-	-	-	-	-	-	12 132 337	12 132 337
Current tax receivable	-	-	-	-	-	-	3 668 473	3 668 473
Total assets	397 067 477	143 395 704	16 556 825	89 883 634	252 125 417	819 129 307	194 433 038	1 912 591 402



UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2017



Partners For Success

24.6 Foreign exchange risk

At 30 June 2017, 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 US\$35 009 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Bank as at 30 June 2017 is as below:

FOREIGN CURRENCY POSITION

Foreign currency position as at 30 June 2017

Position expressed in US\$	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	50 365 166	47 593 018	2 237 332	62 984	471 832
Money market assets	4 396 698	4 396 698	-	-	-
Financial securities	827 784 127	827 784 127	-	-	-
Loans and advances to customers	910 994 329	900 502 618	53 136	258 859	10 179 716
Other assets	98 435 596	98 004 476	273 771	48 617	108 732
Equity investments	956 682	812 781	-	-	143 901
Investment properties	5 547 000	5 547 000	-	-	-
Property and equipment	50 244 653	50 244 653	-	-	-
Deferred taxation	16 289 686	16 289 686	-	-	-
Intangible assets	1 988 268	1 988 268	-	-	-
Current tax receivable	-	-	-	-	-
Total assets	1 967 002 205	1 953 163 325	2 564 239	370 460	10 904 181
Equity and liabilities					
Deposits	1 771 883 003	1 758 786 549	2 461 693	262 875	10 371 886
Other liabilities	22 981 885	22 939 643	21 415	20 402	425
Current tax payable	431 317	431 317	-	-	-
Equity and reserves	171 706 000	171 706 000	-	-	-
Total equity and liabilities	1 967 002 205	1 953 863 509	2 483 108	283 277	10 372 311

Foreign currency position as at 31 December 2016

Position expressed in US\$	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	71 311 137	65 608 435	4 117 336	540 157	1 045 209
Money market assets	20 980 988	20 980 988	-	-	-
Financial securities	760 536 057	760 536 057	-	-	-
Loans and advances to customers	873 999 508	857 070 051	20 033	258 178	16 651 246
Other assets	108 090 526	107 577 240	337 216	119 123	56 947
Equity Investments	956 682	812 781	-	-	143 901
Investment properties	7 397 000	7 397 000	-	-	-
Property and equipment	51 394 822	51 394 822	-	-	-
Deferred taxation	12 132 337	12 132 337	-	-	-
Intangible assets	2 123 872	2 123 872	-	-	-
Current tax receivable	3 668 473	3 668 473	-	-	-
Total assets	1 912 591 402	1 889 302 056	4 474 585	917 458	17 897 303
Equity and liabilities					
Deposits	1 735 423 213	1 716 490 419	7 390 604	398 081	11 144 109
Other liabilities	10 538 709	10 507 943	11 090	19 243	433
Equity and reserves	166 629 480	166 629 480	-	-	-
Total equity and liabilities	1 912 591 402	1 893 627 842	7 401 694	417 324	11 144 542

Foreign currency position as at 30 June 2017

Underlying currency

	ZAR	GBP	Other foreign currencies in US\$
Assets			
Balances with banks and cash	29 188 012	48 379	471 832
Loans and advances to customers	693 213	198 832	10 179 716
Other assets	3 571 593	37 343	108 732
Equity investments	-	-	143 901
Total assets	33 452 818	284 554	10 904 181
Liabilities			
Deposits	32 115 005	201 916	10 371 886
Other liabilities	279 377	15 671	425
Total liabilities	32 394 382	217 587	10 372 311
Net position	1 058 436	66 967	531 870

Foreign currency position as at 31 December 2016

Underlying currency

	ZAR	GBP	Other foreign currencies in US\$
Assets			
Balances with banks and cash	56 108 175	439 939	1 045 209
Loans and advances to customers	272 992	210 277	16 651 246
Other assets	4 595 345	97 022	56 947
Equity investments	-	-	143 901
Total assets	60 976 512	747 238	17 897 303
Liabilities			
Deposits	100 713 978	324 223	11 144 109
Other liabilities	151 126	15 673	433
Total liabilities	100 865 104	339 896	11 144 542
Net position	(39 888 592)	407 342	6 752 761

24.7 Operational risk

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

24.7.1 Operational risk management framework

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

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

24.8 Strategic risk

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

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

24.9 Regulatory risk

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

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

24.10 Reputation risk

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

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

24.11 Money laundering risk

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

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

24.12 Risk and Credit Ratings

24.12.1 External Credit Rating

Rating Agent	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Global Credit Rating Co. (Short Term)	A1-	A1-	A1	A1	A1	-	-	-	-	-	-	A1
Global Credit Rating Co. (Long Term)	A	A	A	A+	A+	A+	A+	A	A	A	A+	A+

No short-term ratings were provided by the rating agent from 2007 to 2012.

24.12.2 Reserve Bank of Zimbabwe Ratings

CAMELS RATING MATRIX

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

Key

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

25. CAPITAL MANAGEMENT

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

It is important to highlight that CBZ Bank has three levels of capital and other components that are measured and managed simultaneously: -

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

25.1. Capital Adequacy

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

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Risk weighted assets	714 037 896	783 003 808
Total qualifying capital	179 401 426	174 759 245
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	16 721 711	16 721 711
Revenue reserves	138 487 124	133 410 604
Exposures to insiders	(1 230 048)	(1 657 783)
Total core capital	159 096 967	153 592 712
Less transfer to Tier 3	(19 623 085)	(20 219 720)
	139 473 882	133 372 992
Tier 2		
Revaluation reserve	11 378 985	11 378 985
General provisions	8 925 474	9 787 548
	20 304 459	21 166 533
Tier 3		
Capital allocated for market risk	30 653	627 288
Capital allocated to operations risk	19 592 432	19 592 432
	19 623 085	20 219 720
Capital adequacy	25.12%	22.32%
-Tier 1	19.53%	17.03%
-Tier 2	2.84%	2.71%
-Tier 3	2.75%	2.58%

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

26. CORPORATE GOVERNANCE STATEMENT

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

27. DISCLOSURE POLICY

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

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Gross written premium		4 809 444	4 897 337
Reinsurance premium		(272 148)	(404 253)
Net written premium		4 537 296	4 493 084
Unearned premium movement	12.1	226 607	527 984
Net earned premium		4 763 903	5 021 068
Net commission	2	(551 581)	(643 266)
Net claims	3	(1 655 143)	(1 614 759)
Technical profit		2 557 179	2 763 043
Operating expenditure	4	(1 473 334)	(1 676 140)
Underwriting profit		1 083 845	1 086 903
Other income	5	424 259	448 196
Profit before taxation		1 508 104	1 535 099
Taxation	6	(14 882)	(17 263)
Profit for the period		1 493 222	1 517 836
Other comprehensive income		-	-
Total comprehensive income		1 493 222	1 517 836

STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
ASSETS			
Current assets			
Cash and cash equivalents	7	1 396 485	2 091 351
Money market assets	8	15 552 241	14 364 915
Insurance contract assets	9	48 788	383 517
Other receivables		183 034	68 895
Current tax receivables		-	8 518
		17 180 548	16 917 196
Non-current assets			
Intangible assets	10	467 772	557 565
Equity investments		175 586	-
Property and equipment	11	208 978	251 231
Investment properties		1 594 000	1 594 000
		2 446 336	2 402 796
TOTAL ASSETS		19 626 884	19 319 992
EQUITY AND LIABILITIES			
Liabilities			
Life fund	12	1 637 296	1 844 992
Investment contract liabilities	13	1 655 085	1 517 121
Other payables	14	825 242	1 103 782
Current tax payable		5 619	-
		4 123 242	4 465 895
Equity			
Share capital	15	2	2
Share premium		1 388 012	1 388 012
Revenue reserves		14 115 628	13 466 083
		15 503 642	14 854 097
TOTAL EQUITY AND LIABILITIES		19 626 884	19 319 992

STATEMENT OF CHANGES IN EQUITY

	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
Unaudited 30 June 2017				
Opening balance	2	1 388 012	13 466 082	14 854 096
Total comprehensive income	-	-	1 493 222	1 493 222
Dividend paid	-	-	(843 676)	(843 676)
Closing balance	2	1 388 012	14 115 628	15 503 642
Unaudited 30 June 2016				
Opening balance	2	1 388 012	10 864 011	12 252 025
Total comprehensive income	-	-	1 517 836	1 517 836
Closing balance	2	1 388 012	12 381 847	13 769 861

STATEMENT OF CASH FLOWS

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1 508 104	1 535 099
Non cash items:		
Depreciation	43 790	46 774
Amortisation	96 090	70 195
Unearned premium movement	(226 607)	(527 984)
Claims incurred but not reported	18 911	(371 424)
Fair value adjustment on financial instruments	(28 220)	-
Operating profit before changes in operating assets and liabilities	1 412 068	752 660
Changes in operating assets and liabilities		
Other receivables	(114 140)	(103 922)
Insurance contract assets	334 729	148 102
Other payables	(278 540)	157 634
Money market assets	(1 187 326)	125 526
Life assurance investment contract liabilities	137 964	114 514
	(1 107 313)	441 854
Corporate tax paid	(745)	(7 304)
Net cash inflow from operating activities	304 010	1 187 210
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1 537)	(54 788)
Purchase of intangible assets	(6 297)	(57 067)
Purchase of investment properties	-	(1 500 000)
Purchase of equity investments	(147 366)	-
Net cash outflow from investing activities	(155 200)	(1 611 855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(843 676)	-
Net cash outflow from financing activities	(843 676)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(694 866)	(424 645)
Cash and cash equivalents at the beginning of the period	2 091 351	884 466
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1 396 485	459 821

NOTES TO THE FINANCIAL STATEMENTS

1. INCORPORATION AND ACTIVITIES

The company offers life insurance services and is incorporated in Zimbabwe.

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
2. NET COMMISSION		
Commission paid	501 228	576 395
Commission received	(66 568)	(61 743)
Deferred acquisition cost	116 921	128 614
	551 581	643 266
3. NET CLAIMS		
Gross claims paid	1 811 623	1 987 362
Claims received from reinsurance	(175 391)	(1 179)
Incurred but not reported provision movement	18 911	(371 424)
	1 655 143	1 614 759
4. OPERATING EXPENDITURE		
Administration expenses	633 236	654 980
Management fees	109 831	-
Audit fees	14 315	14 668
Depreciation	43 790	46 774
Amortisation of intangible assets	96 090	70 195
Staff costs	576 072	889 523
	1 473 334	1 676 140
Directors' remuneration (included in staff costs)		
Fees for services as Directors	20 684	23 184
Pension for past and present directors	17 550	24 030
Salaries and other benefits	267 739	292 283

5. OTHER INCOME

Short term money market interest	400 035	447 381
Interest on bank balances	497	815
Other operating loss	(4 493)	-
Fair value adjustments on financial instruments	28 220	-
	424 259	448 196

6. TAXATION

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

Current income tax	14 882	17 263
TAX RATE RECONCILIATION	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	(24.76)	(24.63)
Effective tax rate	0.99	1.12

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
7. CASH AND CASH EQUIVALENTS		
Cash at bank	1 396 485	2 091 351
8. INVESTMENTS		
8.1 Money market assets:		
Loans and receivables	15 552 241	14 364 915
8.2 Maturity analysis		
Less than 3 month	14 074 260	10 717 472
Between 3 months and 6 months	-	909 447
Between 6 months and 1 year	1 477 981	2 737 996
	15 552 241	14 364 915
9. INSURANCE CONTRACTS ASSETS		
Reinsurance unearned premium reserve	63 246	72 114
Deferred acquisition costs	198 917	311 165
Premium receivables	(51 796)	129 754
Suspended premium	(161 579)	(129 516)
	48 788	383 517
10. INTANGIBLE ASSETS		
Computer Software		
Cost		
Opening balance	886 115	798 412
Additions	6 297	87 703
Closing balance	892 412	886 115
Amortisation		
Opening balance	328 550	188 161
Charge for the year	96 090	140 389
Closing balance	424 640	328 550
Carrying amount at end of the period	467 772	557 565

11. PROPERTY AND EQUIPMENT

	Motor vehicles US\$	Computers, furniture and other equipment US\$	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
Cost				
Opening balance	138 879	428 102	566 981	506 693
Additions	-	1 537	1 537	60 288
Disposals	-	-	-	-
Closing balance	138 879	429 639	568 518	566 981
Accumulated depreciation				
Opening balance	72 181	243 569	315 750	218 867
Charge for the period	8 333	35 457	43 790	96 883
Disposals	-	-	-	-
Closing balance	80 514	279 026	359 540	315 750
Net Book Value	58 365	150 613	208 978	251 231

12. LIFE FUND

12.	LIFE FUND	Unearned premium reserve US\$	IBNR US\$	Total US\$
12.1	Movement in Life fund			
	Opening balance 1 January 2016	2 292 533	1 068 155	3 360 688
	Transfer from income	(979 190)	(536 506)	(1 515 696)
	Closing balance at 31 Dec 2016	1 313 343	531 649	1 844 992
	Transfer to income	(226 607)	18 911	(207 696)
	Closing balance at 30 June 2017	1 086 736	550 560	1 637 296

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
12.2 Life fund liabilities are supported by the following net assets:		
Money market assets	210 573	1 017 898
Prescribed assets	631 958	77 094
investment property	794 765	750 000
	1 637 296	1 844 992
13. INVESTMENT CONTRACT LIABILITIES		
13.1 Investment contract movement		
Opening balance	1 517 121	1 314 713
Interest on GEP investment fund	42 642	84 427
Fund management fees	(16 148)	(26 938)
GEP investments from clients	435 156	701 399
GEP withdrawals by clients	(323 686)	(556 480)
Closing balance	1 655 085	1 517 121
13.2 Investment contract liabilities are supported by the following net assets:		
Money market assets	1 293 916	939 008
Prescribed assets	158 050	301 810
Cash and cash equivalents	203 119	276 303
	1 655 085	1 517 121
14. OTHER PAYABLES		
Inter-company	60 506	420 503
Sundry payables	764 736	683 279
	825 242	1 103 782
15. SHARE CAPITAL		
15.1 Authorised share capital		
20 000 ordinary shares of US\$1 each	20 000	20 000
15.2 Issued share capital		
2 ordinary shares of US\$1 each	2	2



Partners For Success

UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2017



A member of the CBZ Holdings Group

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30 June 2017

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Gross written premium	7 059 744	6 892 853
Reinsurance	(3 378 686)	(3 458 957)
Net written premium	3 681 058	3 433 896
Unearned premium	(789 307)	(728 391)
Net earned premium	2 891 751	2 705 505
Net commission	(18 668)	2 572
Net claims	(1 246 470)	(1 065 125)
Technical result	1 626 613	1 642 952
Operating expenditure	(847 107)	(899 657)
Underwriting profit	779 506	743 295
Other income	551 642	148 703
Impairment allowance	(309 732)	98 435
Profit before taxation	1 021 416	990 433
Taxation	(54 217)	(275 632)
Profit for the year	967 199	714 801
Other comprehensive income	-	-
Total comprehensive income for the period	967 199	714 801
Basic earnings per share (cents)	123 .81	91.50
Diluted earnings per share (cents)	123 .81	91.50

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
ASSETS		
Cash and cash equivalents	228 450	454 217
Money market assets	5 868 251	6 420 908
Other assets	198 557	30 245
Insurance receivables	2 599 026	1 263 328
Insurance contract assets:		
Reinsurance receivables	667 339	220 551
Reinsurance outstanding claims	1 665 651	1 387 495
Deferred acquisition costs	569 930	368 242
Reinsurance unearned premium reserve	2 261 843	1 228 754
Financial assets at fair value through profit or loss	1 781 067	388 636
Investment properties	145 000	145 000
Property and equipment	171 772	197 235
Deferred tax asset	420 013	403 710
TOTAL ASSETS	16 576 899	12 508 321
EQUITY AND LIABILITIES		
LIABILITIES		
Other payables	461 681	735 344
Current tax payable	42 935	193 419
Insurance contract liabilities:		
Reinsurance payables	2 046 430	763 507
Gross outstanding claims	2 435 766	2 101 988
Incurred but not yet reported claims	257 317	257 317
Unearned commission reserve	577 509	312 297
Gross unearned premium reserve	4 858 236	3 035 840
Total liabilities	10 679 874	7 399 712
EQUITY		
Share capital	78 116	78 116
Share premium	1 479 091	1 479 091
Retained earnings	4 339 818	3 551 402
Total equity	5 897 025	5 108 609
TOTAL EQUITY AND LIABILITIES	16 576 899	12 508 321

STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2017

	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Unaudited 30 June 2016				
Opening balance	77 496	1 459 111	2 636 461	4 173 068
Rights issue	621	19 979	-	20 600
Total comprehensive income	-	-	714 801	714 801
Closing balance	78 117	1 479 090	3 351 262	4 908 469
Unaudited 30 June 2017				
Opening balance	78 117	1 479 090	3 551 402	5 108 609
Total comprehensive income	-	-	967 199	967 199
Dividend paid	-	-	(178 784)	(178 784)
Closing balance	78 117	1 479 090	4 339 817	5 897 024

STATEMENT OF CASH FLOWS

for the half year ended 30 June 2017

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1 021 417	990 433
Non cash items:		
Depreciation	26 553	27 158
Fair value adjustment	(392 431)	17 271
Unearned premium reserve movement	789 307	728 391
Deferred commission movement	63 523	36 160
Incurred but not yet reported claims provision	-	(68 495)
Profit on disposal of property and equipment	-	(150)
Impairment (gain)/loss	309 732	(98 435)
Cash flow before changes in operating assets and liabilities	1 818 101	1 632 333
Changes in operating assets and liabilities		
Decrease in inventory	-	33
Increase in receivables	(2 538 684)	(1 808 759)
Increase in money market assets	552 657	(38 430)
Increase/(decrease) in payables	1 343 039	1 484 983
	(642 988)	(362 173)
Tax paid	(221 005)	(377 921)
Cash utilised in operating activities	954 108	892 239
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1 091)	(10 596)
Purchase of investments	(1 000 000)	-
Net cash utilised in investing activities	(1 001 091)	(10 596)
CASHFLOWS FROM FINANCING ACTIVITIES		
Rights issue	-	20 600
Dividend paid	(178 784)	-
Net cash proceeds generated from financing activities	(178 784)	20 600
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(225 767)	902 243
Cash and cash equivalents at the beginning of the period	454 217	937 055
Balances with banks and cash at end of the period	228 450	1 839 298

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30 June 2017

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Revenue	1 044 188	970 520
Operating expenditure	(956 618)	(919 454)
Profit before taxation	87 570	51 066
Taxation	(22 877)	(13 682)
Profit for the year after taxation	64 693	37 384
Other comprehensive income	-	-
Total comprehensive income	64 693	37 384

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Unaudited 30 June 2017 US\$	Audited 31 Dec 2016 US\$
ASSETS		
Balances with banks and cash	97 510	54 829
Money market assets	1 963 350	1 925 158
Loans and advances	-	12 907
Investment securities	27	14
Other assets	725 634	742 627
Current taxation	24 785	8 657
Investment property	93 000	93 000
Equipment	157 216	150 959
Intangible assets	10 527	15 037
Deferred taxation	6 014	20 495
TOTAL ASSETS	3 078 063	3 023 683
LIABILITIES		
Other liabilities	96 269	83 156
Provisions	271 109	294 535
TOTAL LIABILITIES	367 378	377 691
EQUITY		
Share capital	63 005	63 005
Share premium	1 924 944	1 924 944
Revenue reserves	722 736	658 043
TOTAL EQUITY	2 710 685	2 645 992
TOTAL LIABILITIES AND EQUITY	3 078 063	3 023 683

STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2017

	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
Unaudited 30 June 2016				
Opening balance	63 005	1 924 944	569 316	2 557 265
Total comprehensive income	-	-	37 384	37 384
Closing balance	63 005	1 924 944	606 700	2 594 649
Unaudited 30 June 2017				
Opening balance	63 005	1 924 944	658 043	2 645 992
Total comprehensive income	-	-	64 693	64 693
Closing balance	63 005	1 924 944	722 736	2 710 685

STATEMENT OF CASH FLOWS

for the half year ended 30 June 2017

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	87 570	51 066
Non cash items:		
Depreciation and amortisation	24 309	24 752
Fair value adjustment	(13)	-
Operating cash inflow before changes in operating assets and liabilities	111 866	75 818
Changes in operating assets and liabilities		
Advances	12 907	-
Other assets	16 993	(103 982)
Other liabilities	13 113	82 521
Provisions	(23 426)	2 053
	19 587	(19 408)
Corporate tax paid	(24 523)	(31 104)
Net cash inflow from operating activities	106 930	25 306
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(26 057)	-
Net cash outflow from investing activities	(26 057)	-
NET INCREASE IN BALANCES WITH BANKS AND CASH	80 873	25 306
Balances with banks and cash at the beginning of the period	1 979 987	1 961 882
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	2 060 860	1 987 188