UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018

BANKING I INSURANCE I ASSET MANAGEMENT I PROPERTY INVESTMENT I MORTGAGE FINANCE

CHAIRMAN'S STATEMENT

Dear Stakeholder.
I am pleased to present to you the financial results for CBZ Holdings Limited and its subsidiaries, for the half year ended 30 June 2018.

Economic Developments
The Government signed the African Continental Free Trade Area "AfCFTA" agreement - a trade agreement that is meant to enhance integration of African economies. The country also became a member of the Africa Finance Corporation "AFC"- a multilateral finance institution that was formed to catalyze infrastructure investment in Africa. These developments augur well with the Government's drive to reintegrate the country into the global economy, develop its infrastructure as well as industrialize the economy. The CBZ Group continues to position itself inorder to play a pivotal role in the social and economic development of the country.

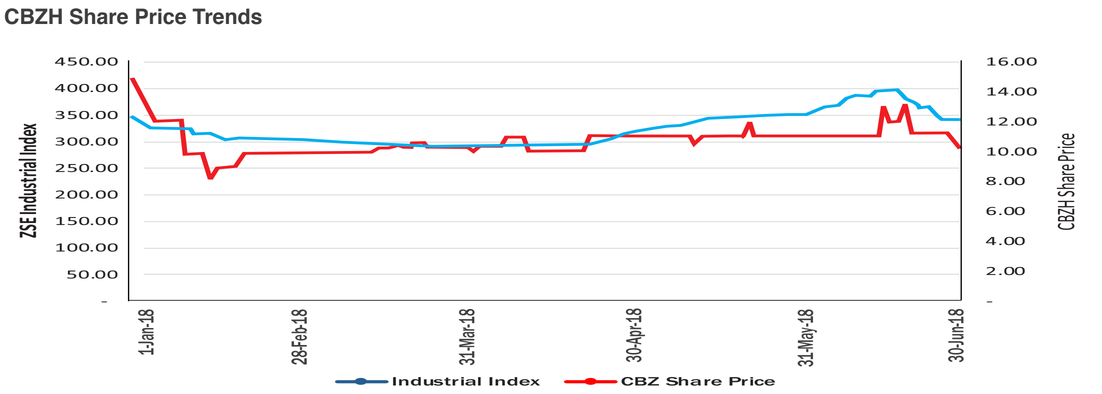
The Government supported the productive and export oriented sectors through finance facilities and export incentives. Resultantly, the major beneficiaries, being gold and tobacco subsectors, recorded significant growth. Tobacco output rose to an all-time high of above 240 million kgs, whilst gold output rose by 36% to 13 tons in the first 5 months of the year. The manufacturing sector benefited from the enhanced Open General Import License regulations, whilst activity in the SMEs sector improved on the back of an increase in Government driven infrastructure projects. CBZ Holdings continued to support these, and other sectors, directly through value chain financing, bid bonds, lease finance and insurance services, and indirectly in partnership with institutions such as the Zimbabwe Agriculture Development Trust "ZADT" and the Food and Agriculture Organisation "FAO". However, shortages of foreign currency militated against broad based economic activity.

The country continued to emerge from a prolonged period of deflation. The annual average rate of inflation rose from of 0.2% during the first half of 2017 to 2.9% during the first half of 2018. The official inflation rate remained close to the SADC region's long term target range of 3-7%.

Financial Sector Developments
According to the Reserve Bank of Zimbabwe "RBZ", Broad Money Supply "M3" increased by 5.5% from $8.1 billion in December 2017 to $8.6 billion in May 2018. This was driven by transferrable deposits and negotiable certificates of deposits. In the asset management sector, Funds Under Management fell from $4.3 billion in December 2017 to $4.1 billion in March 2018. The Group maintained its market leadership position, accounting for more than 20% of the banking sector assets, deposits, loans & advances, reflecting its contribution to the development of the Zimbabwean economy.

Stock Market Developments
The industrial and mining indices rose by 2.9% and 13.3% to 342.79 and 161.28, respectively, by 30 June 2018. This was on the back of demand from foreign investors seeking to buy lowly priced counters as well as local hedge funds seeking to preserve value following a surge in inflation fears. The CBZH share price tracked movements in the overall market, as shown in the graph below.

CBZH Share Price Trends



Source: ZSE

Governance & Directorship

The primary role of the Board is to bring an independent view and provide oversight on the company. The Board also gives direction and sets targets for management whilst ensuring that a robust governance structure is in place and is effective.

During the period under review, Mr. Nyamayi and Ms Tsitsi Mutasa resigned from the Board with effect from 31 January 2018 and 1 June 2018, respectively. The Board wishes to express its utmost gratitude for their contributions. Mr John Matorofa was appointend as an Independent Non - Executive Director with effect from 1 June 2018.

I would like to welcome Dr Blessing Mudavanhu who joined CBZ Holdings Limited as the Group Chief Executive Officer on 1 July 2018. I take this opportunity to wish him well as he leads the management team in taking the Group forward.

Financial Highlights

Below are the key highlights of the Group's performance for the half year ended 30 June 2018.

	Uaudited Half year June 2018	Unaudited Half year June 2017	Audited Full year Dec 2017
Key Financial Highlights	**US$m**	**US$m**	**US$m**
Profit after taxation	34.3	12.0	27.8
Total comprehensive income	34.3	12.0	29.7
Total assets	2 488.9	2 159.0	2,192.7
Total equity	279.1	293.3	309.7
Total deposits	2 159.7	1 822.9	1,853.7
Total advances	767.7	1 043.1	941.4
Other statistics			
Basic earnings per share (cents)	13.3	4.6	5.4
Non-interest income to total income (%)	51.2	45.8	52.2
Cost to Income Ratio (%)	57.1	66.0	63.9
Return on Assets (%)	3.1	1.1	1.2
Return on Equity (%)	24.6	8.1	9.0
Growth in Deposits (YTD%)	16.5	2.6	4.3
Growth in Advances (YTD%)	(18.5)	3.6	(6.5)
Growth in PAT (YOY%)	187.1	0.2	17.0

Dividend
The Board has declared an interim dividend of $2 589 740 or 0.50 cents per share. This declaration translates to a growth of 46.9% on the comparative 2017 interim dividend.

Outlook
The economy is noticeably at an inflection point, hence the need for policy makers to expedite initiatives to rebuild public and investor confidence – among them strengthening governance of public institutions, normalizing international relations and pursuing coherent and consistent fiscal and monetary policies. These will, undoubtedly, create a stable macroeconomic environment, which in turn will promote further private and public sector investments in the productive and social sectors of the economy. During the second half of the year, the direction of the economy will largely depend on the status of the socio-political environment. Nevertheless, CBZ Holdings remains well geared to leverage its sizeable balance sheet, strong market presence, diversified business portfolio, strong credit ratings and investment in Research and Development (R&D) to pursue emerging opportunities and manage attendant threats from the operating environment. The Group is well positioned to continue investing its own capital, as well as working with like-minded institutions through joint ventures, syndications and strategic partnerships.

Appreciation.
My appreciation goes to our valued clients, who are the mainstay of our success. I also express my gratitude to the Group Board, Boards of Subsidiary Companies, Management and Staff for their continued dedication to delivering value to our stakeholders.

Noah M Matimba,
Chairman

07 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2018

	Notes	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
Interest income	2	69 156 421	81 024 273
Interest expense	2	(28 401 120)	(41 332 782)
Net interest income		**40 755 301**	**39 691 491**
Net non-interest income	3	47 715 092	36 830 861
Net underwriting income	4	4 696 350	3 947 949
Total income		**93 166 743**	**80 470 301**
Operating expenditure	5	(53 174 107)	(53 116 660)
Operating income		**39 992 636**	**27 353 641**
Credit loss expense	14.1	(1 405 944)	(15 393 843)
Profit before taxation		**38 586 692**	**11 959 798**
Taxation	6	(4 276 002)	(8 703)
Profit after taxation		**34 310 690**	**11 951 095**
Other comprehensive income		-	-
Total comprehensive income		**34 310 690**	**11 951 095**
Profit for the period attributable to:			
Equity holders of parent		34 302 827	11 917 526
Non-controlling interests	29.7	7 863	33 569
Profit for the period		**34 310 690**	**11 951 095**
Total comprehensive income attributable to:			
Equity holders of parent		34 302 827	11 917 526
Non-controlling interests	29.7	7 863	33 569
Total comprehensive income for the period		**34 310 690**	**11 951 095**
Earnings per share (cents):			
Basic	7.1	13.25	4.56
Fully diluted	7.1	13.10	4.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
ASSETS			
Balances with banks and cash	9	265 219 393	89 606 676
Money market assets	10	200 345 020	45 820 077
Financial securities	11	1 015 705 433	899 862 222
Loans and advances to customers	12	767 655 030	941 408 103
Insurance assets	13	9 215 586	4 812 830
Equity investments	16	9 581 289	10 687 540
Other assets	15	69 811 882	72 016 809
Current tax receivable		5 779 064	621 938
Intangible assets	21	1 869 576	2 530 080
Property and equipment	19	72 560 673	71 605 721
Investment properties	20	34 819 127	33 950 354
Deferred tax asset	22.1	36 368 930	19 732 819
TOTAL ASSETS		**2 488 931 003**	**2 192 655 169**
LIABILITIES			
Deposits	23	2 159 664 289	1 853 677 673
Insurance liabilities	24	9 233 825	5 453 852
Other liabilities	25	34 646 865	17 951 208
Current tax payable		60 696	18 055
Life fund	26	1 615 886	1 465 928
Life assurance investment contract liabilities	27	2 047 649	1 806 932
Deferred tax liability	22.2	2 589 668	2 595 916
TOTAL LIABILITIES		**2 209 858 878**	**1 882 969 564**
EQUITY			
Share capital	29.1	6 869 298	6 868 795
Share premium	29.2	40 019 362	40 013 748
Treasury shares	29.3	(17 588 582)	(17 588 582)
Revaluation reserve	29.4	28 927 524	28 927 524
Share option reserve	29.5	1 150 627	1 135 049
Revenue reserves	29.6	219 569 746	250 212 784
Equity attributable to equity holders of the parent		**278 947 975**	**309 569 318**
Non-controlling interests	29.7	124 150	116 287
TOTAL EQUITY		**279 072 125**	**309 685 605**
TOTAL LIABILITIES AND EQUITY		**2 488 931 003**	**2 192 655 169**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2018

	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 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 expense	-	-	-	-	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									
30 June 2018									
Opening balance	6 868 795	40 013 748	(17 588 582)	28 927 524	1 135 049	250 212 784	309 569 318	116 287	309 685 605
Impact of adopting IFRS 9	-	-	-	-	-	(63 600 848)	(63 600 848)	-	(63 600 848)
Restated balance at 01 January 2018	**6 868 795**	**40 013 748**	**(17 588 582)**	**28 927 524**	**1 135 049**	**186 611 936**	**245 968 470**	**116 287**	**246 084 757**
Total comprehensive income	-	-	-	-	-	34 302 827	34 302 827	7 863	34 310 690
Employee share option expense	-	-	-	-	17 262	-	17 262	-	17 262
Exercise of share options	503	5 614	-	-	(1 684)	-	4 433	-	4 433
Dividend paid	-	-	-	-	-	(1 345 017)	(1 345 017)	-	(1 345 017)
Closing balance	**6 869 298**	**40 019 362**	**(17 588 582)**	**28 927 524**	**1 150 627**	**219 569 746**	**278 947 975**	**124 150**	**279 072 125**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**38 586 692**	**11 959 798**
Non cash items:		
Depreciation	4 434 964	3 869 899
Amortisation of intangible assets	663 437	565 351
Fair value adjustments on financial instruments	(79 719)	(623 204)
Impairment of other assets	1 219	-
Credit loss expense	1 557 989	15 235 090
(Reversal of impairment) / impairment on insurance assets	(152 045)	158 753
Unrealised loss on foreign currency position	914 935	1 070 052
Unearned premium reserve movement	1 170 391	562 700
Provision for incurred but not reported claims (IBNR)	(182 649)	18 910
Loss on sale of investment properties	-	350 000
Loss on sale of property and equipment	54 316	900
Deferred commission movement	56 449	63 523
Employee share option expense	17 262	17 860
Operating cash inflow before changes in operating assets and liabilities	**47 043 241**	**33 249 632**
Changes in operating assets and liabilities		
Deposits	305 071 682	44 675 018
Loans and advances to customers	(22 797 035)	(73 290 541)
Life assurance investment contract liabilities	240 717	137 964
Money market assets	(155 261 358)	16 721 663
Financial securities	(3 817 999)	(35 349 331)
Insurance assets	(5 020 418)	(2 035 644)
Insurance liabilities	3 779 973	1 616 700
Other assets	2 248 189	(5 365 164)
Other liabilities	16 228 818	2 993 245
	140 672 569	**(49 896 090)**
Corporate tax paid	(5 588 059)	(383 757)
Net cash inflow / (outflow) from operating activities	**182 127 751**	**(17 030 215)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	1 185 970	(1 102 796)
Non-Controlling Interest (NCI) partial acquisition	-	(568 961)
Purchase of investment properties	(868 773)	(62 414)
Proceeds on disposal of property and equipment	146 123	238 395
Purchase of property and equipment	(5 634 837)	(2 626 117)
Purchase of intangible assets	(2 933)	(88 826)
Net cash outflow from investing activities	**(5 174 450)**	**(4 210 719)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	4 433	530
Dividend paid	(1 345 017)	(1 220 919)
Net cash outflow from financing activities	**(1 340 584)**	**(1 220 389)**
NET INCREASE / (DECREASE) IN BALANCES WITH BANKS AND CASH	**175 612 717**	**(22 461 323)**
Balances with banks and cash at the beginning of the period	89 606 676	73 482 774
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	**265 219 393**	**51 021 451**

The Group adopted IFRS 9 and IFRS 15 on 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

ACCOUNTING POLICIES
FOR THE HALF YEAR ENDED 30 JUNE 2018

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 consolidated financial results have been prepared under policies consistent with International Financial Reporting Standards ('IFRS') as well as the requirements of the Companies Act (Chapter 24.03), Banking Act (Chapter 24.20), Insuance Act (Chapter 24.07), the Building Society Act (Chapter 24.02) and the Securities Act (Chapter 24.25).The consolidated 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 consolidated 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.

Determination of the functional currency

The Group operates in an economy which is experiencing a shortage of foreign currency and consequently has exchange control regulations that impact the timing of payment of foreign payables among other matters. Given the context of the environment, management has assessed if there has been a change in the functional currency used by the Group. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. It is observed that whether cash, bond notes, electronic money transfers or point of sale transactions, the unit of measure across all these payment modes remains US Dollars. Management concluded that the US dollar is still the functional currency as presented in the prior year financial statements.

Basis of consolidation

The Group's consolidated financial results incorporate the financial statements 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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in paragraph (a) below.

Changes in significant accounting policies
Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2017. The changes in accounting policies are also expected to be reflected in the Group's Consolidated Financial Statements as at and for the year ending 31 December 2018. The Group has initially adopted IFRS 9 Financial Instruments (see 1.1a) and IFRS 15 Revenue from Contracts with Customers (see 1.1b) from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

1.1(a) IFRS 9 Financial Instruments
IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Group elected, as a policy choice permitted under IFRS 9. The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. The comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in Note 29.6.

Classification and measurement
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories of financial assets (Fair Value through Profit or Loss (FVPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:
- Debt instruments at amortised cost
- Debt instruments at Fair Value through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at Fair Value through Other Comprehensive Income (FVOCI), with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at Fair Value through Profit or Loss (FVPL)

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at Fair Value through Profit or Loss (FVPL). Such movements are presented in OCI with no subsequent reclassification to the income statement.

The Group's classification of its financial assets and liabilities is explained in Note 17.1. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 17.2.

Impairment calculation
The adoption of IFRS 9 has fundamentally changed the Group's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of Purchased or Originated Credit Impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 17.2.

1.1(b) IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. There was no significant impact on retained earnings and Non Controlling Interest (NCI) due to the transition to IFRS 15 at 1 January 2018.

The Group has identified and aligned the revenue streams from the following areas of its operations to the requirements of IFRS 15 and as such the Group is continuously and closely assessing the timing and contractual obligations arising out of transactions in these areas:

- Investment Management
- Guarantee contracts
- Origination fees
- Commissions
- Performance or Success based fees
- Project Management Services
- Advisory Services

There was no material impact on the Group's interim statement of financial position as at 30 June 2018 and its interim Statement of Profit or Loss and other Compehensive Income for the six months then ended and the Group's interim statement of cash flows for the six month period ended 30 June 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2018

1. INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the period ended 30 June 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 07 August 2018. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
2. INTEREST INCOME		
Bankers acceptances	137 687	152 367
Overdrafts	16 525 117	32 236 832
Loans	16 651 336	19 144 769
Mortgage interest	4 771 400	5 459 631
Staff loans	1 656 303	1 733 061
Securities investments	28 163 596	21 784 583
Other investments	1 250 982	513 030
	69 156 421	81 024 273
Interest expense		
Call deposits	196 486	490 149
Savings deposits	13 871 735	17 389 790
Money market deposits	11 917 903	18 765 627
Other offshore deposits	2 414 996	4 687 216
	28 401 120	41 332 782
NET INTEREST INCOME	40 755 301	39 691 491
3. NET NON-INTEREST INCOME		
Net income from trading securities	29 288	-
Fair value adjustments on financial instruments	79 719	623 204
Net income from foreign currency dealings	2 371 652	2 639 363
Unrealised loss on foreign currency position	(914 935)	(1 070 052)
Commission and fee income	37 912 752	31 537 471
Loss on sale of property and equipment	(54 316)	(900)
Loss on sale of investment properties	-	(350 000)
Bad debts recovered	3 214 797	95 782
Property sales	3 158 007	1 296 982
Rental income	669 369	1 064 548
Other operating income	1 248 759	994 463
	47 715 092	36 830 861
4. NET UNDERWRITING INCOME		
Gross premium insurance	13 272 577	11 202 323
Reinsurance	(4 217 016)	(3 650 834)
Net written premium	9 055 561	7 551 489
Unearned premium	(1 170 391)	(562 700)
Net earned premium	7 885 170	6 988 789
Net commission (a)	(250 350)	(139 228)
Net claims (b)	(2 938 470)	(2 901 612)
	4 696 350	3 947 949
(a) Net commission		
Commission received	1 153 686	918 065
Commissions paid	(1 344 835)	(876 849)
Defered acquisition costs	(59 201)	(180 444)
Net commission	(250 350)	(139 228)
(b) Net claims		
Gross claims incurred	3 932 590	4 565 279
Reinsurance claims	(1 751 392)	(1 738 200)
Incurred but not yet reported claims	(182 649)	18 910
Gross outstanding claims	1 155 909	333 778
Reinsurance share of outstanding claims	(215 988)	(278 155)
	2 938 470	2 901 612
5. OPERATING EXPENDITURE		
Staff costs	24 903 261	26 706 834
Administration expenses	21 436 318	20 808 814
Audit fees	227 020	245 700
Depreciation	4 434 964	3 869 899
Impairment of other assets	1 219	-
Property cost of sales	1 507 888	920 062
Amortisation of intangible assets	663 437	565 351
	53 174 107	53 116 660
Remuneration of directors / key management personnel (included in staff costs)		
Fees for services as directors	257 542	347 854
Pension for past and present directors	232 326	253 746
Salaries and other benefits	3 647 038	4 099 570
	4 136 906	4 701 170
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	1 332 103	535 569
Between 1 and 5 years	1 243 931	219 430
	2 576 034	754 999

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 2018, an amount of US$1 471 097 (June 2017: US$1 378 348) 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 2018 US$	UNAUDITED 30 JUNE 2017 US$
Analysis of tax charge in respect of the profit for the period		
Current income tax charge	473 574	4 222 300
Deferred income tax	3 802 428	(4 213 597)
Income tax expense	4 276 002	8 703
6.1 Tax rate reconciliation	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Non deductible expenses	20.94	32.18
Exempt income	(35.44)	(57.28)
Tax credit	(0.17)	(0.58)
Effective tax rate	11.08	0.07

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 2018 US$	UNAUDITED 30 JUNE 2017 US$
7.1 Annualised earnings per share (US cents)		
Basic	13.25	4.56
Fully diluted	13.10	4.43
7.2 Earnings		
Basic earnings (earnings attributable to holders of parent)	34 302 827	11 917 526
Fully diluted	34 302 827	11 917 526
Number of shares used in calculations (weighted)		
Basic	517 946 723	517 829 267
Fully diluted	523 668 997	533 002 794
7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:		
Weighted average number of shares before adjustment for treasury shares	686 928 570	686 811 114
Less: Treasury shares held	(168 981 847)	(168 981 847)
Weighted average number of shares used for basic EPS	517 946 723	517 829 267
Potentially dilutive shares (Employee Share Options)	5 722 274	15 173 527
Weighted average number of shares used for diluted EPS	523 668 997	533 002 794

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
8. DIVIDENDS		
Final dividend paid	1 345 017	1 220 919
Final dividend per share (cents)	0.26	0.18
Dividends are paid on shares held at the record date net of treasury shares held on the same date.		
Proposed dividends on ordinary shares:		
Interim cash dividend	2 589 740	1 762 371
Interim dividend per share (cents)	0.50	0.26

Proposed dividends on ordinary shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at 30 June 2018.

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
9. BALANCES WITH BANKS AND CASH		
Cash	8 407 912	11 819 743
Nostro accounts	12 265 144	4 000 099
Balances with the Reserve Bank of Zimbabwe	244 546 337	73 782 874
Interbank clearing accounts	-	3 960
	265 219 393	89 606 676

Prioritisation on allocation of bank balances held in foreign banks (Nostro accounts)
Balances with Reserve Bank of Zimbabwe and Foreign Banks are used to facilitate customer transactions which include payments and cash withdrawals. In 2016, the Reserve Bank of Zimbabwe, through Exchange Control Operational Guide 8 (ECOGAD8), introduced prioritisation criteria which are to be followed when making foreign payments for customers. After prioritisation, foreign payments are then made subject to availability of bank balances with our foreign correspondent banks, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the RTGS system.

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
10. MONEY MARKET ASSETS		
Money market assets are non-credit financial assets with an original maturity of 1 year or less.		
AMA bills	24 200 000	24 200 000
Agro bills	500 000	-
Interbank Placements	60 090 386	19 495 440
RBZ Savings bond	108 050 000	-
Bankers acceptances	3 852 389	-
Aftrades bond	1 160 939	1 230 938
ZETDC bond	248 331	-
Accrued interest	2 979 389	893 699
Total gross money market assets	201 081 434	45 820 077
Expected credit loss	(736 414)	-
Total net money market assets	200 345 020	45 820 077
10.1 Maturity analysis		
The maturity analysis of money market assets is shown below:		
Between 0 and 3 months	86 456 855	17 685 315
Between 3 and 6 months	2 449 204	167 255
Between 6 months and 12 months	112 175 375	27 967 507
	201 081 434	45 820 077
11. FINANCIAL SECURITIES		
Financial securities are non-credit financial assets with an original maturity of more than 1 year.		
Treasury bills	995 082 621	882 558 352
ZETDC bond	-	347 665
Aftrades bond	60 000	-
Accrued interest	20 619 980	16 956 205
Total gross Financial Securities	1 015 762 601	899 862 222
Expected credit loss	(57 168)	-
Total net Financial Securities	1 015 705 433	899 862 222
11.1 Maturity analysis		
The maturity analsis of financial securities is shown below:		
Between 0 and 3 months	33 447 472	26 649 412
Between 3 and 6 months	25 953 146	5 678 424
Between 6 and 12 months	77 773 318	38 007 224
Between 1 and 5 years	215 349 166	232 726 096
Above 5 years	663 239 499	596 801 066
	1 015 762 601	899 862 222
12. LOANS AND ADVANCES TO CUSTOMERS		
Overdrafts	370 819 390	489 967 037
Loans	372 519 007	366 528 626
Staff loans	53 473 440	54 551 700
Mortgage advances	85 969 128	83 479 732
Interest accrued	33 043 250	25 505 959
Total gross loans and advances to ,customers	915 824 215	1 020 033 054
Allowance for Expected Credit Loss (ECL)	(148 169 185)	(78 624 951)
	767 655 030	941 408 103

12.1 Sectoral analysis

	UNAUDITED 30 JUNE 2018 US$	%	AUDITED 31 DEC 2017 US$	%
Private	174 469 814	19	182 562 405	18
Agriculture	176 985 743	19	248 017 847	24
Mining	15 355 590	2	10 641 051	1
Manufacturing	67 111 174	7	67 034 854	7
Distribution	114 645 720	12	92 677 855	9
Construction	7 878 827	1	8 603 879	1
Transport	7 849 201	1	8 370 306	1
Communication	17 654	-	127 705	-
Services	118 704 579	13	162 740 665	16
Financial organisations	232 805 913	26	239 256 487	23
	915 824 215	**100**	**1 020 033 054**	**100**

12.2 Maturity analysis

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Less than 1 month	328 349 470	398 269 371
Between 1 and 3 months	28 465 380	98 764 134
Between 3 and 6 months	29 349 531	36 766 238
Between 6 months and 1 year	88 328 646	55 740 341
Between 1 year and 5 years	94 872 471	90 417 126
More than 5 years	346 458 717	340 075 844
	915 824 215	**1 020 033 054**

Maturity analysis is based on the remaining period from 30 June 2018 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:-

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Opening balance	8 256 593	8 178 093
Advances made during the period	75 029	702 314
Repayments during the period	(257 160)	(623 814)
Closing balance	**8 074 462**	**8 256 593**

Loans to employees
Included in advances are loans to employees:

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Opening balance	46 295 106	49 277 396
Advances made during the period	1 685 660	2 174 409
Repayments during the period	(2 581 785)	(5 156 699)
Closing balance	**45 398 981**	**46 295 106**

12.4 Allowance for Expected Credit Loss (ECL)

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Opening balance	78 624 951	60 802 293
Impact of IFRS 9	83 706 743	-
Adjusted opening balance	**162 331 694**	**60 802 293**
Credit loss expense on loans and advances	760 985	35 852 917
Interest in suspense	-	11 676 411
Amounts written off during the period	(14 923 494)	(29 706 670)
Closing balance	**148 169 185**	**78 624 951**

12.5 Collateral

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Cash cover	2 522 525	15 290 945
Mortgage bonds	848 814 705	935 716 037
Notarial general covering bonds	346 482 854	760 471 807
	1 197 820 084	**1 711 478 789**

13. INSURANCE ASSETS

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Reinsurance unearned premium reserve	2 728 674	1 350 740
Reinsurance receivables	1 303 021	1 090 930
Deferred acquisition cost	899 973	586 788
Insurance premium receivables	5 022 951	2 690 478
Suspended premium	(42 917)	(57 944)
Impairment provision	(696 116)	(848 162)
	9 215 586	**4 812 830**

13.1 Reinsurance unearned premium reserve

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Unearned premiums at the beginning of the period	1 350 740	1 300 868
Written premiums	4 105 642	5 261 049
Premiums earned during the period	(2 727 709)	(5 211 177)
	2 728 673	**1 350 740**

13.2 Impairment on insurance assets

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Opening balance	848 162	689 408
Charge for impairment on insurance receivables	(152 045)	158 754
Closing balance	**696 117**	**848 162**

14. IMPAIRMENT ON FINANCIAL INSTRUMENTS

14.1 Expected credit loss expense (ECL)

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchase or Originated Credit Impaired US$	Total US$
Money market assets	608 722	–	–	–	608 722
Financial securities	14 474	–	–	–	14 474
Loans and advances to customers	1 134 078	34 883 360	(35 256 453)	–	760 985
Financial guarantees	173 808	–	–	–	173 808
Letters of credit for customers	–	–	–	–	–
Other commitments	–	–	–	–	–
	1 931 082	**34 883 360**	**(35 256 453)**	**–**	**1 557 989**
Insurance assets impairment charge	(152 045)	–	–	–	(152 045)
Expected credit loss expense	**1 779 037**	**34 883 360**	**(35 256 453)**	**–**	**1 405 944**

14.2 Impairment allowance for Loans and receivables and held to maturity securities per IAS 39 financial assets at amortised cost under IFRS 9

	Loans loss provision under IAS 39/IAS 37 at 31 Dec 2017 US$	Re-Measurement US$	Loans loss provision ECLs under IFRS 9 at 01 Jan 2018 US$
Money market assets	-	127 692	127 692
Loans and advances to customers	78 624 952	83 706 743	162 331 695
Financial guarantees	-	182 938	182 938
Letters of credit for customers	-	42 692	42 692
	78 624 952	**84 060 065**	**162 685 017**

15. OTHER ASSETS

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Land inventory	61 122 447	61 906 731
Prepayments and deposits	2 201 006	1 734 848
Other receivables	6 488 429	8 375 230
	69 811 882	**72 016 809**

16. EQUITY INVESTMENTS

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Opening balance	10 687 540	7 826 107
Investments in equities during the period	-	2 354 694
Investments disposed off during the period	(1 185 970)	(1 694 908)
Fair value adjustments	79 719	2 201 647
	9 581 289	**10 687 540**

16.1 Investments in equities

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Unlisted investments	6 010 058	6 010 058
Listed investments	3 571 231	4 677 482
	9 581 289	**10 687 540**

16.2 Investment in subsidiaries

	UNAUDITED 30 JUNE 2018 US$	%	AUDITED 31 DEC 2017 US$	%
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	2 259 839	98.4	2 259 839	98.4
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	1 345 080	100	545 080	100
Redsphere (Private) Limited	520 250	100	520 250	100
	53 368 148		**52 568 148**	

17. CATEGORIES OF FINANCIAL ASSETS

17. 1 Unaudited 30 June 2018

	At fair value through profit or loss US$	At fair value through OCI US$	At amortised cost US$	Total carrying amount US$
Balances with banks and cash	-	-	265 219 393	265 219 393
Money market assets	-	-	200 345 020	200 345 020
Financial securities	-	-	1 015 705 433	1 015 705 433
Loans and advances to customers	-	-	767 655 030	767 655 030
Insurance assets	-	-	9 215 586	9 215 586
Equity investments	3 571 231	6 010 058	-	9 581 289
Other assets	-	-	69 811 882	69 811 882
Total	**3 571 231**	**6 010 058**	**2 327 952 344**	**2 337 533 633**

Audited 31 Dec 2017

	At fair value through profit or loss US$	Available for sale US$	Loans and receivables US$	Total carrying amount US$
Balances with banks and cash	-	-	89 606 676	89 606 676
Money market assets	-	-	47 953 444	45 820 077
Financial securities	-	-	897 728 855	899 862 222
Loans and advances to customers	-	-	941 408 103	941 408 103
Insurance assets	-	-	4 812 830	4 812 830
Equity investments	4 677 482	6 010 058	-	10 687 540
Other assets	-	-	8 375 229	8 375 229
Total	**4 677 482**	**6 010 058**	**1 989 885 137**	**2 000 572 677**

17.2. Reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is as follows:

	IAS 39 measurement			Remeasurement		IFRS 9	
	Category	Amount	Re–Classification	ECL	Other	Amount	Category
Financial assets							
Balances with banks and cash	Loans & Receivables	89 606 676	–	–	–	89 606 676	AC
Money market assets	Loans & Receivables	45 820 077	–	(127 692)	–	45 692 385	AC
Financial securities	Loans & Receivables	899 862 222	–	(42 693)	–	899 819 529	AC
Loans and advances to customers	Loans & Receivables	941 408 103	–	(83 706 743)	–	857 701 360	AC
Insurance assets	Loans & Receivables	4 812 830	–	–	–	4 812 830	AC
Equity investments	FVPL	4 677 482	–	–	–	4 677 482	FVPL
Equity investments	Available for sale	6 010 058	–	–	–	6 010 058	FVOCI
Other assets	Loans & Receivables	8 375 229	–	–	–	8 375 229	AC
		2 000 572 677	**–**	**(83 877 128)**	**–**	**1 916 695 549**	

Key

AC - Amortised cost
FVPL - Fair Value through Profit or Loss
FVOCI - Fair Value through Other Comprehensive Income

18. FAIR VALUE MEASUREMENT

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

	Level 1		Level 2		Level 3		Total carrying amount	
	30 Jun 18 US$	31 Dec 17 US$	30 Jun 18 US$	31 Dec 17 US$	30 Jun 18 US$	31 Dec 17 US$	30 Jun 18 US$	31 Dec 17 US$
Equity investments	3 571 231	4 677 482	–	–	–	–	3 571 231	4 677 482
Land and Buildings	–	–	48 581 012	48 581 012	–	–	48 581 012	48 581 012
Investment properties	–	–	33 950 354	33 950 354	–	–	33 950 354	33 950 354
Total assets at fair value	**3 571 231**	**4 677 482**	**82 531 366**	**82 531 366**	**–**	**–**	**86 102 597**	**87 208 851**

Level 2 valuation techniques are highlighted on note 19 for Property and Equipment and note 20 for Investment property

18.2 **The table below shows the carrying amounts and the corresponding fair value of financial assets held by the Group as at 30 June 2018:**

	Carrying amount 30 June 2018 US$	Fair value 30 June 2018 US$	Carrying amount 31 December 2017 US$	Fair value 31 December 2017 US$
Financial assets				
Equity investments	3 571 231	3 571 231	4 677 482	4 677 482
	3 571 231	3 571 231	4 677 482	4 677 482

19. PROPERTY AND EQUIPMENT

	Land US$	Buildings US$	Leasehold improvements US$	Motor vehicles US$	Computer & equipment US$	Furniture & Fittings US$	Work in progress US$	Total US$
Unaudited								
30 June 2018								
Cost								
Opening balance	5 250 461	43 330 551	869 574	6 456 467	35 246 196	7 293 232	3 757 279	102 203 760
Additions	–	24 130	13 347	59 500	973 791	90 153	4 473 916	5 634 837
Disposals	–	–	–	(226 222)	(167 684)	(33 117)	(138 047)	(565 070)
Transfers to other assets	–	–	–	–	–	–	(44 482)	(44 482)
Transfers (PPE inter–categories)	–	77 471	11 285	–	501 960	3 912	(594 628)	–
Closing balance	**5 250 461**	**43 432 152**	**894 206**	**6 289 745**	**36 554 263**	**7 354 180**	**7 454 038**	**107 229 045**
Accumulated depreciation								
Opening balance	–	–	510 572	4 538 998	22 034 417	3 514 052	–	30 598 039
Charge for the period	–	1 453 273	42 288	503 826	1 850 184	585 393	–	4 434 964
Disposals	–	–	–	(190 898)	(149 979)	(23 754)	–	(364 631)
Closing balance	**–**	**1 453 273**	**552 860**	**4 851 926**	**23 734 622**	**4 075 691**	**–**	**34 668 372**
Net book value	**5 250 461**	**41 978 879**	**341 346**	**1 437 819**	**12 819 641**	**3 278 489**	**7 545 038**	**72 560 673**

	Land US$	Buildings US$	Leasehold improvements US$	Motor vehicles US$	Computer & equipment US$	Furniture & Fittings US$	Work in progress US$	Total US$
Audited								
31 Dec 2017								
Cost								
Opening balance	5 254 461	43 704 177	805 435	6 417 459	30 599 354	7 143 597	4 068 804	97 993 287
Additions	–	25 554	64 139	151 240	3 181 863	205 613	2 501 436	6 129 845
Revaluation loss	(4 000)	(514 823)	–	–	–	–	–	(518 823)
Write–offs	–	(1 171)	–	–	(22 618)	(10 244)	(142 705)	(176 738)
Disposals	–	–	–	(201 582)	(202 901)	(51 846)	(456 329)	–
Transfers to intangible assets	–	–	–	–	–	–	(713 376)	(713 376)
Transfers (PPE inter–categories)	–	116 814	–	89 350	1 690 498	6 112	(1 902 774)	–
Transfers to investment property	–	–	–	–	–	–	(54 106)	(54 106)
Closing balance	**5 250 461**	**43 330 551**	**869 574**	**6 456 467**	**35 246 196**	**7 293 232**	**3 757 279**	**102 203 760**
Accumulated depreciation								
and impairment								
Opening balance	–	–	428 746	3 805 247	18 641 289	2 897 967	–	25 773 249
Charge for the year	–	2 733 482	81 826	837 307	3 583 707	649 472	–	7 885 794
Disposals	–	–	–	(103 556)	(172 661)	(26 792)	–	(303 009)
Transfer on revaluation	–	(2 732 552)	–	–	–	–	–	(2 732 552)
Write–offs	–	(930)	–	–	(17 918)	(6 595)	–	(25 443)
Closing balance	**–**	**–**	**510 572**	**4 538 998**	**22 034 417**	**3 514 052**	**–**	**30 598 039**
Net book value	**5 250 461**	**43 330 551**	**359 002**	**1 917 469**	**13 211 779**	**3 779 180**	**3 757 279**	**71 605 721**

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2017 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$24 909 909 (December 2017: US$25 201 690) had they been carried at cost. Further details on fair valuation hierachy are provided in the Group's annual report for the year ended 31 December 2017.

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

20. INVESTMENT PROPERTIES	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Opening balance	33 950 354	32 601 223
Additions	868 773	1 250 537
Transfer from property and equipment	-	54 106
Disposals	-	(1 850 000)
Fair valuation gain	-	1 894 488
Closing balance	**34 819 127**	**33 950 354**

The carrying amount of the investment properties is the fair value of the properties 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 yeilds applicable to similar property. The properties were valued as at 31 December 2017. Further details on fair valuation hierachy are provided in the Group's annual report for the year ended 31 December 2017.

The rental income derived from investment properties amounted to US$669 369 (June 2017: US$978 606) and direct operating expenses amounted to US$44 469 (June 2017: US$23 110).

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
21. INTANGIBLE ASSETS		
Computer software		
At cost	6 797 656	6 794 723
Accumulated amortisation	(4 928 080)	(4 264 643)
	1 869 576	**2 530 080**
Movement in intangible assets:		
Opening balance	2 530 080	2 697 421
Additions	2 933	316 047
Write-offs	-	(14 078)
Transfer from property and equipment	-	713 376
Amortisation charge	(663 437)	(1 182 686)
Closing balance	**1 869 576**	**2 530 080**

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

22. DEFERRED TAXATION

22.1 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.

The deferred tax asset balances included in the statement of financial position are comprised of:

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Equity investments	(3 279)	13 710
Assessed loss	5 723 261	91
Credit loss provisions	29 928 129	18 968 803
Intangible assets	(88 175)	(22 690)
Property and equipment	(5 873 129)	(5 559 610)
Prepayments	(55 601)	(941 413)
Tax claimable impairments	6 318 604	5 396 450
Investment properties	(370 892)	(378 023)
Other	790 012	2 255 501
Closing balance	**36 368 930**	**19 732 819**

22.2 Deferred tax liability

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

The deferred tax liability balances included in the statement of financial position are comprised of:

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Assesed Loss	632	632
Intangible assets	(244)	(244)
Equity investments	28 185	25 364
Property and equipment	1 132 500	1 141 569
Investment properties	707 024	707 024
Tax claimable impairments	721 571	721 571
Closing balance	**2 589 668**	**2 595 916**

Deferred tax asset and deferred tax liability balances were not netted off because the amounts included in deferred tax asset were derived from Banking and short term insurance activities whilst the deferred tax liability amounts emanated from other subsidiaries.

23. DEPOSITS

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Call deposits	39 693 585	18 095 584
Savings and other deposits	1 626 979 869	1 305 129 515
Money market deposits	447 331 493	456 206 655
Lines of credit	41 864 796	69 240 923
Accrued interest	3 794 546	5 004 996
	2 159 664 289	**1 853 677 673**
23.1 Deposits by type		
Retail	249 378 431	218 418 499
Corporate	1 378 596 505	1 106 005 842
Money market	487 348 326	458 912 378
Lines of credit	44 341 027	70 340 954
	2 159 664 289	**1 853 677 673**

Lines of credit relate to borrowings from foreign banks or financial institutions. These have an average tenure of 3 years with an average interest rate of 7.6% and are secured by a variety of instruments which include lien over bank accounts, guarantees, treasury bills and sub borrower securities.

23.2 Sectoral Analysis	UNAUDITED 30 JUNE 2018 US$	%	AUDITED 31 DEC 2017 US$	%
Private	146 215 687	7	129 723 483	7
Agriculture	80 874 711	4	65 818 977	4
Mining	26 109 335	1	19 945 491	1
Manufacturing	204 107 298	9	164 937 936	9
Distribution	316 177 363	15	364 293 653	20
Construction	57 126 750	3	46 437 539	3
Transport	39 564 072	2	31 751 015	2
Communication	65 660 967	3	41 746 057	2
Services	958 425 465	44	687 266 989	37
Financial organisations	209 867 358	10	281 973 254	15
Financial and investments	55 535 283	2	19 783 279	1
	2 159 664 289	**100**	**1 853 677 673**	**100**

23.3 Maturity analysis	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Less than 1 month	1 880 399 998	1 457 852 540
Between 1 and 3 months	150 034 149	207 618 305
Between 3 and 6 months	40 582 885	104 566 539
Between 6 months and 1 year	27 076 301	22 575 703
Between 1 and 5 years	42 278 575	46 583 659
More than 5 years	19 292 381	14 480 927
	2 159 664 289	**1 853 677 673**

Maturity analysis is based on the remaining period from 30 June 2018 to contractual maturity.

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
24.	**INSURANCE LIABILITIES**		
	Reinsurance payables (a)	1 440 217	747 363
	Gross outstanding claims (b)	1 578 371	1 211 259
	Gross unearned premium reserve (c)	5 489 767	3 142 147
	Deferred reinsurance acquisition revenue (d)	725 470	353 083
		9 233 825	5 453 852
24.1	**Insurance contract provisions**		
	(a) Reinsurance payables		
	Reinsurance payables at beginning of period	747 363	763 507
	Premiums ceded during the period	4 009 060	4 853 094
	Reinsurance paid	(3 316 206)	(4 869 238)
	Reinsurance payables at end of the period	**1 440 217**	**747 363**
	(b) Gross outstanding claims provision		
	Outstanding claims at the beginning of period	1 211 259	2 359 305
	Claims incurred	3 677 299	5 584 039
	Incurred but not reported claims provision (IBNR)	(176 556)	118 237
	Claims paid	(3 133 631)	(6 850 322)
	Outstanding claims at end of the period	**1 578 371**	**1 211 259**
	(c) Gross premium reserve		
	Unearned premiums at the beginning of period	3 142 147	3 035 840
	Written premiums	7 989 025	10 435 728
	Premiums earned during the period	(5 641 405)	(10 329 421)
	Unearned premiums at end of the period	**5 489 767**	**3 142 147**

(d) Deferred reinsurance acquisition revenue

	Unearned commissions US$	Deferred acquisition US$	Net US$
Unaudited 30 June 2018			
Unearned at the beginning of period	353 083	408 961	(55 878)
Written premiums	1 089 714	1 018 059	71 655
Earned during the period	(717 327)	(702 122)	(15 205)
Unearned at end of period	**725 470**	**724 898**	**572**

	Unearned commissions US$	Deferred acquisition US$	Net US$
Audited 31 December 2017			
Unearned at the beginning of period	312 298	368 242	(55 944)
Written premiums	1 199 669	1 248 974	(49 305)
Earned during the period	(1 158 884)	(1 208 255)	49 371
Unearned at end of period	**353 083**	**408 961**	**(55 878)**

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
25.	**OTHER LIABILITIES**		
	Revenue received in advance	3 169 984	2 574 104
	Sundry creditors	8 739 774	2 438 303
	Accruals	19 619 773	1 865 581
	Suspense	2 848 985	2 463 711
	Provisions	268 349	8 609 509
		34 646 865	17 951 208

26. LIFE FUNDS

26.1	**Movement in Life Fund**	Unearned Premium Reserve US$	Incurred But Not Reported US$	Total US$
	Unaudited 30 June 2018			
	Opening balance	939 075	526 853	1 465 928
	Transfer to income	156 051	(6 093)	149 958
	Closing balance	**1 095 126**	**520 760**	**1 615 886**
	Audited 31 December 2017			
	Opening balance	1 313 343	531 649	1 844 992
	Transfer to income	(374 268)	(4 796)	(379 064)
	Closing balance	**939 075**	**526 853**	**1 465 928**

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
26.2	**Life funds liabilities as supported by the following net assets**		
	Money market assets	582 082	874 418
	Prescribed assets	456 672	153 541
	Investment property	517 251	397 383
	Listed equity investment	59 881	40 586
		1 615 886	1 465 928
27.	**LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES**		
27.1	**Life assurance investment contract liabilities movement**		
	Opening balance	1 806 932	1 517 121
	Interest on GEP fund	31 249	76 067
	Fund Management expenses	(14 266)	(23 501)
	GEP Investment	783 609	906 391
	GEP Withdrawals	(559 875)	(669 146)
	Closing balance	**2 047 649**	**1 806 932**
27.2	**Life assurance investment contract liabilities are supported by the following net assets**		
	Money market assets	1 373 104	1 433 039
	Cash	536 725	249 203
	Listed equity investment	137 820	124 690
		2 047 649	1 806 932

28. CATEGORIES OF FINANCIAL LIABILITIES

The Group's financial liabilities are carried at amortised cost.

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
29.	**EQUITY AND RESERVES**		
29.1	**Share capital**		
	Authorised		
	1 000 000 000 ordinary shares of US$ 0.01each	**10 000 000**	**10 000 000**
	Issued and fully paid		

	Shares	Shares
Reconciliation of number of shares		
Opening balance	686 879 495	686 828 740
Employee share options	50 325	50 755
Closing balance	**686 929 820**	**686 879 495**

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
	Opening balance	6 868 795	6 868 288
	Exercise of share options	503	507
	Closing balance	**6 869 298**	**6 868 795**
29.2	**Share premium**		
	Opening balance	40 013 748	40 008 086
	Exercise of Share option reserve	5 614	5 662
	Closing balance	**40 019 362**	**40 013 748**
29.3	**Treasury shares**		
	Opening balance	17 588 582	17 588 582
	Share buyback	-	-
	Closing balance	**17 588 582**	**17 588 582**
29.4	**Revaluation reserve**		
	Opening balance	28 927 524	27 089 982
	Net revaluation gain	-	1 837 542
	Closing balance	**28 927 524**	**28 927 524**
29.5	**Employee share option reserve**		
	Opening balance	1 135 049	1 101 026
	Share options to employees	15 578	34 023
	Closing balance	**1 150 627**	**1 135 049**

During the period 50 325 shares were exercised after vesting and US$4 433 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 2018 were as follows:

	Subscription price	Number of Shares
Granted 1 June 2012	US$0.0881	40 000 000

	UNAUDITED 30 JUNE 2018 Shares	AUDITED 31 DEC 2017 Shares
Movement for the period		
Balance at the beginning of the period	37 280 869	37 331 624
Options exercised	(50 325)	(50 755)
Balance at the end of the period	**37 230 544**	**37 280 869**

No share options were forfeited or expired during the period.

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

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

Valuation inputs:

Exercise price

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

Expected volatility

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

Expected dividends

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

Risk free rate of return

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

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
29.6	**Revenue reserve**		
	Opening balance	250 212 784	225 085 611
	Impact of adopting IFRS 9 (Note 29.6.1)	(63 600 848)	-
	Total change in equity due to adopting IFRS 9	**186 611 936**	**225 085 611**
	Total comprehensive income	34 302 827	27 782 891
	Change in degree of ownership/control	-	(105 752)
	Dividend paid	(1 345 017)	(2 549 966)
		219 569 746	**250 212 784**
	The revenue reserve comprises:		
	Holding company	15 979 706	12 977 082
	Subsidiary companies	208 382 995	241 881 187
	Effect of consolidation journals	(4 792 955)	(4 645 485)
		219 569 746	**250 212 784**
29.6.1	**Revenue reserve**		
	The impact of transition to IFRS 9 on retained earnings is, as follows:		
	Recognition of expected credit losses under IFRS 9 for financial assets	84 060 065	-
	Deferred tax in relation to the above	(20 459 217)	-
	Total change in equity due to adopting IFRS 9 (01 Janaury 2018)	**63 600 848**	**-**
29.7	**Non-controlling interests**		
	Reconciliation of Non-controlling Interests:		
	Opening balance	116 287	542 907
	Total comprehensive income	7 863	56 027
	Dvidend paid	-	(19 442)
	Change in degree of ownership	-	(463 205)
	Closing balance	**124 150**	**116 287**

30. CAPITAL MANAGEMENT

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

31. CONTINGENCIES AND COMMITMENT

31.1 Compliance matter

CBZ Bank Limited is co-operating in ongoing investigations by the Office of Foreign Assets Contol (OFAC) regarding historical transactions involving a party that was subject to OFAC economic sanctions. Based on the facts currently known, it is not practicable at this time for CBZ Bank to determine the terms on which the ongoing investigations will be resolved, or the timing of such resolution, or for CBZ Bank to estimate reliably the amounts or range of possible amounts of any fines and /or penalties which could be significant.

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Other		
Guarantees	13 503 760	8 428 749
Capital commitments		
Authorised and contracted for	2 557 424	2 126 942
Authorised but not yet contracted for	894 563	1 186 581
	3 451 987	3 313 523

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

32. FUNDS UNDER MANAGEMENT

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Pensions	247 026 879	219 889 897
Institutional and individual clients - equities	23 667 278	22 472 776
Institutional and individual clients - fixed income	7 659 316	7 353 045
Unit trusts	773 955	787 479
	279 127 428	250 503 197

33. OPERATING SEGMENTS

The Group is comprised of the following operating segments:

Banking Operations	Provides commercial banking products through retail banking, corporate and merchant banking and investing portfolios through the treasury function.
Mortgage Finance	Provides mortgage financing to its clients for both finance and commecial purposes.
Asset Management	Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.
Insurance Operations	Provides short term insurance and long term insurance. The Group also provides Risk Advisory Services to its clients as part of its insurance operations function.
Property Investments	Property investment arm of the Group.
Other Operations	Other operations provided by the Group include microfinancing package by Redsphere Finances and the equity investment by the Holdings Company.

The table below shows the segment operational results for the period ended 30 June 2018:

33.1 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 June 2018	74 717 069	12 614 182	1 744 361	5 395 895	164 127	9 039 053	(10 507 944)	93 166 743
Total income for the period ended 30 June 2017	62 819 646	13 662 648	1 049 486	5 241 776	24 715	8 460 889	(10 788 859)	80 470 301
Net underwriting income for the period ended 30 June 2018	-	-	-	4 778 945	-	-	(82 595)	4 696 350
Net underwriting income for the period ended 30 June 2017	-	-	-	4 183 794	-	-	(235 845)	3 947 949
Depreciation and amortisation for the period ended 30 June 2018	4 131 264	679 241	24 556	181 185	28 468	18 468	35 219	5 098 401
Depreciation and amortisation for the period ended 30 June 2017	3 506 322	657 412	24 309	190 419	-	28 219	28 569	4 435 250
Charge for impairment for the period ended 30 June 2018	1 760 121	(202 132)	-	(152 045)	-	-	-	1 405 944
Charge for impairment for the period ended 30 June 2017	14 403 347	680 764	-	309 732	-	-	-	15 393 843
Results								
Profit/(Loss) before taxation for the period ended 30 June 2018	35 825 988	1 207 819	680 178	2 838 168	(383 182)	5 016 192	(6 598 471)	38 586 692
Profit before taxation for the period ended 30 June 2017	9 968 962	789 840	75 567	2 303 229	21 400	4 738 308	(5 937 508)	11 959 798
Cash flows								
Generated from operating activities for the period ended 30 June 2018	185 393 877	809 753	111 809	(95 031)	(285 774)	1 478 661	(5 285 544)	182 127 751
Generated from operating activities for the period ended 30 June 2017	(13 774 522)	(741 511)	65 599	1 135 018	(5 513)	(1 048 408)	(2 660 878)	(17 030 215)
Utilised in investing activities for the period ended 30 June 2018	(2 905 420)	(92 428)	(258 205)	(1 740 512)	(68 853)	(811 019)	701 987	(5 174 450)
Utilised in investing activities for the period ended 30 June 2017	(2 221 449)	(245 761)	(26 070)	(1 184 020)	(5 272)	(1 048 408)	520 261	(4 210 719)
Utilised in financing activities for the period ended 30 June 2018	(5 440 000)	-	(61 397)	(128 044)	-	(1 340 584)	5 629 441	(1 340 584)
Utilised in financing activities for the period ended 30 June 2017	(4 950 000)	-	-	(1 022 460)	-	(1 048 408)	5 800 479	(1 220 389)
Assets and liabilities								
Reportable segment liabilities for the period ended 30 June 2018	2 112 955 081	97 702 473	559 785	16 488 867	1 097 532	9 056 904	(28 001 764)	2 209 858 878
Reportable segment liabilities for the year ended 31 Dec 2017	1 803 406 290	99 093 779	512 281	12 053 121	753 052	12 039 035	(44 887 994)	1 882 969 564
Total segment assets for the period ended 30 June 2018	2 268 506 339	186 934 393	4 282 191	43 939 484	11 457 507	56 674 896	(82 863 807)	2 488 931 003
Total segment assets for the year ended 31 Dec 2017	1 991 519 135	191 631 709	3 805 933	37 044 316	11 496 276	55 968 226	(98 810 426)	2 192 655 169

34. RELATED PARTIES

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

Loans and advances to Directors' companies

	Gross limits US$	Utilised limits US$	Value of security US$
30 June 2018			
Loans to directors' companies	1 730 284	1 649 011	1 659 000
31 December 2017			
Loans to directors' companies	1 969 998	1 831 865	2 650 800

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

Transactions with Directors' companies

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Interest income	145 721	584 145
Commission and fee income	505 534	3 591
	651 255	587 736

35. CLOSING EXCHANGE RATES

	UNAUDITED 30 JUNE 2018	AUDITED 31 DEC 2017
ZAR	13.7015	12.3946
GBP	1.3109	0.7410
EUR	1.1640	0.8364

36. RISK MANAGEMENT

36.1 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.

36.2 Group risk management framework

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

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

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

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

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

36.3 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.

36.3. (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 2018 US$	AUDITED 31 DEC 2017 US$
Balances with banks	256 811 481	77 786 933
Money market assets	200 345 020	47 953 444
Financial securities	1 015 705 433	897 728 855
Loans and advances to customers	767 655 030	941 408 103
Other assets	8 689 435	10 110 078
Total	2 249 206 399	1 947 987 413
Capital commitments	3 451 987	3 313 523
Guarantees	13 503 760	8 428 749
	16 955 747	11 742 272

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$256 811 481 (excluding notes and coins) as at 30 June 2018, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$	AUDITED 31 DEC 2017 US$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	174 469 814	18 591 730	182 562 405	13 472 535
Agriculture	176 985 743	37 905 243	248 017 847	42 993 531
Mining	15 355 590	1 146 890	10 641 051	1 300 846
Manufacturing	67 111 174	19 036 186	67 034 854	21 591 547
Distribution`	114 645 720	23 795 670	92 677 855	26 989 931
Construction	7 878 827	1 451 771	8 603 879	1 646 653
Transport	7 849 201	1 959 493	8 370 306	2 222 530
Communication	17 654	-	127 705	-
Services	118 704 579	5 953 204	162 740 665	6 752 346
Financial organisations	232 805 913	217 991 989	239 256 487	-
Total	**915 824 215**	**327 832 176**	**1 020 033 054**	**116 969 919**

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Collateral held		
Mortgage bonds	848 814 705	935 716 037
Cash cover	2 503 525	15 290 945
Other forms of security including Notarial General Covering Bonds (NGCBs) cessions, etc.	346 482 854	760 471 807
	1 197 801 084	**1 711 478 789**

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;

36.3 (c) Impairment allowance on financial assets

a. Loans and advances to customers

(i) The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and half year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Group's internal grading system are explained in Note 36.3.1

		Unaudited 30 June 2018					Audited 31 Dec 2017
	SRS Rating	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchased or Originated Credit Impaired (POCI) US$	Total US$	Total US$
Internal rating grade							
Performing	"1 - 3c"	512 498 498	62 277 623	-	-	574 776 121	543 835 664
Special mention	"4a - 7c"	51 273 698	201 742 490	-	-	253 016 188	273 425 102
Non- performing	"8 - 10"	-	-	88 031 906	-	88 031 906	202 772 288
Total		**563 772 196**	**264 020 113**	**88 031 906**	**-**	**915 824 215**	**1 020 033 054**

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Gross carrying amount as at 1 January 2018	543 835 664	273 425 102	202 772 288	1 020 033 054
New assets originated or purchased (excluding write offs)	226 994 193	11 539 547	53 408	238 587 148
Transfers from Stage 1	(28 398 315)	28 133 537	264 778	-
Transfers from Stage 2	16 091 930	(27 132 442)	11 040 512	-
Transfers from Stage 3	-	67 052 241	(67 052 241)	-
Repayments during the period	(194 751 276)	(88 997 872)	(55 456 471)	(339 205 619)
Amounts written off	-	-	(3 590 368)	(3 590 368)
Gross loans and advances to customers at 30 June 2018	**563 772 196**	**264 020 113**	**88 031 906**	**915 824 215**
ECL allowance at 30 June 2018	(13 206 624)	(99 665 211)	(35 297 350)	(148 169 185)
Net loans and advances to customers at 30 June 2018	**550 565 572**	**164 354 902**	**52 734 556**	**767 655 030**

b. Financial Securities

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and half year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Group's internal grading system are explained in Note 36.3.1

		Unaudited 30 June 2018					Audited 31 Dec 2017
	SRS Rating	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchased or Originated Credit Impaired (POCI)US$	Total US$	Total US$
Internal rating grade							
Performing	"1 - 3c"	1 015 762 601	-	-	-	1 015 762 601	899 862 222
Total		**1 015 762 601**	**-**	**-**	**-**	**1 015 762 601**	**899 862 222**

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Gross carrying amount as at 1 January 2018	899 862 222	-	-	899 862 222
New assets originated or purchased (excluding write offs)	157 925 718	-	-	157 925 718
Maturities during the period	(42 025 339)	-	-	(42 025 339)
At 30 June 2018	**1 015 762 601**	**-**	**-**	**1 015 762 601**
	Stage 1 USD	**Stage 2 USD**	**Stage 3 USD**	**Total USD**
ECL allowance as at 1 January 2018 under IFRS 9	42 693	-	-	42 693
New assets originated or purchased	16 459	-	-	16 459
Relating to maturities during the period	(1 984)	-	-	(1 984)
At 30 June 2018	**57 168**	**-**	**-**	**57 168**

c. Money market

(i) The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and half year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Group's internal grading system are explained in Note 36.3.1

		Unaudited 30 June 2018					Audited 31 Dec 2017
	SRS Rating	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchased or Originated Credit Impaired (POCI) US$	Total US$	Total US$
Internal rating grade							
Performing	"1 - 3c"	201 081 434	-	-	-	201 081 434	45 820 077
Total		**201 081 434**	**-**	**-**	**-**	**201 081 434**	**45 820 077**

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Gross carrying amount as at 1 January 2018	45 820 077	-	-	45 820 077
New assets originated or purchased (excluding write offs)	161 861 357	-	-	161 861 357
Maturities during the period	(6 600 000)	-	-	(6 600 000)
At 30 June 2018	**201 081 434**	**-**	**-**	**201 081 434**
	Stage 1 USD	**Stage 2 USD**	**Stage 3 USD**	**Total USD**
ECL allowance as at 1 January 2018 under IFRS 9	127 692	-	-	127 692
New assets originated or purchased	736 414	-	-	736 414
Relating to maturities during the period	(127 692)	-	-	(127 692)
At 30 June 2018	**736 414**	**-**	**-**	**736 414**

d. Financial guarantees

(i) The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and half year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Group's internal grading system are explained in Note 36.3.1

		Unaudited 30 June 2018					Audited 31 Dec 2017
	SRS Rating	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchased or Originated Credit Impaired (POCI) US$	Total US$	Total US$
Internal rating grade							
Performing	"1 - 3c"	9 691 045	-	-	-	9 691 045	6 045 005
Special mention	"4a - 7c"	3 812 715	-	-	-	3 812 715	2 383 744
Total		**13 503 760**	**-**	**-**	**-**	**13 503 760**	**8 428 749**

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Gross carrying amount as at 1 January 2018	8 428 749	-	-	8 428 749
New assets originated or purchased (excluding write offs)	7 400 769	-	-	7 400 769
Guarantees expired during the period	(2 325 758)	-	-	(2 325 758)
At 30 June 2018	**13 503 760**	**-**	**-**	**13 503 760**
	Stage 1 USD	**Stage 2 USD**	**Stage 3 USD**	**Total USD**
ECL allowance as at 1 January 2018 under IFRS 9	182 938	-	-	182 938
New assets originated or purchased	245 464	-	-	245 464
Relating to guarantees expired during the period	(71 657)	-	-	(71 657)
At 30 June 2018	**356 745**	**-**	**-**	**356 745**

The Group has taken into account, Circular to Banking Institutions No. 04-2017/BSD: IFRS 9 Adoption and Implementation Process which requires the Group to adopt a new model of classification and measurement of financial instruments. The guideline which was issued in line with International Financial Reporting Standard (IFRS) 9 issued by the International Accounting Standards Board (IASB) was effective for annual periods beginning on or after 1 January 2018. The Group has designed IFRS 9 compliant Expected Credit Loss models and processes for capturing accurate data for measurement of credit impairments.

The Financial Assets that were impaired under IFRS 9 were Loans, Overdrafts, Leases, Bank Guarantees, and Letters of Credit, Credit Cards Facilities, Money Market Placements and Treasury Bills. Expected Credit Losses of these assets were calculated as at 30 June 2018.
Expected Credit Losses is determined through a combination of expected credit exposures (Exposure-at-Default), likelihood of default occurring (Probability of Default) and anticipated Loss in the event of Default (Loss-Given-Default).

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

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

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

The Loss Given Default (LGD)
This is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.
When estimating the ECLs, the Group considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.
With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument, unless the Group has the legal right to call it earlier.
Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Significant increase in credit risk and Stage Recognition
The CBZ Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
A significant increase in credit risk is defined as a significant increase in the probability of a default occurring since initial recognition. Credit risk has increased significantly when contractual payments are more than 30 days past due.
Key consideration for a significant change in credit risk under a financial asset include the following;

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

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

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

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

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

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

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

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

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

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

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

Cure, Modification and Forbearance of Financial Assets

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

Curing

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

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

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

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

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

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.
If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.
Beginning 1 January 2018, any loan that has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum six months' probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

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

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

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

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

36.3.2 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.

36.3.3 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.

36.4 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 flows needs without affecting the financial condition of the Group.
The Group's liquidity risk management framework ensures that limits are set under respective Group Strategic Business Units relating to limits such as levels of wholesale funding, retail funding, loans to deposit ratio, counter-party exposures, liquidity coverage ratio,net stable funding ratio as well as prudential liquidity ratio.

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

36.4.1 Contractual Gap analysis

CONTRACTUAL LIQUIDITY PROFILE AS AT 30 JUNE 2018

	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	265 219 393	-	-	-	-	-	265 219 393
Money market assets	73 616 187	12 104 255	2 449 204	112 175 374	-	-	200 345 019
Financial securities	20 536 841	12 853 465	25 953 146	77 773 318	215 349 166	663 239 497	1 015 705 433
Loans and advances to customers	268 170 950	23 778 451	24 560 457	68 635 763	83 480 706	299 028 703	767 655 030
Insurance assets	678 536	4 580 165	-	3 956 885	-	-	9 215 586
Financial guarantees	51 124	2 468 044	130 000	9 419 976	1 434 616	-	13 503 760
Current tax receivable	-	5 779 064	-	-	-	-	5 779 064
Other liquid assets	1 154 348	7 535 087	-	-	-	-	8 689 435
Total	**629 427 379**	**69 098 531**	**53 092 807**	**271 961 316**	**300 264 488**	**962 268 200**	**2 286 112 721**
Liabilities							
Deposits	1 880 399 998	150 034 149	40 582 885	27 076 301	42 278 575	19 292 381	2 159 664 289
Insurance liabilities	-	-	-	9 233 825	-	-	9 233 825
Other liabilities	-	34 646 865	-	-	-	-	34 646 865
Current tax payable	-	60 696	-	-	-	-	60 696
Life Fund	1 615 886	-	-	-	-	-	1 615 886
Investment contract liabilities	2 047 649	-	-	-	-	-	2 047 649
Financial guarantees	51 124	2 468 044	130 000	9 419 976	1 434 616	-	13 503 760
Capital commitments contracted for	-	-		3 451 987	-	-	3 451 987
Total	**1 884 114 657**	**187 209 754**	**40 712 885**	**49 182 089**	**43 713 191**	**19 292 381**	**2 224 224 957**
Liquidity gap	**(1 254 687 278**	**(118 111 223)**	**12 379 922**	**222 779 227**	**256 551 297**	**942 975 819**	**61 887 764**
Cumulative liquidity gap	**(1 254 687 278)**	**(1 372 798 501)**	**(1 360 418 579)**	**(1 137 639 352)**	**(881 088 055)**	**61 887 764**	**61 887 764**

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 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	89 606 676	-	-	-	-	-	89 606 676
Money market assets	12 049 193	5 636 122	167 255	27 967 507	-	-	45 820 077
Financial securities	-	26 649 412	5 678 424	38 007 224	232 726 096	596 801 066	899 862 222
Loans and advances to customers	361 829 276	91 130 232	33 840 187	51 701 203	84 468 977	318 438 228	941 408 103
Insurance assets	206 475	190 531	-	2 442 131	-	-	2 839 137
Financial guarantees	79 719	922 904	2 582 924	4 416 605	426 597	-	8 428 749
Current tax receivable	-	621 938	-	-	-	-	621 938
Other liquid assets	411 435	9 698 643	-	-	-	-	10 110 078
Total	**464 182 774**	**134 849 782**	**42 268 790**	**124 534 670**	**317 621 670**	**915 239 294**	**1 998 696 980**
Liabilities							
Deposits	1 457 852 540	207 618 305	104 566 539	22 575 703	46 583 659	14 480 927	1 853 677 673
Insurance liabilities	-	-	-	1 583 068	-	-	1 583 068
Other liabilities	1 768 969	14 239 980	-	378 688	1 541 604	21 967	17 951 208
Current tax payable	-	18 055	-	-	-	-	18 055
Life Fund	526 853	-	-	-	-	-	526 853
Investment contract liabilities	1 806 932	-	-	-	-	-	1 806 932
Financial guarantees	79 719	922 904	2 582 924	4 416 605	426 597	-	8 428 749
Capital commitments contracted for	-	-	-	3 313 523	-	-	3 313 523
Total	**1 462 035 013**	**222 799 244**	**107 149 463**	**32 267 587**	**48 551 860**	**14 502 894**	**1 887 306 061**
Liquidity gap	**(997 852 239)**	**(87 949 462)**	**(64 880 673)**	**92 267 083**	**269 069 810**	**900 736 400**	**111 390 919**
Cumulative liquidity gap	**(997 852 239)**	**(1 085 801 701)**	**(1 150 682 374)**	**(1 058 415 291)**	**(789 345 481)**	**111 390 919**	**111 390 919**

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

The Group's SBUs carry out static statement of financial position analysis to track statement of financial position growth drivers, the pattern of core banking deposits, statement of financial position structure, levels and direction of the SBU's maturity mismatch and related funding or liquidity gap. The Group also relies on stress testing under various scenarios i.e moderate, extreme and severe in line with RBZ Recovery Planning Guideline to assess and manage liquidity risk. The Asset and Liability Management Committee (ALCO) of the respective SBU comes up with strategies to manage these liquidity gaps through funding gap limits. Additionally, the Group models asset and liability behaviours to measure liquidity risk from a behavioural perspective.

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

	CBZ Bank Limited %
At 30 June 2018	65.27
At 31 December 2017	43.42
Average for the period	49.96
Maximum for the period	65.27
Minimum for the period	41.32

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

This is managed at both Board and Management level through the regular policy and benchmarks which relate to interest rate risk management. The major areas of intervention involves daily monitoring of costs of funds, asset yield, monthly analysis of interest re-pricing gaps, monthly interest rate simulations to establish the Group and its SBUs' ability to sustain a stressed interest rate environment, value at risk (VaR), interest rate risk set limits and various interest rate risk hedging strategies. The use of stress testing is an integral part of the interest rate risk management framework and considers both the historical market events as well as anticipated future scenarios. The Group and its SBUs denominate their credit facilities in the base currency, the 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 2018, 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$1 851 518 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.

36.5.1 Interest rate repricing

Unaudited 30 June 2018	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	265 219 393	–	–	–	–	–	–	265 219 393
Money market assets	73 616 187	12 104 255	2 449 204	112 175 374	–	–	–	200 345 019
Financial securities	20 536 841	12 853 465	25 953 146	77 773 318	215 349 166	663 239 497	–	1 015 705 433
Loans and advances to customers	268 170 950	23 778 451	24 560 457	68 635 763	83 480 706	299 028 703	–	767 655 030
Insurance assets	–	–	–	–	–	–	9 215 586	9 215 586
Equity investments	–	–	–	–	–	–	9 581 289	9 581 289
Other assets	–	–	–	–	–	–	69 811 882	69 811 882
Current tax receivable	–	–	–	–	–	–	5 779 064	5 779 064
Intangible assets	–	–	–	–	–	–	1 869 576	1 869 576
Investment properties	–	–	–	–	–	–	34 819 127	34 819 127
Property and equipment	–	–	–	–	–	–	72 560 673	72 560 673
Deferred taxation	–	–	–	–	–	–	36 368 930	36 368 930
Total assets	**627 543 371**	**48 736 171**	**52 962 807**	**258 584 455**	**298 829 872**	**962 268 200**	**240 006 127**	**2 488 931 003**
Equity and liabilities								
Deposits	1 880 399 998	150 034 149	40 582 885	27 076 301	42 278 575	19 292 381	–	2 159 664 289
Insurance liabilities	–	–	–	–	–	–	9 233 825	9 233 825
Other liabilities	–	–	–	–	–	–	34 646 865	34 646 865
Current tax payable	–	–	–	–	–	–	60 696	60 696
Life funds	–	–	–	–	–	–	1 615 886	1 615 886
Life assurance investment contract liabilities	–	–	–	–	–	–	2 047 649	2 047 649
Deferred taxation	–	–	–	–	–	–	2 589 668	2 589 668
Equity	–	–					279 072 125	279 072 125
Total equity and liabilities	**1 880 399 998**	**150 034 149**	**40 582 885**	**27 076 301**	**42 278 575**	**19 292 381**	**329 266 714**	**2 488 931 003**
Interest rate repricing gap	**(1 252 856 627)**	**(101 297 978)**	**12 379 922**	**231 508 154**	**256 551 297**	**942 975 819**	**(89 260 587)**	**–**
Cumulative gap	**(1 252 856 627)**	**(1 354 154 605)**	**(1 341 774 683)**	**(1 110 266 529)**	**(853 715 232)**	**89 260 587**	**–**	**–**

Audited 31 Dec 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	5 958 198	–	–	–	–	–	83 648 478	89 606 676
Money market assets	12 049 193	5 636 122	167 255	27 967 507	–	–	–	45 820 077
Financial securities	–	26 649 412	5 678 424	38 007 224	232 726 096	596 801 066	–	899 862 222
Loans and advances to customers	361 829 276	91 130 232	33 840 187	51 701 203	84 468 977	318 438 228	–	941 408 103
Insurance assets	–	–	–	–	–	–	4 812 830	4 812 830
Equity investments	–	–	–	–	–	–	10 687 540	10 687 540
Other assets	–	–	–	–	–	–	72 016 809	72 016 809
Current tax receivable	–	–	–	–	–	–	621 938	621 938
Intangible assets	–	–	–	–	–	–	2 530 080	2 530 080
Investment properties	–	–	–	–	–	–	33 950 354	33 950 354
Property and equipment	–	–	–	–	–	–	71 605 721	71 605 721
Deferred taxation	–	–	–	–	–	–	19 732 819	19 732 819
Total assets	**379 836 667**	**123 415 766**	**39 685 866**	**117 675 934**	**317 195 073**	**915 239 294**	**299 606 569**	**2 192 655 169**
Equity and liabilities								
Deposits	1 457 852 540	207 618 305	104 566 539	22 575 7 03	46 583 659	14 480 927	–	1 853 677 673
Insurance liabilities	–	–	–	–	–	–	5 453 852	5 453 852
Other liabilities	–	–	–	–	–	–	17 951 208	17 951 208
Current tax payable	–	–	–	–	–	–	18 055	18 055
Life fund	–	–	–	–	–	–	1 465 928	1 465 928
Life assurance investment contract liabilities	–	–	–	–	–	–	1 806 932	1 806 932
Deferred taxation	–	–	–	–	–	–	2 595 916	2 595 916
Equity	–	–	–	–	–	–	309 685 605	309 685 605
Total equity and liabilities	**1 457 852 540**	**207 618 305**	**104 566 539**	**22 575 703**	**46 583 659**	**14 480 927**	**338 977 496**	**2 192 655 169**
Interest rate repricing gap	**(1 078 015 873)**	**(84 202 539)**	**(64 880 673)**	**95 100 231**	**270 611 414**	**900 758 367**	**(39 370 927)**	**–**
Cumulative gap	**(1 078 015 873)**	**(1 162 218 412)**	**(1 227 099 085)**	**(1 131 998 854)**	**(861 387 440)**	**39 370 927**		**-**

36.6 Exchange rate risk

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

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

At 30 June 2018, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the year would have been US$227 636 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 2018 is as below:

Foreign currency position as at 30 June 2018

Position expressed in US$	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	265 219 393	260 440 394	3 415 410	271 835	917 543	174 211
Money market assets	200 345 020	200 345 020	–	–	–	–
Loans and advances to customers	767 655 030	759 785 206	66 476	1 681	7 800 421	1 246
Financial securities	1 015 705 433	1 015 705 433	–	–	–	–
Insurance assets	9 215 586	9 215 586	–	–	–	–
Equity investments	9 581 289	9 437 388	–	–	143 901	–
Other assets	69 811 882	69 357 056	351 367	44 880	58 084	495
Current tax receivable	5 779 064	5 779 064	–	–	–	–
Intangible assets	1 869 576	1 869 576	–	–	–	–
Investment properties	34 819 127	34 819 127	–	–	–	–
Property and equipment	72 560 673	72 560 673	–	–	–	–
Deferred taxation	36 368 930	36 368 930	–	–	–	–
Total assets	**2 488 931 003**	**2 475 683 453**	**3 833 253**	**318 396**	**8 919 949**	**175 952**
Equity and liabilities						
Deposits	2 159 664 289	2 149 239 068	2 278 764	128 554	7 774 925	242 978
Insurance liabilities	9 233 825	9 233 825	–	–	–	–
Life fund	1 615 886	1 615 886	–	–	–	–
Investment contract liabilities	2 047 649	2 047 649	–	–	–	–
Other liabilities	34 646 865	34 421 046	135 560	37 745	52 194	320
Current tax payable	60 696	60 696	–	–	–	–
Deferred taxation	2 589 668	2 589 668	–	–	–	–
Equity	279 072 125	279 072 125	–	–	–	–
Total equity and liabilities	**2 488 931 003**	**2 478 279 963**	**2 414 324**	**166 299**	**7 827 119**	**243 298**

Foreign currency position as at 31 December 2017

Position expressed in US$	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	89 606 676	85 518 473	3 783 853	68 483	94 200	141 667
Money market assets	45 820 077	45 820 077	–	–	–	–
Financial securities	899 862 222	899 862 222	–	–	–	–
Loans and advances to customers	941 408 103	931 311 635	56 997	258 980	9 779 343	1 148
Insurance assets	4 812 830	4 812 830	–	–	–	–
Equity investments	10 687 540	10 543 639	–	–	143 901	–
Other assets	72 016 809	71 141 623	283 318	62 549	529 319	–
Current tax receivable	621 938	621 938	–	–	–	–
Intangible assets	2 530 080	2 530 080	–	–	–	–
Investment properties	33 950 354	33 950 354	–	–	–	–
Property and equipment	71 605 721	71 605 721	–	–	–	–
Deferred taxation	19 732 819	19 732 819	–	–	–	–
Total assets	**2 192 655 169**	**2 177 451 411**	**4 124 168**	**390 012**	**10 546 763**	**142 815**
Equity and liabilities						
Deposits	1 853 677 673	1 840 667 716	2 891 877	145 512	9 787 096	185 472
Insurance liabilities	5 453 852	5 453 852	–	–	–	–
Other liabilities	17 951 208	17 908 278	11 526	21 313	9 785	306
Current tax payable	18 055	18 055	–	–	–	–
Life fund	1 465 928	1 465 928	–	–	–	–
Life assurance investment contract liabilities	1 806 932	1 806 932	–	–	–	–
Deferred taxation	2 595 916	2 595 916	–	–	–	–
Equity	309 685 605	309 685 605	–	–	–	–
Total equity and liabilities	**2 192 655 169**	**2 179 602 282**	**2 903 403**	**166 825**	**9 796 881**	**185 778**

Foreign currency position as at 30 June 2018

Underlying currency	ZAR	GBP	EUR	Other foreign currencies in US$
Assets				
Cash and short term assets	46 796 241	207 421	788 268	174 211
Loans and advances to customers	910 822	1 284	6 701 350	1 246
Equity investments	–	–	123 626	–
Other assets	4 814 260	34 236	49 900	495
Total assets	**52 521 323**	**242 941**	**7 663 144**	**175 952**
Liabilities				
Deposits	31 222 482	100 026	6 681 044	242 978
Other liabilities	1 484 199	28 793	45 010	320
Total liabilities	**32 706 681**	**128 819**	**6 726 054**	**243 298**
Net position	**19 814 642**	**114 122**	**937 090**	**67 346**

Foreign currency position as at 31 December 2017

Underlying currency	ZAR	GBP	EUR	Other foreign currencies in US$
Assets				
Cash and short term assets	46 899 345	50 860	78 789	141 667
Loans and advances to customers	706 454	192 337	8 179 444	1 148
Equity investments	–	–	120 359	–
Other assets	3 511 608	46 453	442 722	–
Total assets	**51 117 407**	**289 650**	**8 821 314**	**142 815**
Liabilities				
Deposits	35 843 656	108 067	8 185 928	185 472
Other liabilities	142 862	15 828	8 184	306
Total liabilities	**35 986 518**	**123 895**	**8 194 112**	**185 778**
Net position	**15 130 889**	**165 755**	**627 202**	**(42 963)**

36.7 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.

36.7.1 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.

36.8 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.

36.9 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:

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

36.10 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:

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

36.11 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:

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

36.12 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.

36.13 Risk and Credit Ratings

36.13.1 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 Private Limited

Rating agent	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Global Credit Rating (Financial strength)	A-	BBB+	BBB+	BBB+	-	-	-	-	-	-	-	-

CBZ Insurance Private Limited

Rating agent	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Global Credit Rating(Claims paying ability)	BBB+	BBB+	BBB	BBB	-	-	-	-	-	-	-	-

CBZ Asset Management Private Limited

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

36.13.2 Reserve Bank Ratings

CAMELS RATING MATRIX - 30 JUNE 2017 RBZ ONSITE EXAMINATION

	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank (current)	2	1	3	2	2	2	2
CBZ Bank (previous)	1	1	2	1	1	2	2

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

36.13.3 Risk Matrix Summary - Reserve Bank

CBZ Bank Limited
Risk Matrix Summary

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

36.13.4 Risk Matrix Summary - Internal Ratings

CBZ Asset Management Private 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 Private 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 Private 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

Key

Level of inherent risk

Low - reflects a lower than average probability of an adverse impact on an institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the institution's overall financial condition.

Moderate - could reasonably be expected to result in a loss which could be absorbed by an institution in the normal course of business.

High – reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the institution.

Adequacy of Risk Management Systems

Weak - risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written down policies and procedures.

Acceptable - management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognised and are being addressed. Management information systems are generally adequate.

Strong - management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the financial institution's risk tolerance, responsibilities are effectively communicated.

Overall Composite Risk

Low Risk - would be assigned to low inherent risk areas. Moderate risk areas may be assigned a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.

Moderate Risk - risk management effectively identifies and controls all types of risk posed by the relevant functional area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.

High Risk - risk management systems do not significantly mitigate the high inherent risk. Thus the activity could potentially result in a financial loss that would have a significant impact on the financial institution's overall condition, even in some cases where the systems are considered strong.

Direction of Overall Composite Risk Rating

Increasing - based on the current information, composite risk is expected to increase in the next twelve months.

Decreasing - based on current information, composite risk is expected to decrease in the next twelve months.

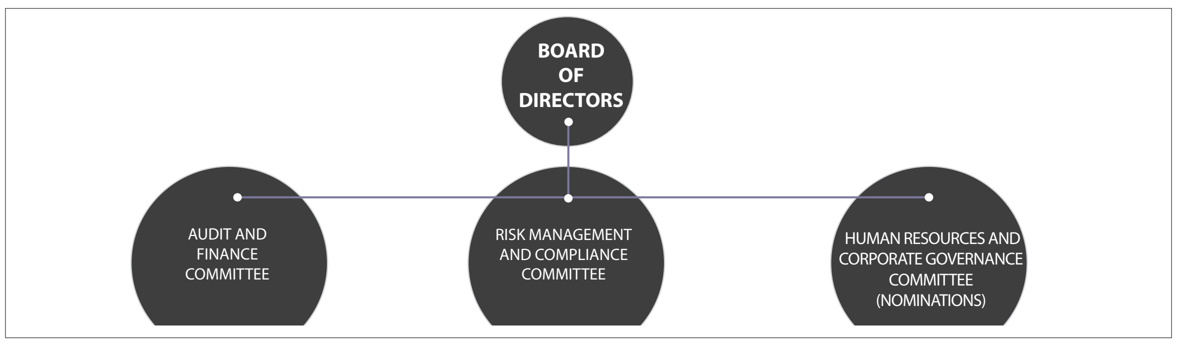
Stable - based on the current information, composite risk is expected to be stable in the next twelve months.

CORPORATE GOVERNANCE

The Group recognizes 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.

The Board comprises 9 directors being; an Independent non-executive chairman, two executive directors and six non-executive directors.

Retirement and Appointment of New Directors
During the course of the year , Mr Tafadzwa Nyamayi and Ms Tsitsi Mutasa resigned from the Board on 31 January 2018 and 1 June 2018 respectively. The board recruited one new Independent Non-Executive Director, Mr John Matorofa who was appointed on 1 June 2018.

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 cognizance 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.

BOARD COMMITTEES

The board committees continued to play a crucial role in the company's governance framework, undertaking their work comprehensively and effectively supporting the work of the board. The Board has established and delegated specific roles and responsibilities to three standing committees, to assist it in discharging its duties

Standing committees are;- audit and finance 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 management attend meetings of the various committees by invitation.

The Boards of Directors of the various units for the period ended 30 June 2018 were constituted as tabulated below:

CBZ Holdings Limited	CBZ Bank Limited	CBZ Asset Management	CBZ Life Limited	CBZ Insurance	CBZ Risk Advisory	CBZ Propeties
NM Matimba (Chairman)	C.C. Mapfumba (Chairperson)	S.B. Naik (Chairperson)	R. Dawes (Chairperson)	A. Matika (Chairperson)	L. Magorimbo (Chairperson)	I. Tigere (Chairperson)
FM Dernawi	D.K Shinya	M.T .V. Moyo	F. Zizhou	S. B. Naik	N. Ndlovu (Vice Chairperson)	C. Makwiranzou
R Nhamo	R. Pasi	N. Mhlanga	V. Masunda	W.R. Chitiga	N. Marandu	M. Sinyoro
G Taputaira	M.P.A Marufu	Dr B. Mudavanhu	H. Tshuma	Dr B. Mudavanhu	Dr B. Mudavanhu	Dr B. Mudavanhu
V Zifudzi	E. Shangwa	C. Chimutsa	Dr B. Mudavanhu	C. Chimutsa	C. Chimutsa	C. Chimutsa
W J Annandale	M. Karombo	J. Smith*	C. Chimutsa	N. Mureriwa*	N. Mureriwa*	H. Bvumburai*
J Matorofa***	Dr B. Mudavanhu	T. Muzadzi*	N. Mureriwa*		Zimunya, P	
Dr B. Mudavanhu*	C. Chimutsa					
C. Chimutsa*	P. Zimunya*					
	M T Mudondo*					

Key
* Executive Director
*** New member

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2018)

	Audit & Finance	Joint Audit & Finance	Risk Management & Compliance	Special Risk Management & Compliance	HR & Corporate Governance	Special HR & Corporate Governance	Main Board	Total Committees	Total Boards
Number of Meetings Held	*2*	*1*	*2*	*1*	*2*	*5*	*2*		
Matimba, N	2	1	**	1	2	5	2	11	2
Dernawi, F M	**	–	2		**	**	2	2	2
Mutasa, T***	**	1	2	1	2	4	1	10	1
Nhamo, R	**	1	**	**	2	5	2	8	2
Zifudzi, V	–	–	2	1	–	–	1	3	1
Taputaira, G	2	–	2	1	**	**	2	5	2
Annandale, WJ	2	1	**		**	**	2	3	2
Zimunya, P*	2	–	2	1	2	2	2	n/a	2
C. Chimutsa**	2	1	2		**	**	2	5	2

Key
* - Acting Group CEO
** - Executive Director

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2018)

	AUDIT & FINANCE	ALCO & BUSINESS	CREDIT	LOANS REVIEW	MAIN BOARD	TOTAL COMMITTEES	TOTAL MAIN BOARD
Number of meetings Held	*2*	*2*	*2*	*2*	*2*	*8*	*2*
CC Mapfumba	**	1	2	**	2	3	2
MPA Marufu	1	1	1	1	2	4	2
ET Shangwa	2	1	**	2	1	5	1
MP Karombo	**	0	0	**	0	0	0
****R Pasi	**	1	1	**	1	2	1
D K Shinya	2	**	**	2	2	4	2
C Chimutsa	2	2	2	**	2	6	2
*P Zimunya	2	2	2	2	2	8	2
*M Mudondo	2	2	1	2	2	7	2

Key
* - Acting Group CEO
** - Executive Director

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2018)

NAME	AUDIT & COMPLIANCE	INVESTMENTS & RISK	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Number of meetings held	*1*	*2*	*2*	*3*	*2*
Mrs. Naik	1	2	2	3	2
Mr Moyo	0	1	1	1	1
Mr Mhlanga	1	2	2	3	2
Mr. Zimunya*	1	2	2	3	2
Mr. Chimutsa	1	2	2	3	2
Mr. Smith**	1	2	2	3	2
Mr. Muzadzi**	**	2	2	2	2

Key
* - Acting Group CEO
** - Executive Director

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2018)

	INVESTMENTS & RISK	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings held	2	2	2	2
R Dawes	**	2	**	2
F B Zizhou	1	1	1	1
V Masunda (Dr)	2	2	2	2
H Tshuma	2	2	2	2
P Zimunya*	2	2	2	2
C Chimutsa	2	2	2	2
N Mureriwa**	2	2	2	2

Key
* - Acting Group CEO
** - Executive Director

CBZ RISK ADVISORY SERVICES BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2018)

	MAIN BOARD	TOTAL BOARDS
Meetings Held	**2**	**2**
L Magorimbo	2	2
N Ndlovu	2	2
P Zimunya*	2	2
C Chimutsa	2	2
N Mureriwa**	2	2

Key
* - Acting Group CEO
** - Executive Director

CBZ INSURANCE BOARD ATTENDANCE REGISTER JANUARY TO JUNE 2018)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings Held	*2*	*2*
S B Naik	2	2
AKT Matika	2	2
P Zimunya*	2	2
C Chimutsa	2	2
N Mureriwa**	2	2

Key
* - Acting Group CEO
** - Executive Director

CBZ PROPETIES BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2018)

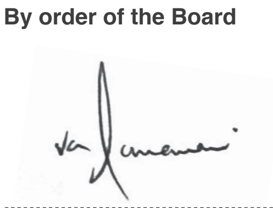
	BOARD	MAIN BOARD
Meetings Held	**2**	**2**
I.Tigere	2	2
C Makwiranzou	0	0
M. Sinyoro	0	0
P Zimunya*	2	2
C Chimutsa	2	2
H Bvumburai**	2	2

Key
* - Acting Group CEO
** - Executive Director

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



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Rumbidzayi A. Jakanani
GROUP LEGAL CORPORATE SECRETARY

07 August 2018

CBZ BANK (REGISTERED COMMERCIAL BANK)

Partners For Success

UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2018**

BANKING I INSURANCE I ASSET MANAGEMENT I PROPERTY INVESTMENT I MORTGAGE FINANCE

CBZ Rewardz AMPLIFIED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2018

	Notes	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
Interest income	2	61 775 800	73 503 592
Interest expense	2	(27 228 043)	(40 991 682)
Net interest income		**34 547 757**	**32 511 910**
Net non-interest income	3	40 169 312	30 307 736
Total income		**74 717 069**	**62 819 646**
Operating expenditure	4	(37 130 960)	(38 447 337)
Operating income		**37 586 109**	**24 372 309**
Credit loss expense	12.1	(1 760 121)	(14 403 347)
Profit before taxation		**35 825 988**	**9 968 962**
Taxation	5	(3 860 557)	57 558
Profit after taxation		**31 965 431**	**10 026 520**
Other comprehensive income		-	-
Total comprehensive income		**31 965 431**	**10 026 520**
Profit attributable to:			
Equity holders of parent		31 965 431	10 026 520
Total comprehensive income attributed to:			
Equity holders of parent		31 965 431	10 026 520
Earnings per share (cents):			
Basic	6.1	12.49	3.92
Diluted	6.1	12.49	3.92

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
ASSETS			
Balances with banks and cash	8	263 811 213	86 762 756
Money market assets	9	182 106 273	30 762 625
Financial securities	10	1 012 355 914	897 728 855
Loans and advances to customers	11	639 485 033	808 559 730
Other assets	13	71 639 182	89 179 311
Equity investments	14	956 682	956 682
Property and equipment	17	49 004 214	49 749 580
Investment properties	18	6 077 000	6 077 000
Intangible assets	19	1 527 388	2 109 529
Deferred tax asset	20	36 018 994	19 420 333
Current tax receivable		5 524 446	212 734
TOTAL ASSETS		**2 268 506 339**	**1 991 519 135**
LIABILITIES			
Deposits	21	2 083 869 210	1 791 380 900
Other liabilities	22	29 085 871	12 025 390
Total liabilities		**2 112 955 081**	**1 803 406 290**
EQUITY			
Share capital	24	5 118 180	5 118 180
Share premium	24.1	16 721 711	16 721 711
Revaluation reserve	24.2	12 397 399	12 397 399
Revenue reserve	24.3	121 313 968	153 875 555
Total equity and reserves		**155 551 258**	**188 112 845**
TOTAL LIABILITIES AND EQUITY		**2 268 506 339**	**1 991 519 135**

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2018

	Share capital US$	Share premium US$	Revaluation reserve US$	Revenue reserve US$	Total US$
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**
Unaudited 30 June 2018					
Opening balance	5 118 180	16 721 711	12 397 399	153 875 555	188 112 845
Impact of adopting IFRS 9	-	-	-	(59 087 018)	(59 087 018)
Restated balance at 01 Jan 2018	**5 118 180**	**16 721 711**	**1 2 397 399**	**94 788 537**	**129 025 827**
Total comprehensive income	-	-	-	31 965 431	31 965 431
Dividend paid	-	-	-	(5 440 000)	(5 440 000)
Closing balance	**5 118 180**	**16 721 711**	**12 397 399**	**121 313 968**	**155 551 258**

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35 825 988	9 968 962
Non-cash items:		
Depreciation	3 549 123	3 042 517
Amortisation of intangible assets	582 141	463 805
Credit loss expense on advances	1 760 121	14 403 347
Loss on sale of property and equipment	57 181	900
Loss on disposal of investment property	-	350 000
Unrealised loss on foreign currency positions	1 003 164	1 188 662
Operating cash flow before changes in operating assets and liabilities	**42 777 718**	**29 418 193**
Changes in operating assets and liabilities		
Deposits	291 485 145	35 271 128
Loans and advances to customers	(13 650 637)	(74 715 840)
Money market assets	(152 080 063)	16 584 290
Financial securities	(2 601 847)	(35 405 331)
Other assets	8 068 051	12 267 614
Other liabilities	16 707 222	2 805 424
	147 927 871	**(43 192 715)**
Corporate tax paid	(5 311 712)	-
Net cash inflow/(outflow) from operating activities	**185 393 877**	**(13 774 522)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of investment property	-	238 345
Proceeds on disposal of property and equipment	169 120	-
Purchase of property and equipment	(3 074 540)	(2 379 093)
Purchase of intangible assets	-	(80 701)
Net cash outflow from investing activities	**(2 905 420)**	**(2 221 449)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(5 440 000)	(4 950 000)
NET INCREASE/(DECREASE) IN BALANCES WITH BANKS AND CASH	**177 048 457**	**(20 945 971)**
Balances with banks and cash at the beginning of the period	86 762 756	71 311 137
CASH & CASH EQUIVALENTS AT END OF PERIOD	**263 811 213**	**50 365 166**

NOTES TO THE FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2018

1. INCORPORATION ACTIVITIES

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

		UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
2.	**NET INTEREST INCOME**		
	Interest income		
	Overdrafts	15 041 491	30 444 597
	Loans	16 142 625	17 513 077
	Home loans	7 614	458 287
	Staff loans	1 447 993	1 534 679
	Securities investments	28 163 596	21 784 583
	Other investments	972 481	1 768 369
		61 775 800	**73 503 592**
	Interest expense		
	Savings deposits	13 031 596	17 619 668
	Call deposits	196 486	490 149
	Money market deposits	11 831 825	18 491 318
	Offshore deposits	2 168 136	4 390 547
		27 228 043	**40 991 682**
	Net interest income	**34 547 757**	**32 511 910**
3.	**NET NON-INTEREST INCOME**		
	Net income from foreign currency dealings	2 371 652	2 639 363
	Unrealised loss on foreign currency positions	(1 003 165)	(1 188 662)
	Commission and fee income	32 269 497	27 280 666
	loss on disposal of fixed assets	(57 181)	(900)
	Loss on sale of investment properties	-	(350 000)
	Bad debts recovered	3 195 389	90 842
	Property sales	2 511 712	915 181
	Rental income	155 542	457 706
	Other operating income	725 866	463 540
		40 169 312	**30 307 736**
4.	**OPERATING EXPENDITURE**		
	Staff costs	18 029 180	20 105 446
	Other administration expenses	14 853 820	14 717 024
	Audit fees	116 696	118 545
	Depreciation	3 549 123	3 042 517
	Amortisation of intangible assets	582 141	463 805
		37 130 960	**38 447 337**

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 (2017:US$1 716 160).

Remuneration of directors / key management personnel		
Fees for services as directors	75 618	111 481
Pension for past and present directors	104 985	99 585
Salaries and other benefits	1 675 769	1 561 914
	1 856 372	**1 772 980**
Operating leases		
The following is an analysis of expenses related to operating leases		
Non cancellable leases are paid as follows:		
Less than 1 year	1 176 026	1 026 291
Between 1 and 5 years	1 168 195	739 242
	2 344 221	**1 765 533**

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 ended 30 June 2018, an amount of US$1 292 346 (June 2017:US$1 229 763) 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 2018 US$	UNAUDITED 30 JUNE 2017 US$
Analysis of tax charge in respect of the profit for the period		
Current tax expense	-	4 099 790
Deferred tax expense / (income)	3 860 557	(4 157 348)
Tax expense	**3 860 557**	**(57 558)**
Tax rate reconciliation		
	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Non deductible expenses	11.76	25.76
Exempt income	(26.69)	(51.40)
Tax benefits	(0.20)	(0.69)
Effective rate	**10.62**	**(0.58)**

6. EARNINGS PER SHARE

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

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, 6.3 and 6.4, reflect the respective earnings and share data used in the basic and diluted earnings per share computations:

		UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
	Annualised earnings per share (US cents)		
	Basic earnings	12.49	3.92
	Diluted earnings	12.49	3.92
	EARNINGS		
	Basic (earnings attributable to holders of parent)	31 965 431	10 026 520
	Fully Diluted	31 965 431	10 026 520
	Number of shares used in calculations (weighted)		
	Basic	511 817 951	511 817 951
	Fully Diluted	511 817 951	511 817 951
6.2	**Reconciliation of denominators used for calculating basic and diluted earnings per share:**		
	Weighted average number of shares before adjustment or treasury shares	511 817 951	511 817 951
	Less treasury shares held	-	-
	Weighted average number of shares used for basic EPS	**511 817 951**	**511 817 951**
	Potentially dilutive shares (ESOS)	-	-
	Weighted average number of shares for diluted EPS	**511 817 951**	**511 817 951**
7.	**DIVIDENDS**		
	Dividend paid	5 440 000	4 950 000

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
8.	**BALANCES WITH BANKS AND CASH**		
	Cash	6 999 732	8 985 300
	Nostro accounts	12 265 144	3 990 623
	Balance with the Reserve Bank of Zimbabwe	244 546 337	73 782 873
	Interbank clearing accounts	-	3 960
		263 811 213	**86 762 756**

Prioritisation on allocation of bank balances held in foreign banks (Nostro accounts)
Balances with Reserve Bank of Zimbabwe and Foreign Banks are used to facilitate customer transactions which include payments and cash withdrawals. In 2016, the Reserve Bank of Zimbabwe, through Exchange Control Operational Guide 8 (ECOGAD8), introduced prioritisation criteria which are to be followed when making foreign payments for customers. After prioritisation, foreign payments are then made subject to availability of bank balances with our foreign correspondent banks, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the RTGS system.

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
9.	**MONEY MARKET ASSETS**		
	AMA Bills	23 450 000	23 450 000
	Interbank placements	48 600 000	6 600 000
	RBZ Savings bond	108 050 000	-
	Accrued interest	2 742 687	712 625
	Total gross money market	**182 842 687**	**30 762 625**
	Expected credit loss	(736 414)	-
	Total net money market assets	**182 106 273**	**30 762 625**
	Maturity analysis		
	Between 0 and 3 months	74 792 687	6 604 250
	Between 3 and 6 months	-	-
	Between 6 and 12 months	108 050 000	24 158 375
		182 842 687	**30 762 625**
10.	**FINANCIAL SECURITIES**		
	Treasury bills	991 914 451	880 772 649
	Accrued interest	20 498 630	16 956 206
	Total gross financial securities	**1 012 413 081**	**897 728 855**
	Expected credit loss	(57 167)	-
	Total net financial securities	**1 012 355 914**	**897 728 855**
	Maturity analysis		
	Between 0 and 3 months	33 447 473	26 649 412
	Between 3 and 6 months	25 953 146	5 678 424
	Between 6 and 12 months	77 503 480	38 007 224
	Between 1 and 5 years	212 269 485	230 592 729
	Above 5 years	663 239 497	596 801 066
		1 012 413 081	**897 728 855**
11.	**LOANS AND ADVANCES TO CUSTOMERS**		
	Overdrafts	348 667 428	458 584 322
	Loans	350 000 882	350 651 996
	Staff loans	46 726 016	47 755 317
	Mortgage advances	104 501	141 376
	Interest accrued	31 013 511	23 616 040
	Total gross loans and advances to customers	**776 512 338**	**880 749 051**
	Allowance for Expected Credit Loss (ECL)	(137 027 305)	(72 189 321)
	Total net loans and advances to customers	**639 485 033**	**808 559 730**
11.1	**Maturity analysis**		
	Less than 1 month	307 222 503	366 070 817
	Between 1 and 3 months	26 560 097	93 137 768
	Between 3 and 6 months	27 138 937	35 699 409
	Between 6 months and 1 year	82 256 966	49 279 688
	Between 1 and 5 years	64 555 356	72 570 657
	More than 5 years	268 778 479	263 990 712
		776 512 338	**880 749 051**

		UNAUDITED 30 JUNE 2018 US$	%	AUDITED 31 DEC 2017 US$	%
11.2	**Sectoral Analysis**				
	Private	97 172 547	13	103 321 594	12
	Agriculture	165 043 401	21	230 566 770	26
	Mining	10 177 748	1	9 217 974	1
	Manufacturing	65 516 311	8	65 240 206	7
	Distribution	103 206 901	13	80 786 353	9
	Construction	6 086 855	1	6 658 002	1
	Transport	7 849 160	1	8 300 139	1
	Communication	17 654	0	127 477	0
	Services	87 909 291	11	134 074 449	15
	Financial organisations	233 532 470	31	242 456 087	28
		776 512 338	**100**	**880 749 051**	**100**

Maturity analysis is based on the remaining period from 30 June 2018 to contractual maturity.

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 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	8 256 591	8 165 185
	Advances made during the period	75 029	702 314
	Repayments during the period	(257 160)	(610 908)
	Closing balance	**8 074 460**	**8 256 591**
	Loans to employees		
	Included in advances are loans to employees:		
	Opening balance	39 498 723	42 786 866
	Advances made during the period	1 319 353	890 640
	Repayments during the period	(2 166 519)	(4 178 783)
	Closing balance	**38 651 557**	**39 498 723**
11.4	**Allowance for Expected Credit Loss (ECL)**		
	Opening balance	72 189 321	55 631 005
	IFRS 9 opening adjustment	79 193 217	-
	Adjusted opening balance	**151 382 538**	**55 631 005**
	Charge for impairment on advances	966 301	34 038 510
	Interest in suspense	-	11 118 699
	Amounts written off during the period	(15 321 534)	(28 598 893)
	Closing balance	**137 027 305**	**72 189 321**

12. IMPAIRMENT ON FINANCIAL INSTRUMENTS

12.1 Expected credit loss expense (ECL)

The table below shows the ECL charges on financial instruments for the period recorded in the profit or loss :

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchase or Originated Credit Impaired US$	Total US$
Money market assets	608 722	–	–	–	608 722
Financial securities	14 474	–	–	–	14 474
Loans and advances to customers	3 134 823	34 654 328	(36 822 849)	–	966 302
Financial guarantees	170 623	–	–	–	170 623
Expected credit loss expense	**3 928 642**	**34 654 328**	**(36 822 849)**	**–**	**1 760 121**

12.2 Impairment allowance for Loans and receivables and held to maturity securities per IAS 39/financial assets at amortised cost under IFRS 9

	Loans loss provision under IAS 39/IAS 37 at 31 Dec 2017 USD	Re-Measurement USD	Loans loss provision ECLs under IFRS 9 at 01 Jan 2018 USD
Money market assets	-	127 692	127 692
Financial securities	-	42 693	42 693
Loans and advances to customers	72 189 321	79 193 217	151 382 538
Financial guarantees	-	182 635	182 635
	72 189 321	**79 546 237**	**151 735 558**

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
13.	**OTHER ASSETS**		
	Intercompany balances	12 519 194	28 718 284
	Land inventory	52 355 279	52 780 729
	Prepayments	1 931 251	1 340 154
	Receivables	4 833 458	6 340 144
		71 639 182	**89 179 311**
14 .	**EQUITY INVESTMENTS**		
	Investments in equity instruments	956 682	956 682
		956 682	**956 682**

15. CATEGORIES OF FINANCIAL ASSETS

	At fair value through profit or loss US$	At fair value through OCI US$	At amortised cost US$	Total carrying amoun US$
30 June 2018				
Balances with banks and cash	-	-	263 811 213	263 811 213
Money market assets	-	-	182 106 273	182 106 273
Financial securities	-	-	1 012 355 914	1 012 355 914
Loans and advances to customers	-	-	639 485 033	639 485 033
Equity investments	-	-	956 682	956 682
Other monetary assets	-	-	71 639 182	71 639 182
Total	**-**	**-**	**2 170 354 297**	**2 170 354 297**

	At fair value through profit or loss US$	Available for sale US$	Loans and receivables US$	Total carrying amount US$
31 December 2017				
Balances with banks and cash	-	-	86 762 756	86 762 756
Money market assets	-	-	30 762 625	30 762 625
FInancial securities	-	-	897 728 855	897 728 855
Loans and advances to customers	-	-	808 559 730	808 559 730
Equity investments	-	956 682	-	956 682
Other monetary assets	-	-	34 522 491	34 522 491
Total	**-**	**956 682**	**1 858 336 457**	**1 859 293 139**

15.1. Reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is as follows:

	IAS 39 measurement			Remeasurement		IFRS 9	
	Category	Amount	Re-Classification	ECL	Other	Amount	Category
Financial assets							
Balances with banks and cash	Loans & Receivables	86 762 756	-	-	-	86 762 756	AC
Money market assets	Loans & Receivables	30 762 625	-	(127 692)	-	30 634 933	AC
Financial securities	Loans & Receivables	897 728 855	-	(42 693)	-	897 686 162	AC
Loans and advances to customers	Loans & Receivables	808 559 730	-	(79 193 217)	-	729 366 513	AC
Equity investments	Available for sale	956 682	-	-	-	956 682	FVOCI
Other assets	Loans & Receivables	34 522 491	-	-	-	34 522 491	AC
Total assets		**1 859 293 139**	**-**	**(79 363 602)**	**-**	**1 779 929 537**	

Key

AC - Amortised cost
FVPL - Fair Value through Profit or Loss
FVOCI - Fair Value through Other Comprehensive Income

16. FAIR VALUE MEASUREMENT

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

	Level1		Level 2		Level 3		Total carrying amount	
	30 Jun 18 US$	31 Dec 17 US$	30 Jun 18 US$	31 Dec 17 US$	30 Jun 18 US$	31 Dec 17 US$	30 Jun 18 US$	31 Dec 17 US$
Land and Buildings	-	-	26 807 500	26 807 500	-	-	26 807 500	26 807 500
Investment properties	-	-	6 077 000	6 077 000	-	-	6 077 000	6 077 000
Total assets at fair value	**-**	**-**	**32 884 500**	**32 884 500**	**-**	**-**	**32 884 500**	**32 884 500**

17. PROPERTY AND EQUIPMENT

30 June 2018	Land US$	Buildings US$	Leasehold improvements US$	Motor vehicles US$	Computers & equipment US$	Furniture & fittings US$	Work in progress US$	Total US$
COST								
Opening balance	3 770 000	26 807 500	607 864	5 360 443	28 270 292	5 648 803	2 241 372	72 706 274
Additions	–	–	13 347	–	650 840	61 304	2 349 049	3 074 540
Revaluation reserve	–	–	–	–	–	–	–	–
Impairments	–	–	–	–	–	–	–	–
Disposals	–	–	–	(175 912)	(144 691)	(13 716)	(175 124)	(509 443)
Transfers (PPE Inter categories)	_	61 448	11 285	–	412 621	3 912	(489 266)	–
Transfers to other assets	–	–	–	–	–	–	(44 483)	(44 483)
Closing balance	**3 770 000**	**26 868 948**	**632 496**	**5 184 531**	**29 189 062**	**5 700 303**	**3 881 548**	**75 226 888**
ACCUMULATED DEPRECIATION								
Opening balance	–	–	406 109	3 786 384	16 110 893	2 653 307	–	22 956 693
Charge for the period	–	935 034	29 202	426 106	1 861 734	297 047	–	3 549 123
Disposals	–	–	–	(145 619)	(129 285)	(8 238)	–	(283 142)
Revaluation	–	–	–	–	–	–	–	–
Impairments	–	–	–	–	–	–	–	–
Closing balance	**–**	**935 034**	**435 311**	**4 066 871**	**17 843 342**	**2 942 116**	**–**	**26 222 674**
Net book value	**3 770 000**	**25 933 914**	**197 185**	**1 117 661**	**11 345 722**	**2 758 186**	**3 881 548**	**49 004 214**

31 December 2017	Land US$	Buildings US$	Leasehold improvements US$	Motor vehicles US$	Computers & equipment US$	Furniture & fittings US$	Work in progress US$	Total US$
COST								
Opening balance	3 770 000	27 029 500	602 917	5 193 433	23 830 994	5 543 623	4 065 882	70 036 349
Additions	–	24 178	4 947	77 660	2 922 942	140 571	1 093 814	4 264 112
Revaluation reserve	–	(361 821)	–	–	–	–	–	(361 821)
Impairments	–	(1 171)	–	–	–	–	–	(1 171)
Disposals	–	–	–	–	(174 142)	(41 503)	(159 469)	(375 114)
Write–offs	–	–	–	–	–	–	(142 705)	(142 705)
Transfers to non PPE assets	–	–	–	–	–	–	(713 376)	(713 376)
Transfers		116 814	–	89 350	1 690 498	6 112	(1 902 774)	–
Closing balance	**3 770 000**	**26 807 500**	**607 864**	**5 360 443**	**28 270 292**	**5 648 803**	**2 241 372**	**72 706 274**
ACCUMULATED DEPRECIATION								
Opening balance	–	–	347 495	3 068 721	13 053 675	2 171 636	–	18 641 527
Charge for the year	–	1 734 354	58 614	717 664	3 208 862	502 854	–	6 222 348
Disposals	–	–	–	–	(151 644)	(21 183)	–	(172 827)
Revaluation	–	(1 733 423)	–	–	–	–	–	(1 733 423)
Impairments	–	(931)	–	–	–	–	–	(931)
Closing balance	**–**	**–**	**406 109**	**3 786 385**	**16 110 893**	**2 653 307**	**–**	**22 956 694**
Net book value	**3 770 000**	**26 807 500**	**201 755**	**1 574 058**	**15 154 895**	**–**	**2 241 372**	**49 749 580**

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2017 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The revaluation of land and buildings entailed the following:

In determining the market values of the subject properties, the following was considered:

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

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

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

Adjustments were made to the following aspects:

- Age of property - state of repair and maintenance
- Aesthetic quality - quality of fixtures and fittings
- Structural condition - location
- Accommodation offered - size of land The maximum useful lives of property and equipment are as follows:

    - 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$20 804 666 (December 2017: US$20 804 666) had they been carried at cost.

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

18 . INVESTMENT PROPERTIES

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Opening balance	6 077 000	7 397 000
Fair value adjustment	-	530 000
Transfer from property and equipment	-	-
Additions	-	-
Disposal	-	(1 850 000)
Closing balance	**6 077 000**	**6 077 000**

Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2017 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.

If the fair value adjustment had been 5% up or down, the Bank's profit would have been $26 500 higher or lower and the Statement of Financial Position would have been $nil higher or lower than the reported position.

The rental income derived from investments properties amounted to US$372 186 with direct operating expenses amounting to US$19 911 .

19 . INTANGIBLE ASSETS

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
At cost	5 417 070	5 417 069
Accumulated amortisation and impairment	(3 889 682)	(3 307 540)
	1 527 388	**2 109 529**
Movement in intangible asset		
Opening balance	2 109 529	2 123 872
Additions	-	255 190
Transfers from property and equipment	-	713 376
Amortisation charge	(582 141)	(982 909)
Closing balance	**1 527 388**	**2 109 529**

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

20. 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.

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
The deferred tax included in the statement of financial position are comprised of:		
Assessed losses	5 723 171	-
Credit loss provisions	29 505 369	18 588 750
Intangible assets	(87 432)	(22 053)
Prepayments	-	(867 714)
Property and equipment	(5 829 985)	(5 518 121)
Tax claimable impairments	6 318 604	5 396 450
Investment properties	(358 974)	(366 105)
Other	748 241	2 209 126
Closing balance	**36 018 994**	**19 420 333**

21. DEPOSITS

Call deposits	39 693 585	18 095 584
Savings and other deposits	1 569 465 455	1 247 842 956
Money market deposits	432 651 085	455 220 331
Lines of credit	38 609 395	65 551 023
Accrued interest	3 449 690	4 671 006
	2 083 869 210	**1 791 380 900**
Deposits by type		
Retail	216 487 011	190 258 096
Corporate	1 342 558 749	1 076 861 253
Money market	483 738 965	457 613 157
Lines of credit	41 084 485	66 648 394
	2 083 869 210	**1 791 380 900**

Lines of credit relate to borrowings from foreign banks or financial institutions. These have an average tenure of 2.4 years with an average interest rate of 7.6 % and are secured by a variety of instruments which include liens over bank accounts, guarantees, treasury bills and sub borrower securities.

	UNAUDITED 30 JUNE 2018 US$	%	AUDITED 31 DEC 2017 US$	%
Sectoral analysis				
Private	107 303 800	5	92 802 832	5
Agriculture	80 638 736	4	65 554 371	4
Mining	24 350 206	1	19 795 231	1
Manufacturing	198 724 665	10	162 736 388	9
Distribution	310 350 412	15	361 230 921	20
Construction	57 044 811	3	46 373 949	3
Transport	39 001 832	2	31 706 109	2
Communication	64 953 382	3	41 318 322	2
Services	927 034 167	44	654 986 678	37
Financial organisations	202 956 251	10	294 003 987	16
Investment organisations	71 510 948	3	20 872 112	1
	2 083 869 210	**100**	**1 791 380 900**	**100**

	UNAUDITED 30 JUNE 2018 US$	AUDITED 30 DEC 2017 US$
Maturity analysis		
Less than one month	1 795 313 959	1 400 476 166
Between 1 and 3 months	165 974 216	209 895 433
Between 3 and 6 months	40 579 885	104 566 539
Between 6 months and 1 year	27 076 301	22 525 702
Between 1 and 5 years	35 632 469	39 436 132
More than 5 years	19 292 380	14 480 928
	2 083 869 210	**1 791 380 900**

Maturity analysis is based on the remaining period from 30 June 2018 to contractual maturity.

22. OTHER LIABILITIES

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Revenue received in advance	2 085 467	1 923 814
Sundry creditors	5 067 960	6 093 465
Accruals	19 209 311	-
Other suspense accounts	2 723 133	4 008 111
Total other liabilities	**29 085 871**	**12 025 390**

23. CATEGORIES OF FINANCIAL LIABILITIES

The Bank's financial liabilities are carried at amortised cost	29 085 871	12 025 390

24. SHARE CAPITAL

Authorised		
600 000 000 ordinary shares of $0.01 each	6 000 000	6 000 000
Issued and fully paid		
511 817 951 ordinary shares of $0.01 each	5 118 180	5 118 180

24.1 Share premium

Opening balance	16 721 711	16 721 711
Closing balance	**16 721 711**	**16 721 711**

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
24.2 Revaluation reserve		
Opening balance	12 397 399	11 378 985
Revaluation adjustments made during the year	-	1 371 602
Deferred tax	-	(353 188)
Closing balance	**12 397 399**	**12 397 399**
24.3 Revenue reserve		
Opening balance	153 875 555	133 410 604
Impact of adopting IFRS 9	(59 087 018)	-
Total change in equity due to adopting IFRS 9	**94 788 537**	**133 410 604**
Profit for the year	31 965 431	25 414 951
Dividend paid	(5 440 000)	(4 950 000)
Closing balance	**121 313 968**	**153 875 555**

24.3.1 Revenue reserve

The impact of transition to IFRS 9 on reserves and retained earnings is, as follows:

Recognition of expected credit losses unr IFRS 9 for financial assets	79 546 237	-
Deferred tax in relation to the above	(20 459 219)	-
Total change in equity due to adopting IFRS 9 (01 Janaury 2018)	**59 087 018**	**-**

25. RELATED PARTY DISCLOSURES

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

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

(a) Loans and advances to Directors' companies

	Gross limits US$	Utilised limits US$	Value of security US$
Unaudited 30 June 2018			
Loans to entities related to directors	1 492 000	1 387 388	1 393 000
31 December 2017			
Loans to entities related to directors	1 290 000	1 258 060	1 828 900

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 2018 US$	AUDITED 31 DEC 2017 US$
(i)	**Transactions with Directors' companies:**		
	Interest income earned on loans		
	and advances to directors and other related parties	132 367	231 517
	Commission and fee income	773	3 301
		133 140	234 818
(b)	**Deposits from directors and key management personnel:**		
	Closing balance	36 858	38 864
	Interest expense on deposits from directors and		
	key management personnel	91	27
(c)	**Balances with group companies:**		
	Amounts due from group companies	17 696 597	32 743 108
	Deposits held for group companies	15 975 667	17 116 883
(i)	**Transactions with group companies:**		
	Interest income on amounts due from group companies	923 892	3 228 278
	Interest expense on amounts due to group companies	409 231	703 520
	Non interest income from group companies	188 230	381 535
	Costs charged by group companies	2 116 007	7 013 814

The loans to directors' companies above include companies directly owned or significantly influenced by executive and non executive directors and/or their close family members. The loans above are provided at commercial terms with interest rates ranging from 10% to 12% and a tenure ranging from 1 month to1 year 5 months. The loans to directors and key management personnel are shown in note 11.3.

Terms and conditions on Intercompany balances and deposits from Directors are applied on commercial basis.

26. RISK MANAGEMENT

26.1 Risk overview

CBZ Bank Limited has continued to be guided by a desire to uphold a "High Risk Management and Compliance Culture" as one of its major strategic thrusts which is embedded under clearly defined risk appetite in terms of the various key risk exposures. This approach has given direction to the Bank's overall strategic planning and policies. Through the CBZ 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.

26.2 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.

26.3 Credit risk

26.3.1 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 2018 US$	AUDITED 31 DEC 2017 US$
Balances with banks	256 811 481	77 777 456
Money market assets	182 106 273	30 762 625
Financial securities	1 012 355 914	897 728 855
Loans and advances to customers	639 485 033	808 559 730
Other assets	19 283 902	34 522 491
Total	**2 110 042 603**	**1 849 351 157**
Guarantees	13 435 297	8 246 115
Capital commitments	2 550 779	1 206 141
	15 986 076	**9 452 256**

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$256 811 481 (excluding notes and coins) as at 30 June 2018 (31 Dec 2017:US$77 777 456), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank and foreign banks.

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

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$	AUDITED 31 DEC 2017 US$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	97 172 547	13 409 942	103 321 594	9 241 672
Agriculture	165 043 401	37 905 243	230 566 770	42 993 530
Mining	10 177 748	1 146 890	9 217 974	1 300 845
Manufacturing	65 516 311	19 036 186	65 240 206	21 591 547
Distribution	103 206 901	23 795 670	80 786 353	26 989 930
Construction	6 086 855	1 451 771	6 658 002	1 646 652
Transport	7 849 160	1 959 493	8 300 139	2 222 530
Communication	17 654	-	127 477	-
Services	87 909 291	5 953 204	134 074 449	6 752 345
Financial organisations	233 532 470	217 991 989	242 456 087	-
Total	**776 512 338**	**322 650 388**	**880 749 051**	**112 739 051**

Collateral analysis

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Cash cover	2 503 525	2 430 371
Mortgage bonds	647 856 996	768 010 000
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc.	342 092 961	760 471 798
	992 453 482	**1 530 912 169**

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:

27. Credit quality per class of financial assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and half year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Bank's internal grading system are explained in Note 36.3.1 of the Group's results.

a. Loans and advances to customers
(i) Impairment allowance for loans and advances to customers

		Unaudited 30 June 2018					Audited 31 Dec 2017
	SRS Rating	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchased or Originated Credit Impaired (POCI) US$	Total US$	Total US$
Internal rating grade							
Performing	"1 - 3c"	402 356 325	58 679 745	-	-	461 036 070	449 056 560
Special mention	"4a - 7c"	48 156 032	191 134 868	-	-	239 290 900	244 479 122
Non performing	"8 - 10"	-	-	76 185 368	-	76 185 368	187 213 369
Total		**450 512 357**	**249 814 613**	**76 185 368**	**-**	**776 512 338**	**880 749 051**

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Gross carrying amount as at 1 January 2018	449 056 560	244 479 122	187 213 369	880 749 051
New assets originated or purchased	195 741 631	10 893 849	53 408	206 688 888
Transfers from Stage 1	(27 199 788)	26 935 011	264 777	-
Transfers from Stage 2	8 383 222	(17 597 375)	9 214 153	-
Transfers from Stage 3	-	63 476 747	(63 476 747)	-
Repayments during the period	(175 469 268)	(78 372 741)	(53 502 410)	(307 344 419)
Amounts written off	-	-	(3 581 182)	(3 581 182)
Gross loans and advances to customers at 30 June 2018	**450 512 357**	**249 814 613**	**76 185 368**	**776 512 338**
ECL allowance at 30 June 2018	(9 448 186)	(97 795 748)	(29 783 371)	(137 027 305)
Net loans and advances to customers at 30 June 2018	**441 064 171**	**152 018 865**	**46 401 997**	**639 485 033**

b. Financial Securities
(i). Impairment allowance for financial securities

		Unaudited 30 June 2018					Audited 31 Dec 2017
	SRS Rating	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchased or Originated Credit Impaired (POCI) US$	Total US$	Total US$
Internal rating grade							
Performing	"1 - 3c"	1 012 413 081	-	-	-	1 012 413 081	897 728 855
Total		**1 012 413 081**	**-**	**-**	**-**	**1 012 413 081**	**897 728 855**

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Gross carrying amount as at 1 January 2018	897 728 855	-	-	897 728 855
New assets originated or purchased	156 709 566	-	-	156 709 566
Maturities during the period	(42 025 340)	-	-	(42 025 340)
At 30 June 2018	**1 012 413 081**	**-**	**-**	**1 012 413 081**

	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
ECL allowance as at 1 January 2018 under IFRS 9	42 693	-	-	42 693
New assets originated or purchased	16 458	-	-	16 458
Relatng to maturities during the period	(1 984)	-	-	(1 984)
At 30 June 2018	**57 167**	**-**	**-**	**57 167**

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

		Unaudited 30 June 2018					Audited 31 Dec 2017
	SRS Rating	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchased or Originated Credit Impaired (POCI) US$	Total US$	Total US$
Internal rating grade							
Performing	"1 - 3c"	182 842 687	-	-	-	182 842 687	30 762 625
Total		**182 842 687**	**-**	**-**	**-**	**182 842 687**	**30 762 625**

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Gross carrying amount as at 1 January 2018	30 762 625	-	-	30 762 625
New assets originated or purchased	158 680 062	-	-	158 680 062
Maturities during the period	(6 000 000)	-	-	(6 000 000)
At 30 June 2018	**183 442 687**	**-**	**-**	**183 442 687**

	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
ECL allowance as at 1 January 2018 under IFRS 9	127 692	-	-	127 692
New assets originated or purchased	736 414	-	-	736 414
Relating to maturities during the period	(127 692)	-	-	(127 692)
At 30 June 2018	**736 414**	**-**	**-**	**736 414**

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

		Unaudited 30 June 2018					Audited 31 Dec 2017
	SRS Rating	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchased or Originated Credit Impaired (POCI) US$	Total US$	Total US$
Internal rating grade							
Performing	"1 - 3c"	9 622 584	-	-	-	9 622 584	5 862 370
Special mention	"4a - 7c"	3 812 713	-	-	-	3 812 713	2 383 744
Total		**13 435 297**	**-**	**-**	**-**	**13 435 297**	**8 246 114**

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

	Stage 1 US$	Stage 2 US$	Stage 3 US$	Total US$
Gross carrying amount as at 1 January 2018	8 246 114	-	-	8 246 114
New assets originated or purchased (excluding write offs)	7 332 308	-	-	7 332 308
Guarantees expired during the period	(2 143 125)	-	-	(2 143 125)
At 30 June 2018	**13 435 297**	**-**	**-**	**13 435 297**

	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
ECL allowance as at 1 January 2018 under IFRS 9	182 635	-	-	182 635
New assets originated or purchased	242 121	-	-	242 121
Relating to guarantees expired during the period	(71 498)	-	-	(71 498)
At 30 June 2018	**353 258**	**-**	**-**	**353 258**

28. 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.

28.1 Contractual Liquidity Gap Analysis

UNAUDITED 30 JUNE 2018	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$
Assets							
Balances with banks and cash	263 811 213	-	-	-	-	-	263 811 213
Money market assets	68 056 273	6 000 000	-	108 050 000	-	-	182 106 273
Financial securities	20 594 007	12 796 300	25 953 145	77 503 479	212 269 484	663 239 499	1 012 355 914
Loans and advances to customers	253 008 461	21 873 167	22 349 862	67 741 486	53 163 591	221 348 466	639 485 033
Financial guarantees	45 623	2 425 083	110 000	9 419 976	1 434 615	-	13 435 297
Current tax receivable	-	5 524 446	-	-	-	-	5 524 446
Other assets	-	12 519 194	-	-	-	-	12 519 194
Total assets	**605 515 577**	**61 138 190**	**48 413 007**	**262 714 941**	**266 867 690**	**884 587 965**	**2 129 237 370**
Liabilities							
Deposits	1 795 313 959	165 974 216	40 579 885	27 076 300	35 632 469	19 292 381	2 083 869 210
Other liabilities	-	29 085 871	-	-	-	-	29 085 871
Financial guarantees	45 623	2 425 083	110 000	9 419 976	1 434 615	-	13 435 297
Capital commitments contracted for	-	-	-	2 550 778	-	-	2 550 778
Total liabilities	**1 795 359 582**	**197 485 170**	**40 689 885**	**39 047 054**	**37 067 084**	**19 292 381**	**2 128 941 156**
Liquidity gap	**(1 189 844 005)**	**(136 346 980)**	**7 723 122**	**223 667 887**	**229 800 606**	**865 295 584**	**296 214**
Cumulative liquidity gap	**(1 189 844 005)**	**(1 326 190 985)**	**(1 318 467 863)**	**(1 094 799 976)**	**(864 999 370)**	**296 214**	**296 214**

AUDITED 31 DECEMBER 2017	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$
Balances with banks and cash	86 762 756	-	-	-	-	-	86 762 756
Money market assets	3 000 250	3 604 000	-	24 158 375	-	-	30 762 625
Financial securities	-	26 649 412	5 678 424	38 007 224	230 592 729	596 801 066	897 728 855
Advances	336 066 352	85 503 866	32 773 360	45 240 550	66 622 509	242 353 093	808 559 730
Other assets	-	34 423 142	-	-	-	-	34 423 142
Financial guarantees	79 719	900 404	2 559 000	4 302 394	404 598	-	8 246 115
Current tax receivable	-	212 734	-	-	-	-	212 734
Total assets	**425 909 077**	**151 293 558**	**41 010 784**	**111 708 543**	**297 619 836**	**839 154 159**	**1 866 695 957**
Liabilities							
Deposits	1 400 476 166	209 895 433	104 566 540	22 525 703	39 436 133	14 480 925	1 791 380 900
Other liabilities	-	12 025 390	-	-	-	-	12 025 390
Financial guarantees	79 719	900 404	2 559 000	4 302 394	404 598	-	8 246 115
Capital commitments contracted for	-	-	-	1 206 141	-	-	1 206 141
Total liabilities	**1 400 555 885**	**222 821 227**	**107 125 540**	**28 034 238**	**39 840 731**	**14 480 925**	**1 812 858 546**
Liquidity gap	**(974 646 808)**	**(71 527 669)**	**(66 114 756)**	**83 674 305**	**257 779 105**	**824 673 234**	**53 837 411**
Cumulative liquidity gap	**(974 646 808)**	**(1 046 174 477)**	**(1 112 289 233)**	**(1 028 614 928)**	**(770 835 823)**	**53 837 411**	**53 837 411**

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

The Bank carries out static statement of financial position analysis to track statement of financial position growth drivers, the pattern of core banking deposits, statement of financial position structure, levels and direction of the Bank's maturity mismatch and related funding or liquidity gap. The Asset and Liability Management Committee (ALCO) comes up with strategies through its monthly meetings to manage these liquidity gaps.
/566526/9

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

	%
At 30 June 2018	65.27
At 31 December 2017	43.42
Average for the year	49.96
Maximum for the year	65.27
Minimum for the year	41.32

29. 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:

29.1 Interest rate repricing and gap analysis

UNAUDITED 30 JUNE 2018	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	256 811 480	-	-	-	-	-	6 999 733	263 811 213
Money market assets	68 056 273	6 000 000	-	108 050 000	-	-	-	182 106 273
Financial securities	20 594 007	12 796 300	25 953 145	77 503 479	212 269 484	663 239 499	-	1 012 355 914
Loans & advances to customers	253 008 461	21 873 167	22 349 862	67 741 486	53 163 591	221 348 466	-	639 485 033
Other assets	-	12 519 194	-	-	-	-	59 119 988	71 639 182
Equity investments	-	-	-	-	-	-	956 682	956 682
Investment property	-	-	-	-	-	-	6 077 000	6 077 000
Property and equipement	-	-	-	-	-	-	49 004 214	49 004 214
Intangible assets	-	-	-	-	-	-	1 527 388	1 527 388
Deffered tax	-	-	-	-	-	-	36 018 214	36 018 214
Current tax receivable	-	5 524 446	-	-	-	-	-	5 524 446
Total assets	**598 470 221**	**58 713 107**	**48 303 007**	**253 294 965**	**265 433 075**	**884 587 965**	**159 703 999**	**2 268 506 339**
Equity and liabilities								
Deposits	1 795 313 959	165 974 216	40 579 885	27 076 300	35 632 469	19 292 381	-	2 083 869 210
Other liabilities	-	-	-	-	-	-	29 085 871	29 085 871
Equity and reserves	-	-	-	-	-	-	155 551 258	155 551 258
Total liabilities,equity & reserves	**1 795 313 959**	**165 974 216**	**40 579 885**	**27 076 300**	**35 632 469**	**19 292 381**	**184 637 129**	**2 268 506 339**
Interest rate repricing gap	**(1 196 843 738)**	**(107 261 109)**	**7 723 122**	**226 218 665**	**229 800 606**	**865 295 584**	**(24 933 130)**	**-**
Cumulative gap	**(1 196 843 738)**	**(1 304 104 847)**	**(1 296 381 725)**	**(1 070 163 060)**	**(840 362 454)**	**24 933 130**	**-**	**-**

AUDITED 31 DECEMBER 2017	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	3 990 623	-	-	-	-	-	82 772 133	86 762 756
Money market assets	3 000 250	3 604 000	-	24 158 375	-	-	-	30 762 625
Financial securities	-	26 649 412	5 678 424	38 007 224	230 592 729	596 801 066	-	897 728 855
Loans & advances to customers	336 066 352	85 503 866	32 773 360	45 240 550	66 622 509	242 353 093	-	808 559 730
Other assets	-	28 718 284	-	-	-	-	60 461 027	89 179 311
Equity investments	-	-	-	-	-		956 682	956 682
Investment property	-	-	-	-	-	-	6 077 000	6 077 000
Property and equipement	-	-	-	-	-	-	49 749 580	49 749 580
Intangible assets	-	-	-	-	-	-	2 109 529	2 109 529
Deffered tax	-	-	-	-	-	-	19 420 333	19 420 333
Current tax receivable	-	-	-	-	-	-	212 734	212 734
Total assets	**343 057 225**	**144 475 562**	**38 451 784**	**107 406 149**	**297 215 238**	**839 154 159**	**221 759 018**	**1 991 519 135**
Equity and liabilities								
Deposits	1 400 476 166	209 895 433	104 566 540	22 525 703	39 436 133	14 480 925	-	1 791 380 900
Other liabilities	-	-	-	-	-	-	12 025 390	12 025 390
Equity and reserves	-	-	-	-	-	-	188 112 845	188 112 845
Total liabilities,equity and reserves	**1 400 476 166**	**209 895 433**	**104 566 540**	**22 525 703**	**39 436 133**	**14 480 925**	**200 138 235**	**1 991 519 135**
Interest rate repricing gap	**(1 057 418 941)**	**(65 419 871)**	**(66 114 756)**	**84 880 446**	**257 779 105**	**824 673234**	**21 620 783**	**-**
Cumulative gap	**(1 057 418 941)**	**(1 122 838 812)**	**(1 188 953 568)**	**(1 104 073 122)**	**(846 294 017)**	**(21 620 783)**	**-**	**-**

30 Foreign exchange risk

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

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

At 30 June 2018, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the year would have been US$223 481 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 2018 is as below:

FOREIGN CURRENCY POSITION

Foreign currency position as at 30 June 2018

Position expressed in US$	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	263 811 213	259 069 790	3 378 461	271 733	917 544	173 685
Money market assets	182 106 273	182 106 273	–	–	–	–
Financial securities	1 012 355 914	1 012 355 914	–	–	–	–
Loans and advances to customers	639 485 033	631 616 979	64 741	1 678	7 800 562	1 073
Other assets	71 639 182	71 185 594	350 129	44 880	58 084	495
Equity Investments	956 682	812 781	–	–	143 901	–
Investment properties	6 077 000	6 077 000	–	–	–	–
Property and equipment	49 004 214	49 004 214	–	–	–	–
Deferred taxation	30 295 823	30 295 823	–	–	–	–
Intangible assets	1 527 388	1 527 388	–	–	–	–
Current tax receivable	11 247 617	11 247 617	–	–	–	–
Total assets	**2 268 506 339**	**2 255 699 373**	**3 793 331**	**318 291**	**8 920 091**	**175 253**
Equity and liabilities						
Deposits	2 083 869 210	2 073 541 256	2 190 180	124 978	7 769 825	242 972
Other liabilities	29 085 872	28 968 786	27 382	37 745	51 639	320
Equity and reserves	155 551 257	155 551 257	–	–	–	–
Total equity and liabilities	**2 268 506 339**	**2 258 061 299**	**2 217 562**	**162 723**	**7 821 464**	**243 292**

Foreign currency position as at 31 December 2017

Position expressed in US$	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	86 762 756	82 728 120	3 734 689	68 362	94 200	137 385
Money market assets	30 762 625	30 762 625	–	–	–	–
Financial securities	897 728 855	897 728 855	–	–	–	–
Loans and advances to customers	808 559 730	798 464 937	55 693	258 977	9 779 345	778
Other assets	89 179 311	88 304 125	283 318	62 549	529 319	–
Equity investments	956 682	812 781	–	–	143 901	–
Investment properties	6 077 000	6 077 000	–	–	–	–
Property and equipment	49 749 580	49 749 580	–	–	–	–
Deferred taxation	19 420 333	19 420 333	–	–	–	–
Intangible assets	2 109 529	2 109 529	–	–	–	–
Current tax receivable	212 734	212 734	–	–	–	–
Total assets	**1 991 519 135**	**1 976 370 619**	**4 073 700**	**389 888**	**10 546 765**	**138 163**
Equity and liabilities						
Deposits	1 791 380 900	1778 933 675	2 334 777	145 421	9 787 096	179 931
Other liabilities	12 025 390	11 982 571	11 415	21 313	9 785	306
Equity and reserves	188 112 845	188 112 845	–	–	–	–
Total equity and liabilities	**1 991 519 135**	**1 979 029 091**	**2 346 192**	**166 734**	**9 796 881**	**180 237**

Foreign currency position as at 30 June 2018

Underlying currency

	ZAR	GBP	EUR	Other foreign currencies in US$
Assets				
Balances with banks and cash	46 289 982	207 288	788 268	173 685
Loans and advances to customers	887 044	1 280	6 701 513	1 073
Other assets	4 797 293	34 236	49 900	495
Equity investments	-	-	123 626	-
Total assets	**51 974 319**	**242 804**	**7 663 307**	**175 253**
Liabilities				
Deposits	30 008 749	95 337	6 675 107	242 972
Other liabilities	1 998	28 793	44 364	320
Total liabilities	**30 010 747**	**124 130**	**6 719 471**	**243 292**
Net position	**21 963 572**	**118 674**	**943 836**	**(68 039)**

Foreign currency position as at 31 December 2017

Underlying currency

	ZAR	GBP	EUR	Other foreign currencies in US$
Assets				
Balances with banks and cash	46 289 976	50 770	78 789	137 385
Loans and advances to customers	690 293	192 334	8 179 444	778
Other assets	3 511 608	46 453	442 723	-
Equity investments	-	-	120 359	-
Total assets	**50 491 877**	**289 557**	**8 821 315**	**138 163**
Liabilities				
Deposits	28 938 631	107 999	8 185 928	179 931
Other liabilities	141 486	15 829	8 184	306
Total liabilities	**29 080 117**	**123 828**	**8 194 112**	**180 237**
Net position	**21 411 760**	**165 729**	**627 203**	**(42 074)**

31 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.

31.1 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.

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

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

31.3 Regulatory risk
Regulatory risk is defined as the failure to comply with applicable laws and regulations or supervisory requirements, or the exclusion of provisions of relevant regulatory requirements out of operational procedures. This risk is managed and mitigated through the 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's 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.

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

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

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

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

31.6 Risk and Credit Ratings

31.6.1 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.

31.6.2 Reserve Bank of Zimbabwe Ratings

CAMELS RATING MATRIX - 30 JUNE 2017 RBZ ONSITE EXAMINATION

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

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

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

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

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

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
Risk weighted assets	**734 571 687**	**740 090 523**
Total qualifying capital	**148 986 030**	**180 285 924**
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	16 721 711	16 721 711
Revenue reserves	121 313 968	153 875 556
Exposures to insiders	(15 747 374)	(17 078 054)
Deferred tax asset	(30 295 823)	(19 420 333)
Total core capital	**97 110 662**	**139 217 060**
Less transfer to Tier 3	(20 747 305)	(20 701 028)
	76 363 357	**118 516 032**
Tier 2		
Revaluation reserve	12 397 399	12 397 399
General provisions	9 182 146	9 251 132
Deferred tax asset	30 295 823	19 420 333
	51 875 368	**41 068 864**
Tier 3		
Capital allocated for market risk	205 038	158 762
Capital allocated to operations risk	20 542 266	20 542 266
	20 747 304	**20 701 028**
Capital adequacy	**20.28%**	**24.36%**
-Tier 1	10.40%	16.01%
-Tier 2	7.06%	5.55%
-Tier 3	2.82%	2.80%

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%.

33. CONTINGENCIES AND COMMITMENT

33.1 Compliance matter

CBZ Bank Limited is co-operating in ongoing investigations by the Office of Foreign Asset Contol (OFAC) regarding historical transactions involving a party that was subject to OFAC economic sanctions. Based on the facts currently known, it is not practicable at this time for CBZ Bank to determine the terms on which the ongoing investigations will be resolved, or the timing of such resolution, or for CBZ Bank to estimate reliably the amounts or range of possible amounts of any fines and / or penalties which could be significant.

34. CORPORATE GOVERNANCE STATEMENT

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

35. DISCLOSURE POLICY

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

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

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

CBZ LIFE

Partners For Success

UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2018**

BANKING | INSURANCE | ASSET MANAGEMENT | PROPERTY INVESTMENT | MORTGAGE FINANCE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2018

	Notes	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
Gross written premium		5 612 290	4 809 444
Reinsurance premium		(207 956)	(272 148)
Net written premium		**5 404 334**	**4 537 296**
Unearned premium movement	12.1	(156 051)	226 607
Net earned premium		**5 248 283**	**4 763 903**
Net commission	2	(511 697)	(551 581)
Net claims	3	(1 582 230)	(1 655 143)
Technical profit		**3 154 356**	**2 557 179**
Operating expenditure	4	(1 454 068)	(1 473 334)
Underwriting profit		**1 700 288**	**1 083 845**
Other income	5	371 910	424 259
Profit before taxation		**2 072 198**	**1 508 104**
Taxation	6	(5 483)	(14 882)
Profit for the period		**2 066 715**	**1 493 222**
Other comprehensive income		-	-
Total comprehensive income		**2 066 715**	**1 493 222**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
ASSETS			
Current assets			
Cash and cash equivalents	7	1 001 886	3 772 617
Money market assets	8	11 948 073	11 180 856
Financial securities		3 349 519	1 785 703
Equity investments		768 677	897 799
Insurance contract assets	9	626 474	613 801
Other receivables		385 671	315 533
Current tax receivables		8 134	9 779
		18 088 434	**18 576 088**
Non-current assets			
Intangible assets	10	313 632	384 705
Property and equipment	11	1 971 347	847 251
Investment properties		4 223 497	3 389 889
		6 508 476	**4 621 845**
TOTAL ASSETS		**24 596 910**	**23 197 933**
EQUITY AND LIABILITIES			
Liabilities			
Life fund	12	1 615 886	1 465 928
Investment contract liabilities	13	2 047 649	1 806 934
Other payables	14	2 080 126	2 210 493
		5 743 661	**5 483 355**
Equity			
Share capital	15	2	2
Share premium		1 388 012	1 388 012
Revenue reserves		17 465 235	16 326 564
		18 853 249	**17 714 578**
TOTAL EQUITY AND LIABILITIES		**24 596 910**	**23 197 933**

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2018

	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 2018				
Opening balance	2	1 388 012	16 326 564	17 714 578
Total comprehensive income	-	-	2 066 715	2 066 715
Dividend paid			(928 044)	(928 044)
Closing balance	**2**	**1 388 012**	**17 465 235**	**18 853 249**

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**2 072 198**	**1 508 104**
Non cash items:		
Depreciation	39 036	43 790
Amortisation	71 073	96 090
Impairment of other assets	1 219	-
Unearned premium movement	156 051	(226 607)
Claims incurred but not reported	(6 093)	18 911
Fair value adjustment on financial instruments	802	(28 220)
Deferred commission movement	2 753	116 921
Operating profit before changes in operating assets and liabilities	**2 337 039**	**1 528 989**
Changes in operating assets and liabilities		
Financial securities	(1 563 816)	-
Other receivables	(71 357)	(114 139)
Insurance contract assets	(15 426)	217 808
Other payables	(130 367)	(278 540)
Money market assets	(767 217)	(1 187 326)
Life assurance investment contract liabilities	240 715	137 964
	(2 307 468)	**(1 224 233)**
Corporate tax paid	(3 838)	(745)
Net cash inflow from operating activities	**25 733**	**304 011**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1 163 132)	(1 537)
Purchase of intangible assets	-	(6 298)
Purchase of investment properties	(833 608)	-
Purchase of equity investments	128 320	(147 366)
Net cash outflow from investing activities	**(1 868 420)**	**(155 201)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(928 044)	(843 676)
Net cash outflow from financing activites	**(928 044)**	**(843 676)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(2 770 731)**	**(694 866)**
Cash and cash equivalents at the beginning of the period	3 772 617	2 091 351
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**1 001 886**	**1 396 485**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2018

1. INCORPORATION AND ACTIVITES

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

		UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
3.	**NET COMMISSION**		
	Commission paid	572 917	501 228
	Commission received	(63 973)	(66 568)
	Deferred acquistion cost	2 753	116 921
		511 697	**551 581**
3.	**NET CLAIMS**		
	Gross claims paid	997 957	1 811 623
	Claims received from reinsurance	(21 875)	(175 391)
	Incurred but not reported provision movement	(6 093)	18 911
	Gross outstanding claims	612 241	-
		1 582 230	**1 655 143**
4.	**OPERATING EXPENDITURE**		
	Administration expenses	852 435	633 236
	Management fees	-	109 831
	Audit fees	7 372	14 315
	Depreciation	39 036	43 790
	Impairment of other assets	1 219	-
	Amortisation of intangible assets	71 073	96 090
	Staff costs	482 933	576 072
		1 454 068	**1 473 334**
	Directors' remuneration (included in staff costs)		
	Fees for services as Directors	18 599	20 684
	Pension for past and present directors	17 550	17 550
	Salaries and other benefits	313 063	267 739
		349 212	**305 973**
5.	**OTHER INCOME**		
	Short term money market interest	320 237	400 035
	interest from tranding securites	36 517	-
	Interest on bank balances	-	497
	Other operating income/ (loss)	15 958	(4 493)
	Fair value adjustments on financial instruments	(802)	28 220
		371 910	**424 259**
6.	**TAXATION**		
	The following constitutes the major components of tax expense recognised in the statement of comprehensive income.		
	Current income tax	**5 483**	**14 882**
6.1	**TAX RATE RECONCILIATION**	**%**	**%**
	Notional tax	25.00	25.00
	Aids levy	0.75	0.75
	Permanent differences	-	-
	Exempt income	(25.49)	(24.76)
	Effective tax rate	**0.26**	**0.99**

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
7.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank	1 001 886	3 772 617
8.	**INVESTMENTS**		
8.1	**Money market assets:**		
	Loans and receivables	11 948 073	11 180 856
8.2	**Maturity analysis**		
	Less than 3 month	8 192 306	8 735 320
	Between 3 months and 6 months	1 615 662	167 255
	Between 6 months and 1 year	2 140 105	2 278 281
		11 948 073	**11 180 856**
9.	**INSURANCE CONTRACTS ASSETS**		
	Reinsurance unearned premium reserve	47 457	2 803
	Reinsurance receivables	13 491	-
	Deferred acquisition costs	175 074	177 827
	Premium receivables	433 369	491 114
	Suspended premium	(42 917)	(57 943)
		626 474	**613 801**
10.	**INTANGIBLE ASSETS**		
	Computer Software		
	Cost		
	Opening balance	882 107	886 115
	Additions	-	10 070
	Impairment	-	(14 078)
	Closing balance	**882 107**	**882 107**
	Amortisation		
	Opening balance	497 402	328 550
	Charge for the period	71 073	168 852
	Closing balance	**568 475**	**497 402**
	Carrying amount at end of the period	**313 632**	**384 705**

11. PROPERTY AND EQUIPMENT

	Motor vehicles US$	Computers, furniture and other equipment US$	Work in Progress	Unaudited 30 June 2018 US$	Audited 31 Dec 2017 US$
Cost					
Opening balance	138 879	439 189	663 133	1 241 201	566 981
Additions	–	–	1 163 132	1 163 132	688 384
Write–offs	–	–	–	–	(14 164)
Closing balance	**138 879**	**439 189**	**1 826 265**	**2 404 333**	**1 241 201**
Accumulated depreciation					
Opening balance	88 847	305 103	–	393 950	315 750
Charge for the year	8 333	30 703	–	39 036	85 555
Write–offs	–	–	–	–	(7 355)
Closing balance	97 180	335 806	–	432 986	393 950
Net Book Value	**41 699**	**103 383**	**1 826 265**	**1 971 347**	**847 251**

12. LIFE FUND

12.1		Unearned premium reserve US$	IBNR US$	Total US$
	Movement in Life fund			
	Opening balance 1 January 2017	1 313 343	531 649	1 844 992
	Transfer to income	(374 268)	(4 796)	(379 064)
	Closing balance at 31 Dec 2017	939 075	526 853	1 465 928
	Transfer from / (to) income	156 051	(6 093)	149 958
	Closing balance at 30 June 2018	**1 095 126**	**520 760**	**1 615 886**

		UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
12.2	**Life fund liabilities are supported by the following net assets:**		
	Money market assets	582 082	874 418
	Prescribed assets	456 672	153 541
	investment property	517 250	397 383
	Listed equity investments	59 882	40 586
		1 615 886	**1 465 928**
13.	**INVESTMENT CONTRACT LIABILITIES**		
13.1	**Investment contract movement**		
	Opening balance	1 806 934	1 517 121
	Interest on investment fund	31 249	76 067
	Fund management fees	(14 266)	(23 501)
	Investments from clients	783 609	906 391
	Withdrawals by clients	(559 877)	(669 144)
	Closing balance	**2 047 649**	**1 806 934**
13.2	**Investment contract liabilities are supported by the following net assets:**		
	Money market assets	1 373 104	717 827
	Prescribed assets	-	715 212
	Cash and cash equivalents	536 725	249 204
	Listed equity investments	137 820	124 691
		2 047 649	**1 806 934**
14.	**OTHER PAYABLES**		
	Inter-company	87 653	298 480
	Sundry payables	1 274 405	1 262 324
	Prepaid premium debtors	718 068	649 689
		2 080 126	**2 210 493**
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**

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UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2018**

BANKING I INSURANCE I ASSET MANANGEMENT I PROPERTY INVESTMENT I MORTGAGE FINANCE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
Gross written premium	**7 989 025**	**7 059 744**
Reinsurance premium	(4 009 060)	(3 378 686)
Net written premium	**3 979 965**	**3 681 058**
Unearned premium movement	(1 014 340)	(789 307)
Net earned premium	**2 965 625**	**2 891 751**
Net commission	15 205	(18 668)
Net claims	(1 356 240)	(1 246 470)
Technical result	**1 624 590**	**1 626 613**
Operating expenditure	(971 800)	(847 107)
Underwriting profit	**652 790**	**779 506**
Other income	(88 517)	551 642
Impairment allowance	152 045	(309 732)
Profit before taxation	**716 318**	**1 021 416**
Taxation	(221 782)	(54 217)
Profit for the period	**494 536**	**967 199**
Other comprehensive income	-	-
Total comprehensive income for the period	**494 536**	**967 199**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
ASSETS		
Cash and cash equivalents	861 800	1 004 022
Money market assets	5 837 658	4 749 315
Other assets	124 843	283 549
Tax receivable	70 015	359 620
Insurance receivables	4 166 404	1 676 585
Insurance contract assets:		
Reinsurance receivables	413 761	430 764
Reinsurance outstanding claims	550 769	334 782
Deferred acquisition costs	724 899	408 961
Reinsurance unearned premium reserve	2 681 217	1 347 936
Financial assets at fair value through profit or loss	340 326	1 351 846
Investment properties	137 751	135 000
Property and equipment	1 502 343	868 892
Deferred tax asset	332 992	265 169
TOTAL ASSETS	**17 744 778**	**13 216 441**
EQUITY AND LIABILITIES		
LIABILITIES		
Other payables	711 044	457 215
Insurance contract liabilities:		
Reinsurance payables	1 440 217	747 363
Gross outstanding claims	1 379 373	835 705
Incurred but not yet reported claims	198 998	375 554
Unearned commission reserve	725 470	353 084
Gross unearned premium reserve	5 489 767	3 142 147
Total liabilities	**9 944 869**	**5 911 068**
EQUITY		
Share capital	78 117	78 116
Share premium	1 479 090	1 479 091
Retained earnings	6 242 702	5 748 166
Total equity	**7 799 909**	**7 305 373**
TOTAL EQUITY AND LIABILITIES	**17 744 778**	**13 216 441**

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2018

	Share capital US$	Share premium US$	Retained earnings US$	Total US$
Unaudited 30 June 2017				
Opening balance	78 117	1 479 090	3 551 402	5 108 609
Dividends paid	-	-	(178 784)	(178 784)
Total comprehensive income	-	-	967 199	967 199
Closing balance	**78 117**	**1 479 090**	**4 339 817**	**5 897 024**
Unaudited 30 June 2018				
Opening balance	78 117	1 479 090	5 748 166	7 305 373
Total comprehensive income	-	-	494 536	494 536
Closing balance	**78 117**	**1 479 090**	**6 242 702**	**7 799 909**

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**716 318**	**1 021 417**
Non cash items:		
Depreciation	42 267	26 553
Fair value adjustment	199 890	(392 431)
Unearned premium reserve movement	1 014 340	789 307
Deferred commission movement	56 449	63 523
Incurred but not yet reported claims provision	(176 556)	-
Impairment (gain)/loss	(152 045)	309 732
Cash flow before changes in operating assets and liabilities	**1 700 663**	**1 818 101**
Changes in operating assets and liabilities		
Increase in receivables	(4 921 504)	(2 538 684)
Increase in money market assets	(1 088 343)	552 657
Increase/(decrease) in payables	4 033 801	1 343 039
	(1 976 046)	**(642 988)**
Tax paid	-	(221 005)
Cash utilised in operating activities	**(275 383)**	**954 108**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments property	(2 751)	-
Purchase of property and equipment	(675 717)	(1 091)
Purchase of investments	811 629	(1 000 000)
Net cash utilised in investing activities	**133 161**	**(1 001 091)**
CASHFLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(178 784)
Net cash outflow from financing activities	**-**	**(178 784)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(142 222)**	**(225 767)**
Cash and cash equivalents at the beginning of the period	1 004 022	454 217
Balances with banks and cash at end of the period	**861 800**	**228 450**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
Revenue	1 741 253	1 044 188
Operating expenditure	(1 048 788)	(956 618)
Profit before taxation	**692 465**	**87 570**
Taxation	(190 028)	(22 877)
Profit for the period after taxation	**502 437**	**64 693**
Other comprehensive income	-	-
Total comprehensive income	**502 437**	**64 693**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	AUDITED 31 DEC 2017 US$
ASSETS		
Balances with banks and cash	307 672	505 988
Money market assets	2 292 769	1 704 679
Equity investments	4 542	252 299
Other assets	796 666	919 786
Intangible assets	2 887	7 704
Investment property	90 000	90 000
Property and equipment	687 116	202 630
Deferred taxation	24 144	40 084
TOTAL ASSETS	**4 205 796**	**3 723 170**
LIABILITIES		
Current taxation	60 697	18 055
Other liabilities	101 407	62 451
Provisions	342 691	382 703
TOTAL LIABILITIES	**504 795**	**463 209**
EQUITY		
Share capital	63 005	63 005
Share premium	1 924 944	1 924 944
Revenue reserves	1 713 052	1 272 012
TOTAL EQUITY	**3 701 001**	**3 259 961**
TOTAL LIABILITIES AND EQUITY	**4 205 796**	**3 723 170**

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2018

	Share capital US$	Share premium US$	Revenue reserves US$	Total US$
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**
Unaudited 30 June 2018				
Opening balance	63 005	1 924 944	1 272 012	3 259 961
Total comprehensive income	-	-	502 437	502 437
Dividend paid	-	-	(61 397)	(61 397)
Closing balance	**63 005**	**1 924 944**	**1 713 052**	**3 701 001**

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2018

	UNAUDITED 30 JUNE 2018 US$	UNAUDITED 30 JUNE 2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**692 465**	**87 570**
Non cash items:		
Depreciation and amortisation	24 556	24 309
Fair value adjustment	1 737	(13)
Operating cash inflow before changes in operating assets and liabilities	**718 758**	**111 866**
Changes in operating assets and liabilities		
Advances	-	12 907
Money market assets	(588 090)	(38 192)
Equity investments	246 020	-
Other assets	123 120	16 993
Other liabilities	58 958	13 113
Provisions	(60 014)	(23 426)
	(220 006)	**(18 605)**
Corporate tax paid	(131 446)	(24 523)
Net cash inflow from operating activities	**367 306**	**106 930**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(504 225)	(26 057)
Net cash outflow from investing activities	**(504 225)**	**(26 057)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(61 397)	-
Net cash outflow from financing activities	**(61 397)**	**-**
NET INCREASE IN BALANCES WITH BANKS AND CASH	**(198 316)**	**42 681**
Balances with banks and cash at the beginning of the period	505 988	54 829
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	**307 672**	**97 510**

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