REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2019**

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

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CHAIRMAN'S STATEMENT

I am pleased to present the financial results for CBZ Holdings Limited and its subsidiaries for the half year ended 30 June 2019.

Operating Environment

The operating environment deteriorated significantly during the period under review. Whilst this might have brought about some challenges to the financial sector in particular it also is presenting opportunities for the CBZ business to grow.

At a global level, the International Monetary Fund "IMF" twice reduced its global and regional growth projections for 2019. This was attributed to the ongoing trade tensions between the United States and China as well as Brexit related uncertainties. These two major events resulted in weaker global investment and trade. The domestic economy faced even greater challenges during this period. Severe shortages of electricity and fuel were experienced during the period under review. These are critical components of the domestic production cycle and as such industrial activity was significantly curtailed. In addition, foreign currency shortages continued to prevail and thus negatively impacting on the importation of critical goods and services. The Nation's high reliance on imports and the attendant trade imbalances and shortages culminated in high levels of inflation and declining aggregate demand. As such, market confidence remained extremely low during this period. These developments have added pressure to already rising operating costs as well as constraining the ability to retain, and underwrite new business.

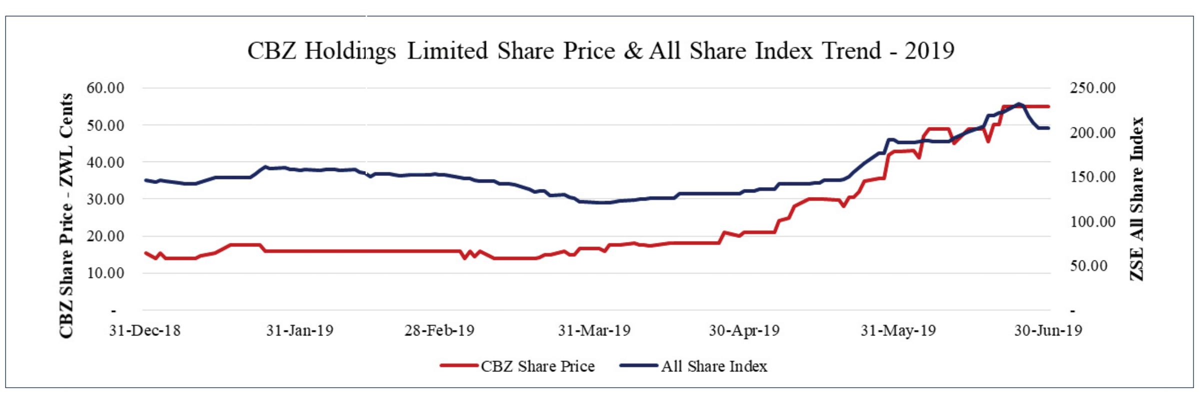
On a positive note,the Government commendably forged ahead with the planned economic reforms as per the Transitional Stabilisation Program. Under this program a number of key steps were undertaken during the period under review. Highlights include:

- The agreement by the Government for an IMF Staff Monitored Program for the period to March 2020
- The promulgation of the Zimbabwe dollar as the sole legal tender
- The liberalization of the foreign exchange market
- The gradual elimination of subsidies and market distortions and the adoption of market related pricing for banking products and services.

The full impact of these steps on the operating environment will become apparent over the next few months. However, it is noted that as a consequence of the above efforts, Government recorded fiscal surpluses between January and April 2019 and some stability was observed in the foreign currency exchange rate towards the end of the half year. Money supply growth however, remained stubbornly high after rising to 45% in April 2019, compared to 28% in April 2018. Notwithstanding the above developments, it is pleasing to note that all CBZ business units have thus far adapted successfully and are weathering the prevailing and seemingly volatile environment.

Share Price Performance

The all share index advanced by 40.0% to end the half year at 204.75. The CBZH share price performed above the overall market by increasing 254.7% in the period under review, as reflected in the graph below.



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 course of the year, Mr. Givemore Taputaira, Mrs. Roseline Nhamo and Mr. Fouad Dernawi retired from the CBZ Holdings Board having each served for a period of ten years. Their contribution to the Company over this time is greatly appreciated. We wish them well in their new endeavours. Mr. Patience Matshe was appointed as an independent Non-Executive Director on 1 January 2019.

Corporate Social Responsibility

The Group is committed to integrating social and environmental concerns in its business operations. During the period under review, major contributions were made through the Cyclone Idai initiative, the Youth Entrepreneurial Programme, the CBZ schools debate and the CBZ Marathon.

Overview of the Group's performance

The statistics below summarise the Group's performance for the half year.

	Reviewed 30 June 2019 ZWL$m	Unaudited 30 June 2018 ZWL$m	Audited 31 Dec 2018 ZWL$m
Key Financial Highlights			
Profit after taxation	137.4	34.3	72.2
Total comprehensive income	586.9	34.3	75.2
Total assets	3 714.0	2 488.9	2 449.9
Total equity	896.3	279.1	315.8
Total deposits	2 690.9	2 159.7	2 079.2
Total advances	649.0	767.7	487.0
Other statistics			
Basic earnings per share (cents)	26.5	6.6	13.9
Non-interest income to total income (%)	78.5	51.2	54.2
Cost to income ratio (%)	37.0	57.1	59.7
Return on assets (%)	10.1	3.1	3.6
Return on equity (%)	45.4	24.6	23.1
Growth in deposits (YTD %)	29.4	16.5	12.2
Growth in advances (YTD %)	33.3	(18.5)	(48.3)
Growth in PAT (YOY %)	300.5	187.1	159.7

Dividend

The Board has proposed the declaration of an interim dividend of $5 516 745 or 1.06 cents per share. This declaration translates to a growth of 113.02% on the comparative 2018 interim dividend.

Outlook

The Government has committed to completing the Transitional Stabilisation Program and as such it is expected that there will be more interventions and policy changes in the coming months. Consequently, we expect the operating environment to remain challenging as the economy continues to undergo change.

The CBZ Group remains financially and technically well prepared and positioned to pursue current and emerging business opportunities, whilst at the same time managing the attendant business risks and threats.

Appreciation

My appreciation goes to the valued clients of our various operations, who remain the mainstay of our success. I also wish to thank fellow Directors on the Holdings Board and Subsidiary Companies, Management and Staff, for their continued commitment to the organisation.

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N. Matimba

Chairman

08 August 2019

REVIEWER'S STATEMENT

These abridged financial statements have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe) and an adverse review conclusion issued thereon, due to non-compliance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates." The review report is available for inspection at the Holding Company's registered office. The engagement partner for this review is Mr Fungai Kuipa (PAAB Practising number 335).

26 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2019

	Notes	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
Interest income	2	68 833 378	69 156 421
Interest expense	2	(20 916 943)	(28 401 120)
Net interest income		**47 916 435**	**40 755 301**
Net non-interest income	3	199 117 597	47 715 092
Net underwriting income	4	6 471 337	4 696 350
Total income		**253 505 369**	**93 166 743**
Operating expenditure	5	(93 851 624)	(53 174 107)
Operating income		**159 653 745**	**39 992 636**
Credit loss expense	14.1	(3 529 515)	(1 405 944)
Profit before taxation		**156 124 230**	**38 586 692**
Taxation	6	(18 722 806)	(4 276 002)
Profit after taxation		**137 401 424**	**34 310 690**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Gains on property revaluation		206 767 637	-
Fair value gain on unquoted investments		30 768 164	-
Exchange gains on change of functional currency	29.9	253 644 144	-
Deferred income tax relating to components of other comprehensive income	6.3	(41 534 792)	-
		449 645 153	**-**
Items that will be reclassified to profit or loss in subsequent periods			
Exchange loss on translation of a foreign subsidiary	29.9	(100 332)	-
Other comprehensive income for the period net of tax		**449 544 821**	**-**
Total comprehensive income		**586 946 245**	**34 310 690**
Profit for the period attributable to:			
Equity holders of parent		137 379 102	34 302 827
Non-controlling interests	29.7	22 322	7 863
Profit for the period		**137 401 424**	**34 310 690**
Total comprehensive income attributable to:			
Equity holders of parent		586 820 227	34 302 827
Non-controlling interests	29.7	126 018	7 863
Total comprehensive income for the period		**586 946 245**	**34 310 690**
Earnings per share (cents):			
Basic	7.1	26.51	6.63
Fully diluted	7.1	25.37	6.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
ASSETS			
Balances with banks and cash	9	780 941 314	376 338 271
Money market assets	10	202 986 141	70 741 297
Financial securities	11	1 172 452 986	1 244 941 623
Loans and advances to customers	12	648 988 882	486 996 095
Insurance assets	13	19 187 033	8 793 176
Equity investments	16	73 985 255	26 000 396
Land Inventory		129 510 533	54 920 794
Other assets	15	42 793 795	26 815 435
Current tax receivable		809 455	1 490 449
Intangible assets	21	1 347 435	1 613 698
Property and equipment	19	381 317 725	77 429 469
Investment properties	20	251 450 945	37 558 578
Deferred tax asset	22.1	8 266 490	36 293 479
TOTAL ASSETS		**3 714 037 989**	**2 449 932 760**
LIABILITIES			
Deposits	23	2 690 881 026	2 079 155 395
Insurance liabilities	24	18 840 850	9 040 319
Other liabilities	25	61 187 927	37 589 913
Current tax payable		1 218 812	106 655
Life fund	26	1 823 614	1 593 605
Life assurance investment contract liabilities	27	2 739 963	2 393 424
Deferred tax liability	22.2	28 011 705	4 252 915
Lease Liability	19.1	13 042 954	-
TOTAL LIABILITIES		**2 817 746 851**	**2 134 132 226**
EQUITY			
Share capital	29.1	5 184 239	6 869 625
Share premium	29.2	33 475 487	40 023 014
Treasury shares	29.3	-	(17 588 582)
Revaluation reserve	29.4	203 423 566	32 139 314
Share option reserve	29.5	1 163 254	1 163 806
Fair value reserve	29.8	32 766 700	8 153 639
Foreign Currency Translation Reserve	29.9	253 543 812	-
Revenue reserve	29.6	366 489 640	244 917 776
Equity attributable to equity holders of the parent		**896 046 698**	**315 678 592**
Non-controlling interests	29.7	244 440	121 942
TOTAL EQUITY		**896 291 138**	**315 800 534**
TOTAL LIABILITIES AND EQUITY		**3 714 037 989**	**2 449 932 760**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2019

	Share capital ZWL$	Share premium ZWL$	Treasury shares ZWL$	Share option reserve ZWL$	Revaluation reserve ZWL$	Fair value reserve ZWL$	*FCTR ZWL$	Revenue reserve ZWL$	Total equity attributable to parent ZWL$	Non–controlling interests ZWL$	Total ZWL$
Unaudited											
30 June 2018											
Opening balance	6 868 795	40 013 748	(17 588 582)	1 135 049	28 927 524	–	–	250 212 784	309 569 318	116 287	309 685 605
Impact of adopting IFRS 9	–	–	–	–	–	8 303 794	–	(73 491 709)	(65 187 915)	–	(65 187 915)
Restated balance											
at 01 January 2018	**6 868 795**	**40 013 748**	**(17 588 582)**	**1 135 049**	**28 927 524**	**8 303 794**	**–**	**176 721 075**	**244 381 403**	**116 287**	**244 497 690**
Profit for the period	–	–	–	–	–	–	–	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)**	**1 150 627**	**28 927 524**	**8 303 794**	**–**	**209 678 885**	**277 360 908**	**124 150**	**277 485 057**
Reviewed											
30 June 2019											
Opening balance	6 869 625	40 023 014	(17 588 582)	1 163 806	32 139 314	8 153 639	–	244 917 776	315 678 592	121 942	315 800 534
Profit for the period	–	–	–	–	–	–	–	137 379 102	137 379 102	22 322	137 401 424
Other comprehensive											
income for the period	–	–	–	–	171 284 252	24 613 061	253 543 812	–	449 441 125	103 696	449 544 821
Employee share option expense	–	–	–	14 274	–	–	–	–	14 274	–	14 274
Exercise of share options	4 434	49 439	–	(14 826)	–	–	–	–	39 047	–	39 047
Dividend paid	–	–	–	–	–	–	–	(6 505 442)	(6 505 442)	(3 520)	(6 508 962)
Treasury shares cancellation	(1 689 820)	(6 596 966)	17 588 582	–	–	–	–	(9 301 796)	–	–	–
Closing balance	**5 184 239**	**33 475 487**	**–**	**1 163 254**	**203 423 566**	**32 766 700**	**253 543 812**	**366 489 640**	**896 046 698**	**244 440**	**896 291 138**

** FCTR - Foreign Currency Translation Reserve*

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2019

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**156 124 230**	**38 586 692**
Non cash items:		
Depreciation	7 898 825	4 434 964
Amortisation of intangible assets	667 965	663 437
Fair value adjustments on financial instruments	(5 237 524)	(79 719)
Fair value adjustments on investment properties	(158 169 029)	-
Writeoff of property and equipment	128 250	1 219
Credit loss expense	3 421 005	1 557 989
(Reversal of impairment) / impairment on insurance assets	108 510	(152 045)
Unrealised loss on foreign currency position	41 891 107	914 935
Unearned premium reserve movement	2 155 937	1 170 391
Provision for incurred but not reported claims (IBNR)	233 612	(182 649)
(Profit)/Loss on sale of property and equipment	(69 095)	54 316
Deferred commission movement	373 564	56 449
Employee share option expense	14 274	17 262
Interest on Lease Liability	325 416	-
Operating cash inflow before changes in operating assets and liabilities	**49 867 047**	**47 043 241**
Changes in operating assets and liabilities		
Deposits	150 499 447	305 071 682
Loans and advances to customers	(108 196 313)	(22 797 035)
Life assurance investment contract liabilities	346 539	240 717
Money market assets	(132 250 636)	(155 261 358)
Financial securities	72 492 042	(3 817 999)
Insurance assets	(7 688 549)	(5 020 418)
Insurance liabilities	3 953 990	3 779 973
Land Inventory	5 798 583	784 284
Other assets	(14 841 715)	1 463 905
Other liabilities	20 936 790	16 228 818
	(8 949 822)	**140 672 569**
Corporate tax paid	(6 678 666)	(5 588 059)
Net cash inflow from operating activities	**34 238 559**	**182 127 751**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	(2 407 487)	1 185 970
Purchase of investment properties	(468 806)	(868 773)
Proceeds from disposal of property and equipment	142 292	146 123
Purchase of property and equipment	(12 490 688)	(5 634 837)
Purchase of intangible assets	(304 676)	(2 933)
Net cash outflow from investing activities	**(15 529 365)**	**(5 174 450)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	39 047	4 433
Lease liabilty movement	(1 673 403)	-
Interest on lease liabilty paid	(325 416)	-
Dividend paid	(6 508 962)	(1 345 017)
Net cash outflow from financing activities	**(8 468 734)**	**(1 340 584)**
NET INCREASE IN BALANCES WITH BANKS AND CASH	**10 240 460**	**175 612 717**
Balances with banks and cash at the beginning of the period	376 338 271	89 606 676
Exchange gain on foreign cash balances	394 362 583	-
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	**780 941 314**	**265 219 393**

ACCOUNTING POLICIES
FOR THE HALF YEAR ENDED 30 JUNE 2019

1. GROUP ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group. For a detailed analysis of the Group's accounting policies, kindly refer to the Group's 2018 annual report which is available at the Company registered offices.

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as the requirements of the Companies Act (Chapter 24.03), Banking Act (Chapter 24.20), Insurance 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.

Change in functional currency
In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars become part of the multi-currency system.
- Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1 to1 to the US dollar and would become opening RTGS dollar values from the effective date.

As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's reporting and functional currency had changed to the RTGS dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank mid rate of US$1:ZWL$2.5.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL$) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwean dollar, and each hundredth part of a bond note unit and each hundredth part of a RTGS dollar is equivalent to a Zimbabwean cent.

In this regard, these financial statements are therefore presented in ZWL$ being the currency of the primary economic environment in which the Group operates. The Comparative information is presented in ZWL$ which is converted from prior year USD functional currency at a rate of 1:1.

Basis of consolidation
The Group's consolidated financial results incorporate the financial results of the Company and entities controlled by the Company. Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired and up to the date control ceased. The financial results of the subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that are recognised in assets and liabilities and income and expenses are eliminated in full. Non-controlling interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16 (Leases).

Changes in significant accounting policies
Except as described below, the accounting policies applied in these financial results are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2018. The changes in accounting policies are also expected to be reflected in the Group's Consolidated Financial Statements as at and for the half year ending 30 June 2019.

The Group applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below (see 1.1a). The Group applied IFRS 16 using the modified retrospective approach, for the Group, there is no impact of initial application on equity at 1 January 2019. Comparative figures were not restated to reflect the adoption of IFRS 16 but instead continue to reflect the Group's accounting policies under IAS 17 Leases. The details of changes in accounting policies are disclosed below

1.1 a) IFRS 16 Leases
Previously the Group determined at contract inception whether an arrangement is or contains a lease based on the definition of a lease. On transition to IFRS 16, the Group elected to apply practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 were not reassessed for existence of a lease. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Group as a Lessee
As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises Right of use asset and lease liabilities for its leases.

The Group decided to apply recognition exemptions to its short term leases. For leases of other assets which were classified as operating under IAS 17, the Group recognised Right of use assets and lease liabilities.

Leases classified as operating leases under IAS 17
At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. Right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of remaining lease term, and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group as a lessor
The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

2. Events after the reporting period

2.1 Hyperinflationary accounting

Subsequent to the reporting date, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). This has, as a result, triggered considerations over the applicability of IAS 29, Financial Reporting in Hyperinflationary Environment, to the financial results of the Group.

IAS 29 considers the following characteristics of the economic environment of a country to be strong indicators of the existence of hyperinflation which includes but are not limited to the following:

(a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
(b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
(c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
(d) interest rates, wages and prices are linked to a price index;
(e) the cumulative inflation rate over three years is approaching, or exceeds 100%

An assessment of the above matters requires the application of judgment by management and conclusive evidence on the quantitative and qualitative characteristics, above, may be difficult to obtain during these subsequent reporting periods.

Management will continue to evaluate these characteristics, including any communication from relevant regulators. Should the conclusion be reached that IAS 29 is applicable to the Group, the financial information presented at subsequent reporting dates may be subject to significant restatement. An estimate of the potential financial impact cannot be made at this stage as this is reliant on the determination of an appropriate index at such reporting dates.

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REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2019**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2019

1. INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the half year ended 30 June 2019 were authorised for issue, in accordance with a resolution, of the Board of Directors on 08 August 2019. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
2. INTEREST INCOME		
Bankers acceptances	54 180	137 687
Overdrafts	16 210 452	16 525 117
Loans	8 569 681	16 651 336
Mortgage interest	5 786 957	4 771 400
Staff loans	1 557 364	1 656 303
Securities investments	36 117 245	28 163 596
Other investments	537 499	1 250 982
	68 833 378	**69 156 421**
Interest expense		
Call deposits	344 955	196 486
Savings deposits	5 717 671	13 871 735
Money market deposits	11 605 139	11 917 903
Other offshore deposits	2 923 762	2 414 996
Lease Liability	325 416	-
	20 916 943	**28 401 120**
NET INTEREST INCOME	**47 916 435**	**40 755 301**
3. NET NON-INTEREST INCOME		
Net income from trading securities	349 570	29 288
Fair value adjustments on financial instruments	5 237 524	79 719
Fair value adjustments on investment properties	158 169 029	-
Net income from foreign currency dealings	14 165 666	2 371 652
Unrealised loss on foreign currency position	(41 891 107)	(914 935)
Commission and fee income	47 395 577	37 912 752
Profit/(loss) on sale of property and equipment	69 095	(54 316)
Bad debts recovered	2 852 513	3 214 797
Property sales	4 166 105	3 158 007
Rental income	1 306 539	669 369
Other operating income	7 297 086	1 248 759
	199 117 597	**47 715 092**
4. NET UNDERWRITING INCOME		
Gross premium insurance	19 735 805	13 272 577
Reinsurance	(7 908 408)	(4 217 016)
Net written premium	**11 827 397**	**9 055 561**
Unearned premium	(2 155 937)	(1 170 391)
Net earned premium	**9 671 460**	**7 885 170**
Net commission (a)	(261 947)	(250 350)
Net claims (b)	(2 938 176)	(2 938 470)
	6 471 337	**4 696 350**
(a) Net commission		
Commission received	1 999 909	1 153 686
Commissions paid	(1 888 292)	(1 344 835)
Defered acquisition costs	(373 564)	(59 201)
Net commission	**(261 947)**	**(250 350)**
(b) Net claims		
Gross claims incurred	5 933 960	3 932 590
Reinsurance claims	(3 463 857)	(1 751 392)
Incurred but not yet reported claims	233 612	(182 649)
Gross outstanding claims	41 608	1 155 909
Reinsurance share of outstanding claims	192 853	(215 988)
	2 938 176	**2 938 470**
5. OPERATING EXPENDITURE		
Staff costs	48 013 100	24 903 261
Administration expenses	34 970 126	21 436 318
Audit fees	422 819	227 020
Depreciation	7 898 825	4 434 964
Writeoff of property and equipment	128 250	1 219
Amortisation of intangible assets	667 965	663 437
Property cost of sales	1 750 539	1 507 888
	93 851 624	**53 174 107**
Remuneration of directors / key management personnel (included in staff costs)		
Fees for services as directors	431 782	257 542
Pension for past and present directors	453 999	232 326
Salaries and other benefits	9 111 108	3 647 038
	9 996 889	**4 136 906**
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
Between 1 and 5 years	-	1 243 931
More than 5 years	-	-
	-	**2 576 034**

The Group leases a number of buildings from which its branches operate. The leases typically run for a year of 5 years with an option to renew the lease after the expiry date. On 1 January 2019, the Group intially applied IFRS 16 (Leases) under the transition method chosen and recognised interest on lease liability and depreciation expense as detailed under note 19. For 2018, the Group recognised ZWL$1 471 097 as rent expense in the Statement of Profit or Loss and Other Comprehensive Income under IAS 17.

6. TAXATION

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
6.1 The following constitutes the major components of income tax expense recognised in the Statement of Profit or Loss.		
Analysis of tax charge in respect of profit for the period		
Current income tax charge	8 471 817	473 574
Deferred income tax	10 250 989	3 802 428
Income tax expense	**18 722 806**	**4 276 002**
6.2 Tax rate reconciliation	**%**	**%**
Notional tax	25	25
Aids levy	0.75	0.75
Non deductible expenses	20.08	20.94
Exempt income	(33.53)	(35.44)
Tax credit	(0.31)	(0.17)
Effective tax rate	**11.99**	**11.08**
6.3 The following constitutes the major components of deferred income tax expense recognised in Other Comprehensive Income.		
Revaluation of property and equipment	35 379 689	-
Unlisted equities	6 155 103	-
	41 534 792	**-**

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:

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
7.1 Earnings per share (ZWL$ cents)		
Basic	26.51	6.63
Fully diluted	25.37	6.55
7.2 Earnings		
Basic earnings (earnings attributable to holders of parent)	137 379 102	34 302 827
Fully diluted	137 379 102	34 302 827
Number of shares used in calculations (weighted)		
Basic	518 299 520	517 946 723
Fully diluted	541 477 271	523 668 997
7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:		
Weighted average number of shares before adjustment for treasury shares	518 299 520	686 928 570
Less: Treasury shares held	-	(168 981 847)
Weighted average number of shares used for basic EPS	**518 299 520**	**517 946 723**
Potentially dilutive shares (Employee Share Options)	23 177 751	5 722 274
Weighted average number of shares used for diluted EPS	**541 477 271**	**523 668 997**

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
8. DIVIDENDS		
Cash dividends on ordinary shares declared and paid:		
Final dividend paid	6 505 442	1 345 017
	6 505 442	**1 345 017**
Final dividend paid per share (cents)	1.74	0.26
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 dividend	5 516 745	2 589 740
Interim dividend per share (cents)	1.06	0.50
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 2019		

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
9. BALANCES WITH BANKS AND CASH		
Cash	112 418 296	31 852 201
Nostro accounts	332 849 304	38 067 650
Balances with the Reserve Bank of Zimbabwe	250 482 639	306 418 420
RBZ Statutory reserve	85 191 075	-
	780 941 314	**376 338 271**
RBZ Statutory reserve balance relates to restricted liquid reserve, determined in line with the RBZ Statutory reserve guidelines currently, 5% of qualifying RTGS deposits.		
10. MONEY MARKET ASSETS		
Money market assets are non-credit financial assets with an original maturity of 1 year or less.		
AMA bills	43 200 000	43 410 301
Interbank Placements	75 562 065	22 841 622
RBZ Savings bond	81 350 000	1 225 000
Bankers acceptances	129 103	500 003
Aftrades bond	-	1 470 939
ZETDC bond	49 663	148 997
Accrued interest	2 703 944	1 147 312
Total gross money market assets	**202 994 775**	**70 744 174**
Expected credit loss	(8 634)	(2 877)
Total net money market assets	**202 986 141**	**70 741 297**
10.1 Maturity analysis		
The maturity analysis of money market assets is shown below:		
Between 0 and 3 months	118 390 782	21 135 850
Between 3 and 6 months	4 332 782	1 742 530
Between 6 months and 12 months	80 271 211	47 865 794
	202 994 775	**70 744 174**
11. FINANCIAL SECURITIES		
Treasury bills	1 141 255 854	1 217 791 660
Savings bond	200 000	200 000
Aftrades bond	-	60 000
Accrued interest	31 048 241	26 944 477
Total gross Financial Securities	**1 172 504 095**	**1 244 996 137**
Expected credit loss	(51 109)	(54 514)
Total net Financial Securities	**1 172 452 986**	**1 244 941 623**
11.1 Maturity analysis		
The maturity analsis of financial securities is shown below:		
Between 0 and 3 months	31 036 039	62 815 663
Between 3 and 6 months	19 444 875	42 461 639
Between 6 and 12 months	53 049 233	27 704 364
Between 1 and 5 years	181 009 219	204 330 944
Above 5 years	887 964 729	907 683 527
	1 172 504 095	**1 244 996 137**
12. LOANS AND ADVANCES TO CUSTOMERS		
Overdrafts	359 075 299	311 890 602
Loans	250 297 349	132 302 582
Staff loans	49 310 995	51 252 537
Mortgage advances	109 920 391	97 102 656
Interest accrued	4 346 229	6 151 491
Total gross loans and advances to customers	**772 950 263**	**598 699 868**
Allowance for Expected Credit Loss (ECL)	(123 961 381)	(111 703 773)
Total net loans and advances to customers	**648 988 882**	**486 996 095**

12.1 Sectoral analysis

	REVIEWED 30 JUNE 2019 ZWL$	%	AUDITED 31 DEC 2018 ZWL$	%
Private	171 926 552	23	171 854 097	29
Agriculture	156 691 889	21	145 235 357	24
Mining	39 637 152	5	19 480 638	3
Manufacturing	42 724 552	6	47 962 342	8
Distribution	203 092 792	26	98 661 187	17
Construction	11 237 953	1	9 258 502	2
Transport	9 466 972	1	7 358 247	1
Communication	1 235 684	-	1 539 099	-
Services	118 771 702	15	83 874 835	14
Financial organisations	18 165 015	2	13 475 564	2
	772 950 263	**100**	**598 699 868**	**100**

12.2 Maturity analysis

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Less than 1 month	244 733 510	241 584 934
Between 1 and 3 months	18 863 292	38 287 388
Between 3 and 6 months	51 510 324	30 811 537
Between 6 months and 1 year	131 842 332	59 177 790
Between 1 year and 5 years	196 732 087	97 620 115
More than 5 years	129 268 718	131 218 104
	772 950 263	**598 699 868**

Maturity analysis is based on the remaining period from 30 June 2019 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:-

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Opening balance	8 433 891	8 256 593
Advances made during the period	141 528	574 778
Repayments during the period	(1 355 592)	(397 480)
Closing balance	**7 219 827**	**8 433 891**

Loans to employees

Included in advances are loans to employees:

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Opening balance	42 818 650	46 295 106
Advances made during the period	1 314 232	2 173 432
Repayments during the period	(2 041 711)	(5 649 888)
Closing balance	**42 091 171**	**42 818 650**

12.4 Allowance for Expected Credit Loss (ECL)

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Opening balance	111 703 773	78 624 951
Impact of IFRS 9	-	93 621 543
Adjusted opening balance	**111 703 773**	**172 246 494**
Credit loss expense on loans and advances	2 979 680	(2 313 209)
Interest in suspense	9 277 928	6 500 172
Amounts written off during the period	-	(64 729 684)
Closing balance	**123 961 381**	**111 703 773**

12.5 Collateral

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Cash cover	1 090 187	7 404 584
Mortgage bonds	577 148 862	576 929 361
Notarial general covering bonds	187 336 124	185 471 716
	765 575 173	**769 805 661**

13. INSURANCE ASSETS

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Reinsurance unearned premium reserve	4 381 419	2 028 582
Reinsurance receivables	3 447 817	2 048 474
Deferred acquisition cost	1 254 764	772 964
Insurance premium receivables	11 356 601	5 007 992
Suspended premium	(70 632)	(42 967)
Impairment provision	(1 182 936)	(1 021 869)
	19 187 033	**8 793 176**

13.1 Reinsurance unearned premium reserve

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Unearned premiums at the beginning of the period	2 028 582	1 350 740
Written premiums	7 810 191	6 655 917
Premiums earned during the period	(5 457 354)	(5 978 075)
	4 381 419	**2 028 582**

13.2 Impairment on insurance assets

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Opening balance	1 074 426	848 162
Charge for impairment on insurance receivables	108 510	226 264
Closing balance	**1 182 936**	**1 074 426**

14. IMPAIRMENT ON FINANCIAL INSTRUMENTS

14.1 Expected credit loss expense (ECL)

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

	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchase or Originated Credit Impaired ZWL$	Total ZWL$
Money market assets	5 791	–	–	–	5 791
Financial securities	(3 405)	–	–	–	(3 405)
Loans and advances to customers	1 860 678	(224 966)	1 343 968	–	2 979 680
Financial guarantees	(85 808)	–	–	–	(85 808)
Lease receivables	224 543	(7 225)	307 429	–	524 747
	2 001 799	**(232 191)**	**1 651 397**	**–**	**3 421 005**
Insurance assets impairment charge	108 510	–	–	–	108 510
Expected credit loss expense	**2 110 309**	**(232 191)**	**1 651 397**	**–**	**3 529 515**

15. OTHER ASSETS

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Prepayments and deposits	11 363 534	1 925 107
Other receivables	31 430 261	24 890 328
	42 793 795	**26 815 435**

16. EQUITY INVESTMENTS

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Opening balance	26 000 396	10 687 540
Impact of IFRS 9 fair value adjustment	-	10 389 831
Investments in equities during the period	3 566 415	6 161 950
Investments disposed of during the period	(1 158 929)	(2 312 934)
Foreign currency translation movement	9 571 685	-
Fair value adjustments through Profit or Loss	5 237 524	1 264 296
Fair value adjustments through other Comprehensive Income	30 768 164	(190 287)
	73 985 255	**26 000 396**

16.1 Investments in equities

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Unlisted investments	56 142 483	15 622 634
Listed investments	17 842 772	10 377 762
	73 985 255	**26 000 396**
Equity investments at fair value through profit or loss	17 842 772	10 377 762
Equity investments designated at fair value through other comprehensive income	56 142 483	15 622 634
	73 985 255	**26 000 396**

16.2 Investment in subsidiaries

	REVIEWED 30 JUNE 2019 ZWL$	%	AUDITED 31 DEC 2018 ZWL$	%
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	88 909	100	88 909	100
CBZ Risk Advisory (Private) Limited	1 345 080	100	1 345 080	100
Redsphere (Private) Limited	520 250	100	520 250	100
	53 324 067		**53 324 067**	

17. CATEGORIES OF FINANCIAL ASSETS

17. 1 Reviewed 30 June 2019

	At fair value through profit or loss ZWL$	At fair value through OCI ZWL$	At amortised cost ZWL$	Total carrying amount ZWL$
Balances with banks and cash	-	-	780 941 314	780 941 314
Money market assets	-	-	202 986 141	202 986 141
Financial securities	-	-	1 172 452 986	1 172 452 986
Loans and advances to customers	-	-	648 988 882	648 988 882
Insurance assets	-	-	19 187 033	19 187 033
Equity investments	17 842 772	56 142 483	-	**73 985 255**
Other assets	-	-	42 793 795	42 793 795
Total	**17 842 772**	**56 142 483**	**2 867 350 151**	**2 941 335 406**

Audited 31 Dec 2018

	At fair value through profit or loss ZWL$	At fair value through OCI ZWL$	At amortised cost ZWL$	Total carrying amount ZWL$
Balances with banks and cash	-	-	376 338 271	376 338 271
Money market assets	-	-	70 741 297	70 741 297
Financial securities	-	-	1 244 941 623	1 244 941 623
Loans and advances to customers	-	-	486 996 095	486 996 095
Insurance assets	-	-	8 793 176	8 793 176
Equity investments	10 377 762	15 622 634	-	26 000 396
Other assets	-	-	81 736 229	81 736 229
Total	**10 377 762**	**15 622 634**	**2 269 546 691**	**2 295 547 087**

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 June 19 ZWL$	31 Dec 18 ZWL$	30 June 19 ZWL$	31 Dec 18 ZWL$	30 June 19 ZWL$	31 Dec 18 ZWL$	30 June 19 ZWL$	31 Dec 18 ZWL$
Equity investments	17 842 772	10 377 762	–	–	56 142 483	15 622 634	73 985 255	26 000 396
Land and Buildings	–	–	343 223 749	54 384 382	–	–	343 877 021	54 384 382
Investment properties	–	–	251 450 945	37 558 578	–	–	251 450 945	37 558 578
Total assets at fair value	**17 842 772**	**10 377 762**	**594 674 694**	**91 942 960**	**56 142 483**	**15 622 634**	**669 313 221**	**117 943 356**

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

The fair values of the non-listed equities have been categorised under level 3 in the fair value hierachy based on the inputs used for the valuation technique.

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

Valuation Technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Discounted Cash Flow Technique & Dividend Growth model.	• Inflation shock adjusted return (1.5%) • Growth rate (0.05%)	The fair values would increase/ decrease if : • Inflation shock adjusted return was higher/lower • The risk adjusted discount were lower / higher

If the fair value adjustment had been 5% up or down, the Group's other comprehensive income would be ZWL$1 230 653 and the Statement of Financial Position would be ZWL$ 1 538 408 higher or lower than the reported position.

19. PROPERTY AND EQUIPMENT

	Land ZWL$	Buildings ZWL$	Leasehold improvements ZWL$	Motor vehicles ZWL$	Computer ZWL$	Equipment ZWL$	Furniture & Fittings ZWL$	Work in progress ZWL$	Total ZWL$
Reviewed 30 June 2019									
Opening balance	8 506 550	45 877 828	1 008 499	6 515 458	27 818 462	12 457 681	7 450 233	3 459 091	113 093 802
Impact of IFRS 16	–	6 084 987	–	–	–	8 631 368	–	–	14 716 355
Foreign currency translation movement	12 759 825	65 351 052				–			78 110 877
Additions	–	1 360 425	1 083 962	–	932 849	1 306 153	1 465 015	6 342 284	12 490 688
Revaluation gain	39 360 586	163 887 630	–	–	–	–	–	–	203 248 216
Disposals	–	–	–	(292 264)	(81 802)	(17 352)	(82 013)	–	(473 431)
Transfers to intangible assets	–	–	–	–	–	–	–	(97 026)	(97 026)
Write offs	–	–	–	–	(468)	–	(480)	(128 049)	(128 997)
Transfers (PPE Intercategories)	–	34 864	–	–	282 475	23 991	303 558	(644 888)	–
Closing balance	**60 626 961**	**282 596 786**	**2 092 461**	**6 223 194**	**28 951 516**	**22 401 841**	**9 136 313**	**8 931 412**	**420 960 484**
Accumulated depreciation									
Opening balance	–	–	601 249	5 193 416	16 056 018	9 441 980	4 371 670	–	35 664 333
Charge for the period	–	4 271 161	48 753	251 895	1 545 617	1 453 941	327 458	–	7 898 825
Disposals	–	–	–	(266 300)	(69 528)	(15 530)	(48 876)	–	(400 234)
Write offs	–	–	–	–	(421)	–	(326)	–	(747)
Revaluation	–	(3 519 418)	–	–	–	–	–	–	(3 519 418)
Closing balance	**–**	**751 743**	**650 002**	**5 179 011**	**17 531 686**	**10 880 391**	**4 649 926**	**–**	**39 642 759**
Net Book Value	**60 626 961**	**281 845 043**	**1 442 459**	**1 044 183**	**11 419 830**	**11 521 450**	**4 486 387**	**8 931 412**	**381 317 725**

	Land ZWL$	Buildings ZWL$	Leasehold improvements ZWL$	Motor vehicles ZWL$	Computer ZWL$	Equipment ZWL$	Furniture & Fittings ZWL$	Work in progress ZWL$	Total ZWL$
Audited 31 Dec 2018									
Opening balance	5 250 461	43 330 551	869 574	6 456 467	23 536 754	11 709 442	7 293 232	3 757 279	102 203 760
Additions	–	2 591 075	109 597	285 213	4 012 424	815 422	246 036	3 399 773	11 459 540
Revaluation	3 256 089	(2 350 847)	–	–	–	–	–	–	905 242
Impairments	–	(214 910)	–	–	–	–	–	(48 928)	(263 838)
Disposals	–	–	–	(226 222)	(228 667)	(69 583)	(86 691)	37 076	(574 087)
Transfers to intangible assets	–	–	–	–	–	–	–	(304 111)	(304 111)
Write offs	–	–	–	–	(24 158)	(2 000)	(6 256)	(300 290)	(332 704)
Transfers(PPE Intercategories)	–	2 521 959	29 328	–	522 109	4 400	3 912	(3 081 708)	–
Closing balance	**8 506 550**	**45 877 828**	**1 008 499**	**6 515 458**	**27 818 462**	**12 457 681**	**7 450 233**	**3 459 091**	**113 093 802**
Accumulated depreciation									
Opening balance	–	–	510 572	4 538 998	13 597 562	8 436 855	3 514 052	–	30 598 039
Charge for the year	–	3 059 059	90 677	845 316	2 682 040	1 062 697	913 428	–	8 653 217
Disposals	–	–	–	(190 898)	(201 798)	(55 772)	(53 700)	–	(502 168)
Write offs	–	–	–	–	(21 786)	(1 800)	(2 110)	–	(25 696)
Revaluation	–	(3 042 650)	–	–	–	–	–	–	(3 042 650)
Impairments	–	(16 409)	–	–	–	–	–	–	(16 409)
Closing balance	**–**	**–**	**601 249**	**5 193 416**	**16 056 018**	**9 441 980**	**4 371 670**	**–**	**35 664 333**
Net Book Value	**8 506 550**	**45 877 828**	**407 250**	**1 322 042**	**11 762 444**	**3 015 701**	**3 078 563**	**3 459 091**	**77 429 469**

Properties were revalued on an open market basis by an internal professional valuer, as at 30 June 2019 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 and equipment	5 years
Furniture and fittings	10 years
Right of use assets	5 years

The carrying amount of buildings would have been ZWL$25 056 176 (December 2018: ZWL$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 2018.

If the fair value adustment had been 5% up or down, the Group's other Comprehensive Income would have been ZWL$8 599 470 higher or lower than the reported position and the Statement of Financial Position would have been ZWL$10 162 410.

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

Included in property and equipment are amounts relating to Right of use assets for land and buildings and equipments that are leased by the Group for periods more than one year.

Below is the breakdown of the right of use assets.

30 June 2019

		Buildings ZWL$	Equipment ZWL$	Total ZWL$
19.1	**Right of Use Assets**			
	Initial cost on IFRS 16 adoption	6 084 987	8 631 368	14 716 355
	Depreciation	(1 074 680)	(1 078 920)	(2 153 600)
		5 010 307	**7 552 448**	**12 562 755**
19.1a	**At cost**	6 084 987	8 631 368	14 716 355
	Accumulated depreciation	(1 074 680)	(1 078 920)	(2 153 600)
		5 010 307	**7 552 448**	**12 562 755**

The Group leases a number of branches and IT equipment under operating leases. The buildings and equipment are mainly used by the Bank for its various branches and operations.

The leases run for a period of five years with an option to renew the lease for a further five years after that expiry date.

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
19.1b	**Lease liability maturity analysis**		
	Less than one year	3 840 872	-
	One to five years	9 202 082	-
		13 042 954	**-**
19.1c	**Amounts recognised in statement of profit or loss for the period ended 30 June 2019**		
	Interest on lease liabilities	325 416	-
	Expenses relating to short term leases	-	-
		325 416	**-**

20. INVESTMENT PROPERTIES

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Opening balance	37 558 578	33 950 354
Foreign currency translation movement	55 254 532	-
Additions	468 806	3 617 924
Transfer to land inventory	-	(1 215 227)
Fair valuation gain	158 169 029	1 205 527
Closing balance	**251 450 945**	**37 558 578**

The carrying amount of the investment properties is the fair value of the properties as determined by a registered internal appraiser having, an appropriate recognised professional qualifications 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 30 June 2019.

The rental income derived from investment properties amounted to ZWL$1 306 540 (June 2018: ZWL$669 369) and direct operating expenses amounted to ZWL$111 921 (June 2018: ZWL$253 528).

If the fair value adustment had been 5% up or down, the Group's profit after tax would have been $5 872 025 higher or lower than the reported position and the Statement of Financial Position would have been ZWL$7 908 451.

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21. INTANGIBLE ASSETS

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Computer software		
At cost	7 117 086	7 156 169
Accumulated amortisation	(5 769 651)	(5 542 471)
	1 347 435	**1 613 698**
Movement in intangible assets:		
Opening balance	1 613 698	2 530 080
Additions	304 676	57 339
Transfer from property and equipment	97 026	304 111
Amortisation charge	(667 965)	(1 277 832)
Closing balance	**1 347 435**	**1 613 698**

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 years in respect of deductible temporary differences, unused tax losses and unused tax credits.

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

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Equity investments	(870 175)	(739 911)
Assessed loss	36 286	36 284
Credit loss provisions	26 937 469	22 990 580
Intangible assets	(57 429)	28 718
Property and equipment	(40 042 887)	(5 828 006)
Prepayments	-	(3 002)
Tax claimable impairments	18 354 895	18 354 895
Investment properties	(4 153 821)	39 279
Other	8 062 152	1 414 642
Closing balance	**8 266 490**	**36 293 479**

22.2 Deferred tax liability

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

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

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Intangible assets	34 019	668
Prepayments	38 693	-
Impairment and provisions	(523 539)	-
Equity investments	7 652 561	1 346 497
Property and equipment	1 745 439	295 414
Investment properties	18 573 552	2 610 336
Other	490 983	-
Closing balance	**28 011 708**	**4 252 915**

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

23. DEPOSITS

Call deposits	17 820 187	55 892 243
Savings and other deposits	2 194 890 003	1 524 660 653
Money market deposits	453 529 112	468 783 201
Lines of credit	19 319 108	26 094 771
Accrued interest	5 322 616	3 724 527
	2 690 881 026	**2 079 155 395**

23.1 Deposits by type

Retail	219 854 567	296 335 950
Corporate	1 994 856 639	1 285 261 766
Money market	456 087 704	471 113 693
Lines of credit	20 082 116	26 443 986
	2 690 881 026	**2 079 155 395**

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

	REVIEWED 30 JUNE 2019 ZWL$	%	AUDITED 31 DEC 2018 ZWL$	%
Private	146 503 428	5	131 095 816	6
Agriculture	104 338 193	4	73 285 293	4
Mining	31 649 049	1	22 272 532	1
Manufacturing	271 428 494	10	187 143 267	9
Distribution	377 613 203	14	397 105 023	19
Construction	73 912 712	3	51 644 282	2
Transport	50 500 787	2	36 993 609	2
Communication	21 302 253	1	76 260 786	4
Services	1 334 895 791	50	763 840 384	37
Financial organisations	209 421 838	7	253 357 510	12
Financial and investments	69 315 278	3	86 156 893	4
	2 690 881 026	**100**	**2 079 155 395**	**100**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
23.3	**Maturity analysis**		
	Less than 1 month	2 444 917 889	1 705 837 398
	Between 1 and 3 months	184 010 319	271 275 832
	Between 3 and 6 months	6 902 715	30 004 585
	Between 6 months and 1 year	23 584 930	22 457 367
	Between 1 and 5 years	26 589 807	31 147 671
	More than 5 years	4 875 366	18 432 542
		2 690 881 026	**2 079 155 395**

Maturity analysis is based on the remaining period from 30 June 2019 to contractual maturity.

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
24.	**INSURANCE LIABILITIES**		
	Reinsurance payables (a)	5 833 307	1 324 675
	Gross outstanding claims (b)	3 092 688	2 870 359
	Gross unearned premium reserve (c)	8 531 470	4 317 264
	Deferred reinsurance acquisition revenue (d)	1 383 385	528 021
		18 840 850	**9 040 319**
24.1	**Insurance contract provisions**		
	(a) Reinsurance payables		
	Reinsurance payables at beginning of the period	1 324 675	747 363
	Premiums ceded during the period	7 734 374	6 404 567
	Reinsurance paid	(3 225 742)	(5 827 255)
	Reinsurance payables at end of the period	**5 833 307**	**1 324 675**
	(b) Gross outstanding claims provision		
	Outstanding claims at the beginning of the period	2 870 359	1 211 259
	Claims incurred	4 532 446	7 485 025
	Incurred but not reported claims provision (IBNR)	259 316	198 429
	Claims paid	(4 569 433)	(6 024 354)
	Outstanding claims at end of the period	**3 092 688**	**2 870 359**
	(c) Gross premium reserve		
	Unearned premiums at the beginning of the period	4 317 264	3 142 147
	Written premiums	14 017 429	13 154 133
	Premiums earned during the period	(9 803 223)	(11 979 016)
	Unearned premiums at end of the period	**8 531 470**	**4 317 264**

(d) Deferred reinsurance acquisition revenue

	Unearned commissions ZWL$	Deferred acquisition ZWL$	Net ZWL$
REVIEWED 30 June 2019			
Unearned at the beginning of the period	528 021	570 243	(42 222)
Written premiums	1 959 484	1 607 354	352 131
Earned during the period	(1 104 120)	(1 038 467)	(65 654)
Unearned at end of period	**1 383 385**	**1 139 130**	**244 255**

	Unearned commissions ZWL$	Deferred acquisition ZWL$	Net ZWL$
Audited 31 December 2018			
Unearned at the beginning of period	353 083	408 961	(55 878)
Written premiums	1 651 945	1 713 005	(61 060)
Earned during the period	(1 477 007)	(1 551 723)	74 716
Unearned at end of period	**528 021**	**570 243**	**(42 222)**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
25.	**OTHER LIABILITIES**		
	Revenue received in advance	5 230 905	3 027 064
	Sundry creditors	45 066 358	28 775 206
	Accruals	6 429 521	1 639 412
	Suspense	3 246 712	3 078 826
	Provisions	1 214 431	1 069 405
		61 187 927	**37 589 913**

26. LIFE FUNDS

		Unearned Premium Reserve ZWL$	Incurred But Not Reported ZWL$	Annuities Reserve ZWL$	Total ZWL$
26.1	**Movement in Life Fund**				
	Reviewed 30 June 2019				
	Opening balance	1 096 481	465 598	31 526	1 593 605
	Transfer to income	255 713	(25 704)	-	230 009
	Closing balance	**1 352 194**	**439 894**	**31 526**	**1 823 614**
	Audited 31 December 2018				
	Opening balance	939 075	526 853	-	1 465 928
	Transfer to income	157 406	(61 255)	31 526	127 677
	Closing balance	**1 096 481**	**465 598**	**31 526**	**1 593 605**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
26.2	**Life funds liabilities as supported by the following net assets**		
	Money market assets	219 283	509 420
	Prescribed assets	408 567	301 200
	Investment property	604 759	447 624
	Listed equity investment	591 005	335 361
		1 823 614	**1 593 605**
27.	**LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES**		
27.1	**Life assurance investment contract liabilities movement**		
	Opening balance	2 393 424	1 806 934
	Interest on GEP fund	614 475	76 910
	Fund Management expenses	(14 861)	(41 212)
	GEP Investment	-	1 064 404
	GEP Withdrawals	(253 075)	(513 612)
	Closing balance	**2 739 963**	**2 393 424**
27.2	**Life assurance investment contract liabilities are supported by the following net assets**		
	Money market assets	769 627	1 321 034
	Cash	127 542	139 937
	Prescribed assets	897 087	708 394
	Listed equity investment	945 707	224 059
		2 739 963	**2 393 424**

28. CATEGORIES OF FINANCIAL LIABILITIES

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

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
29.	**EQUITY AND RESERVES**		
29.1	**Share capital**		
	Authorised		
	1 000 000 000 ordinary shares of ZWL$ 0.01each	**10 000 000**	**10 000 000**
	Issued and fully paid		
	Reconciliation of number of shares	**Shares**	**Shares**
	Opening balance	686 962 567	686 879 495
	Treasury shares cancellation	(168 981 847)	-
	Employee share options	443 184	83 072
	Closing balance	**518 423 904**	**686 962 567**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
	Opening balance	6 869 625	6 868 795
	Treasury shares cancellation	(1 689 820)	-
	Exercise of share options	4 434	830
	Closing balance	**5 184 239**	**6 869 625**
29.2	**Share premium**		
	Opening balance	40 023 014	40 013 748
	Treasury shares cancellation	(6 596 966)	
	Exercise of share options	49 439	9 266
	Closing balance	**33 475 487**	**40 023 014**
29.3	**Treasury shares**		
	Opening balance	17 588 582	17 588 582
	Treasury shares cancellation	(17 588 582)	-
	Closing balance	**-**	**17 588 582**
29.4	**Revaluation reserve**		
	Opening balance	32 139 314	28 927 524
	Net revaluation gain	171 284 252	3 211 790
	Closing balance	**203 423 566**	**32 139 314**
29.5	**Employee share option reserve**		
	Opening balance	1 163 806	1 135 049
	Share options to employees	(552)	28 757
	Closing balance	**1 163 254**	**1 163 806**

During the half year 443 184 shares were exercised after vesting and ZWL$39 047 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 2019 were as follows:

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

	REVIEWED 30 JUNE 2019 Shares	AUDITED 31 DEC 2018 Shares
Movement for the period		
Balance at the beginning of the period	37 197 797	37 280 869
Options exercised	(443 184)	(83 072)
Balance at the end of the period	**36 754 613**	**37 197 797**

No share options were forfeited or expired during the period.

A valuation of the share option scheme was carried out by internal 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 (ZWL$ cents)	8.81
Exercise price (ZWL$ cents)	8.81
Expected volatility	50%
Dividend yield	2.5%
Risk-free interest rate	5.7%

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.

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
29.6	**Revenue reserve**		
	Opening balance	244 917 776	250 212 784
	Impact of adopting IFRS 9 (Note 29.6.1)	-	(73 491 709)
	Total change in equity due to adopting IFRS 9	**244 917 776**	**176 721 075**
	Total comprehensive income for the period	137 379 102	72 162 766
	Treasury shares cancellation	(9 301 796)	-
	Dividend paid	(6 505 442)	(3 966 065)
		366 489 640	**244 917 776**
	The revenue reserve comprises:		
	Holding company	2 766 104	12 362 787
	Subsidiary companies	357 751 890	237 206 816
	Effect of consolidation journals	5 971 646	(4 651 827)
		366 489 640	**244 917 776**
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	-	(90 965 851)
	Deferred tax in relation to the above	-	17 474 142
	Total change in equity due to adopting IFRS 9 (01 Janaury 2018)	**-**	**(73 491 709)**
29.7	**Non-controlling interests**		
	Reconciliation of Non-controlling Interests:		
	Opening balance	121 942	116 287
	Total comprehensive income	126 018	8 856
	Dividend paid	(3 520)	(3 201)
	Closing balance	**244 440**	**121 942**
29.8	**Fair value reserve**		
	Opening balance	8 153 639	-
	Impact of adopting IFRS 9 (Note 29.8.1)	-	8 303 794
	Other comprehensive income for the period	24 613 061	(150 155)
		32 766 700	**8 153 639**

29.8.1 Fair value reserve

The impact of transition to IFRS 9 on fair value reserve is as follows:

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Recognition of fair value gain for unquoted equities on adopting IFRS 9	-	10 389 831
Deferred tax in relation to the above	-	(2 086 037)
Total change in equity due to adopting IFRS 9 (01 January 2018)	**-**	**8 303 794**

29.9 Foreign currency translation reserve

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Opening balance	-	-
Total comprehensive income arising from:	-	-
Exchange gain on change of functional currency	253 644 144	-
Exchange gain on translation of a foreign subsidiary	(100 332)	-
Closing balance	**253 543 812**	**-**

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 and 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.

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Other		
Guarantees	5 370 366	10 493 928
Letters of credit	37 035 212	25 387 701
	42 405 578	**35 881 629**
Capital commitments		
Authorised and contracted for	2 101 609	2 557 221
Authorised but not yet contracted for	467 737	823 537
	2 569 346	**3 380 758**

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

32. FUNDS UNDER MANAGEMENT

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Pensions	602 224 467	337 303 216
Institutional and individual clients - equities	174 968 798	33 354 903
Institutional and individual clients - fixed income	3 578 241	7 501 752
Unit trusts	1 561 927	1 136 683
	782 333 433	**379 296 554**

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.
MORTAGAGE 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 half year ended 30 June 2019:

33.1 Segment operational results

	Commercial banking ZWL$	Mortgage finance ZWL$	Asset management ZWL$	Insurance operations ZWL$	Pr operty Investment ZWL$	Other operations ZWL$	Elimination of intersegment amounts ZWL$	Consolidated ZWL$
Income								
Total income for the period ended 30 June 2019	111 312 492	51 610 832	10 558 362	29 657 929	36 060 152	14 535 264	(229 662)	253 505 369
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
Net underwriting income for the period ended 30 June 2019	-	-	-	6 287 368	-	-	183 969	6 471 337
Net underwriting income for the period ended 30 June 2018				4 778 945			(82 595)	4 696 350
Depreciation & amortisation for the period ended 30 June 2019	6 697 540	1 485 093	39 617	270 636	1 688	138 031	(65 815)	8 566 790
Depreciation & 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
Writeoff of assets for the period ended 30 June 2019	(3 778 254)	229 097	(75)	(108 533)	-	-	-	(3 657 765)
Writeoff of assets for the period ended 30 June 2018	1 760 121	(202 132)	-	(152 045)	-	-	-	1 405 944
Results								
Profit before taxation for the period ended 30 June 2019	42 727 552	33 553 223	8 516 640	23 642 452	34 816 799	6 205 709	6 661 855	156 124 230
Profit 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
Cash flows:								
Used in operating activities for the period ended 30 June 2019	11 692 571	5 290 430	457 259	(128 044)	(73 999)	(2 306 162)	19 306 504	34 238 559
Used in 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
Used in investing activities for the period ended 30 June 2019	(6 606 014)	(29 810)	(1 583 157)	-	(86 068)	(553 987)	(6 670 329)	(15 529 365)
Used 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)
Used in financing activities for the period ended 30 June 2019	(8 156 560)	(158 148)	(70 607)	-	-	(6 466 398)	6 382 979	(8 468 734)
Used in financing activities for the period ended 330 June 2018	(5 440 000)	-	(61 397)	(128 044)	-	(1 340 584)	5 629 441	(1 340 584)
Total assets and liabilities								
Reportable segment liabilities for the period ended 30 June 2019	2 608 627 004	166 372 939	3 664 267	33 096 842	14 811 352	10 597 968	(19 423 521)	2 817 746 851
Reportable segment liabilities for the period ended 31 December 2018	2 016 230 256	106 074 036	550 887	15 803 629	8 574 458	7 842 664	(20 943 704)	2 134 132 226
Total segment assets for the period ended 30 June 2019	3 092 397 923	394 755 816	17 088 818	107 575 627	89 071 437	91 255 716	(78 107 348)	3 714 037 989
Total segment assets for the period ended 31 Decemeber 2018	2 207 889 932	192 672 700	4 999 105	45 401 376	21 113 825	53 574 405	(75 718 583)	2 449 932 760

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 ZWL$	Utilised limits ZWL$	Value of security ZWL$
30 June 2019			
Loans to directors' companies	1 000 000	795 451	570 000
31 December 2018			
Loans to directors' companies	2 023 569	2 010 186	1 925 000

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

	REVIEWED 30 JUNE 2018 ZWL$	AUDITED 31 DEC 2018 ZWL$
Interest income	1 260	303 795
Commission and fee income	422	2 732
	1 682	**306 527**

35. CLOSING EXCHANGE RATES

USD	6.8756	1 00
ZAR	2.0541	14.4194
GBP	8.7196	1.2687
EUR	7.8299	1.1430

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.

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Balances with banks	704 339 463	359 483 940
Money market assets	202 986 141	70 741 297
Financial securities	1 172 452 986	1 244 941 623
Loans and advances to customers	648 988 882	486 996 095
Other assets	40 837 620	26 815 433
Total	**2 769 605 092**	**2 188 978 388**
Capital commitments	2 569 346	3 380 758
Guarantees	5 370 366	10 493 928
	7 939 712	**13 874 686**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not maximum risk exposure that could arise in the future as a result of changes in value.

The Group held cash equivalents of ZWL$704 339 463 (excluding notes and coins) as at 30 June 2019, 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 loans and advances before and after taking into account collateral held is as follows:

	REVIEWED 30 JUNE 2019 ZWL$	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	AUDITED 31 DEC 2018 ZWL$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	171 926 552	67 764 636	171 854 097	49 186 858
Agriculture	156 691 889	50 629 903	145 235 357	19 064 191
Mining	39 637 152	12 828 385	19 480 638	576 821
Manufacturing	42 724 552	12 413 342	47 962 342	9 574 124
Distribution`	203 092 792	53 017 192	98 661 187	11 967 875
Construction	11 237 953	2 709 324	9 258 502	730 158
Transport	9 466 972	3 307 121	7 358 247	985 514
Communication	1 235 684	-	1 539 099	-
Services	118 771 702	15 124 451	83 874 835	2 994 125
Financial organisations	18 165 015	-	13 475 564	-
Total	**772 950 263**	**217 794 354**	**598 699 868**	**95 079 666**

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Collateral held		
Mortgage bonds	577 148 862	576 929 361
Cash cover	1 090 187	7 404 584
Other forms of security including Notarial General Covering Bonds (NGCBs) cessions etc.	187 336 124	185 471 716
	765 575 173	**769 805 661**

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.

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

		REVIEWED 30 June 2019					Audited 31 Dec 2018
	SRS Rating	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchased or Originated Credit Impaired (POCI) ZWL$	Total ZWL$	Total ZWL$
Internal rating grade							
Performing	"1 - 3c"	536 963 268	35 636 029	-	-	572 599 297	371 205 883
Special mention	"4a - 7c"	11 758 596	88 392 517	-	-	100 151 113	127 363 751
Non- performing	"8 - 10"	-	-	100 199 853	-	100 199 853	100 130 234
Total		548 721 864	**124 028 546**	**100 199 853**	-	**772 950 263**	598 699 868

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

	REVIEWED 30 June 2019				Audited 31 Dec 2018
	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$	Total ZWL$
Opening balance	358 895 753	139 673 881	100 130 234	598 699 868	1 020 033 054
New assets originated or purchased (excluding write offs)	231 508 658	22 609 918	888 927	255 007 503	197 925 356
Transfers from Stage 1	(23 196 431)	22 956 960	239 471	-	-
Transfers from Stage 2	27 043 711	(54 658 639)	27 614 928	-	-
Transfers from Stage 3	1 075 648	25 284 127	(26 359 775)	-	-
Amounts paid off	(46 605 477)	(31 837 703)	(2 313 928)	(80 757 108)	(565 303 643)
Amounts written off	-	-	-	-	(53 954 899)
At 30 June 2019	**548 721 862**	**124 028 544**	**100 199 857**	**772 950 263**	**598 699 868**
Expected credit loss allowance	(18 980 350)	(30 312 357)	(74 668 674)	(123 961 381)	(111 703 773)
Net loans and advances to customers	**529 741 512**	**93 716 187**	**25 531 183**	**648 988 882**	**486 996 095**

(iii) An analysis of changes in the ECL allowances in relation to loans and advances is as follows:

	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$
ECL allowance as at 1 January 2019 under IFRS 9	17 119 672	30 537 323	64 046 778	111 703 773
New assets originated or purchased	5 567 710	4 006 568	11 750 554	21 324 832
Transfers from Stage 1	(3 291 450)	3 201 995	89 455	-
Transfers from Stage 2	1 974 559	(16 174 933)	14 200 374	-
Transfers from Stage 3	135 421	13 462 252	(13 597 673)	-
Amounts paid off	(2 525 562)	(4 720 849)	(1 820 813)	(9 067 224)
At 30 June 2019	18 980 350	30 312 356	74 668 675	123 961 381

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

	Reviewed 30 June 2019						Audited 31 Dec 2018
	SRS Rating	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchased or Originated Credit Impaired (POCI)ZWL$	Total ZWL$	Total ZWL$
Internal rating grade							
Performing	"1 - 3c"	1 172 504 095	-	-	-	1 172 504 095	1 244 996 137
Total		**1 172 504 095**	-	-	-	**1 172 504 095**	**1 244 996 137**

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

	Reviewed 30 June 2019				Audited 31 Dec 2018
	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$	Total ZWL$
Opening balance	1 244 996 137	-	-	1 244 996 137	899 862 222
New assets originated or purchased (excluding write offs)	32 721 507	-	-	32 721 507	435 442 967
Maturities	(105 213 549)	-	-	(105 213 549)	(90 309 052)
At 30 June 2019	**1 172 504 095**	-	-	**1 172 504 095**	**1 244 996 137**
Expected credit loss allowance	(51 109)	-	-	(51 109)	(54 514)
Net financial securities	**1 172 452 986**	-	-	**1 172 452 986**	**1 244 941 623**

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

	REVIEWED 30 June 2019						Audited 31 Dec 2018
	SRS Rating	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchased or Originated Credit Impaired (POCI) ZWL$	Total ZWL$	Total ZWL$
Internal rating grade							
Performing	"1 - 3c"	202 994 775	-	-	-	202 994 775	45 820 077
Total		**202 994 775**	-	-	-	**202 994 775**	**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:

	REVIEWED 30 June 2019				Audited 31 Dec 2018
	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$	Total ZWL$
Opening balance	70 744 174	-	-	70 744 174	45 820 077
New assets originated or purchased (excluding write offs)	147 265 282	-	-	147 265 282	56 344 237
Maturities	(15 014 681)	-	-	(15 014 681)	(31 420 140)
At 30 June 2019	**202 994 775**	-	-	**202 994 775**	**70 744 174**
Expected credit loss allowance	**(8 634)**			**(8 634)**	(2 877)
Net money market as at 30 June 2019	**202 986 141**	-	-	**202 986 141**	**70 741 297**

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

			Reviewed 30 June 2019				Audited 31 Dec 2018
	SRS Rating	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchased or Originated Credit Impaired (POCI) ZWL$	Total ZWL$	Total ZWL$
Internal rating grade							
Performing	"1 - 3c"	5 370 366	-	-	-	5 370 366	10 493 928
Special mention	"4a - 7c"		-	-	-		-
Total		**5 370 366**	-	-	-	**5 370 366**	**10 493 928**

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

	REVIEWED 30 June 2019				Audited 31 Dec 2018
	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$	Total ZWL$
Opening balance	10 493 928	-	-	10 493 928	8 428 749
New assets originated or purchased (excluding write offs)	2 986 749	-	-	2 986 749	10 193 330
Guarantees Expired	(8 110 311)	-	-	(8 110 311)	(8 128 151)
At 30 June 2019	**5 370 366**	-	-	**5 370 366**	**10 493 928**
Expected credit loss allowance	(226 511)	-	-	(226 511)	(80 816)
Net financial guarantees as at 30 June 2019	**5 143 855**	-	-	**5 143 855**	**10 413 112**

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 years 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 2019.
Expected Credit Losses is determined through a combination of expected credit exposures (Exposure-at-Default), likelihood of default occurring (Probability of Default) and anticipated Loss in the event of Default (Loss-Given-Default).

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

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

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

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

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

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

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

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

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

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

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

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

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

Cure, Modification and Forbearance of Financial Assets

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

Curing

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

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

Account Cure	Impairment triggers
Move from stage 3 to stage 2 (decrease in credit risk)	• 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 year. 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 year 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 year
- 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-recognises 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 flow needs without affecting the financial condition of the Group.
The Group's liquidity risk management framework ensures that limits are set under respective Group Strategic Business Units relating to 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 2019

	Less than 1 month ZWL$	1 to 3 months ZWL$	3 to 6 months ZWL$	6 to 12 months ZWL$	1 to 5 years ZWL$	5 years and above ZWL$	Total ZWL$
Assets							
Balances with banks and cash	780 941 314	-	-	-	-	-	780 941 314
Money market assets	75 688 262	42 702 520	4 332 782	80 262 577	-	-	202 986 141
Financial securities	30 696 800	339 239	19 444 876	53 049 234	181 009 218	887 913 619	1 172 452 986
Loans and advances to customers	207 917 455	16 943 786	43 276 153	110 013 487	148 201 058	122 636 943	648 988 882
Insurance assets	243 995	-	-	-	-	-	243 995
Financial guarantees	966 327	2 304 785	894 000	1 203 078	2 176	-	5 370 366
Other liquid assets	973 625	39 731 763	-	-	-	-	40 705 388
Total assets	**1 097 427 778**	**102 022 093**	**67 947 811**	**244 528 376**	**329 212 452**	**1 010 550 562**	**2 851 689 072**
Liabilities							
Deposits	2 444 917 889	184 010 319	6 902 715	23 584 930	26 589 807	4 875 366	2 690 881 026
Other liabilities	3 787 904	66 895 210	543 240	-	-	-	71 226 354
Current tax payable	-	121 872		-	-	-	121 872
Life Fund	471 420	-	-	-	-	-	471 420
Investment contract liabilities	2 739 963	-	-	-	-	-	2 739 963
Lease liabilty	288 137	871 634	882 576	1 798 525	9 202 082	-	13 042 954
Financial guarantees	966 327	2 304 785	894 000	1 203 078	2 176	-	5 370 366
Total liabilities	**2 453 171 640**	**254 203 820**	**9 222 531**	**26 586 533**	**35 794 065**	**4 875 366**	**2 783 853 955**
Liquidity gap	**(1 355 743 862)**	**(152 181 727)**	**58 725 280**	**217 941 843**	**293 418 387**	**1 005 675 196**	**67 835 117**
Cumulative liquidity gap	**(1 355 743 862)**	**(1 507 925 589)**	**(1 449 200 309)**	**(1 231 258 466)**	**(937 840 079)**	**67 835 117**	**67 835 117**

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2018

	Less than 1 month ZWL$	1 to 3 months ZWL$	3 to 6 months ZWL$	6 to 12 months ZWL$	1 to 5 years ZWL$	5 years and above ZWL$	Total ZWL$
Assets							
Balances with banks and cash	376 338 271	-	-	-	-	-	376 338 271
Money market assets	20 344 501	788 486	1 742 551	47 865 759	-	-	70 741 297
Financial securities	-	62 761 150	42 461 639	27 704 364	204 330 944	907 683 526	1 244 941 623
Loans and advances to customers	174 353 602	31 146 086	25 084 057	48 777 699	85 614 868	122 019 783	486 996 095
Insurance assets	914 188	3 571 866	-	174 574	-	-	4 660 628
Financial guarantees	39 160	7 160 176	910 976	2 383 616	-	-	10 493 928
Current tax receivable	-	895 211	-	394 163	-	-	1 289 374
Other liquid assets	672 584	26 142 851	-	-	-	-	26 815 435
Total assets	**572 662 306**	**132 465 826**	**70 199 223**	**127 300 175**	**289 945 812**	**1 029 703 309**	**2 222 276 651**
Liabilities							
Deposits	1 705 837 398	271 275 832	30 004 585	22 457 367	31 147 671	18 432 542	2 079 155 395
Insurance liabilities	-	2 870 359	1 324 675	-	-	-	4 195 034
Other liabilities	1 798 626	35 062 879	456 811	271 599	-	-	37 589 915
Current tax payable	106 655	-	-	-	-	-	106 655
Life Fund	497 124	-	-	-	-	-	497 124
Investment contract liabilities	2 393 424	-	-	-	-	-	2 393 424
Financial guarantees	39 160	7 160 176	910 976	2 383 616	-	-	10 493 928
Capital Commitments	-	2 944 505	-	5 453	-	-	2 949 958
Total liabilities	**1 710 672 387**	**319 313 751**	**32 697 047**	**25 118 035**	**31 147 671**	**18 432 542**	**2 137 381 433**
Liquidity gap	**(1 138 010 081)**	**(186 847 925)**	**37 502 176**	**102 182 140**	**258 798 141**	**1 011 270 767**	**84 895 218**
Cumulative liquidity gap	**(1 138 010 081)**	**(1 324 858 006)**	**(1 287 355 830)**	**(1 185 173 690)**	**(926 375 549)**	**84 895 218**	**84 895 218**

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 2019	74.98
At 31 December 2018	64.24
Average for the period	73.95
Maximum for the period	77.40
Minimum for the period	65.52

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

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

At 30 June 2019, if interest rates (both earning and paying rates) at that date had been 15 basis points higher or lower with all other variables held constant, post tax profit would have been ZWL$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

Reviewed 30 June 2019	Less than 1 month ZWL$	1 to 3 months ZWL$	3 to 6 months ZWL$	6 to 12 months ZWL$	1 to 5 years ZWL$	5 years and above ZWL$	Non– interest bearing ZWL$	Total ZWL$
Assets								
Balances with banks and cash	361 348 314		–	–	–	–	419 593 000	780 941 314
Money market assets	75 688 262	42 702 520	4 332 782	80 262 577	–	–	–	202 986 141
Financial securities	30 696 800	339 239	19 444 876	53 049 234	181 009 218	887 913 619	–	1 172 452 986
Loans and advances to customers	207 917 455	16 943 786	43 276 153	110 013 487	148 201 058	122 636 943	–	648 988 882
Insurance assets	–		–	–	–	–	19 187 033	19 187 033
Equity investments	–		–	–	–	–	73 985 255	73 985 255
Land inventory	–		–	–	–	–	129 510 533	129 510 533
Other assets	–		–	–	–	–	42 793 795	42 793 795
Current tax receivable	–		–	–	–	–	809 455	809 455
Intangible assets	–		–	–	–	–	1 347 435	1 347 435
Investment properties	–		–	–	–	–	251 450 945	251 450 945
Property and equipment	–		–	–	–	–	381 317 725	381 317 725
Deferred taxation	–		–	–	–	–	8 266 490	8 266 490
Total assets	**675 650 831**	**59 985 545**	**67 053 811**	**243 325 298**	**329 210 276**	**1 010 550 562**	**1 328 261 666**	**3 714 037 989**
Equity & Liabilities								
Deposits	2 444 917 889	184 010 319	6 902 715	23 584 930	26 589 807	4 875 366	–	2 690 881 026
Insurance liabilities	–	–	–	–	–	–	18 840 850	18 840 850
Other liabilities	–	–	–	–	–	–	61 187 927	61 187 927
Current tax payable	–	–	–	–	–	–	1 218 812	1 218 812
Life Fund	–	–	–	–	–	–	1 823 614	1 823 614
Investment contract liabilities (Long term Insurance)	–	–	–	–	–	–	2 739 963	2 739 963
Deferred taxation	–	–	–	–	–	–	28 011 705	28 011 705
Lease liability					3 840 872	9 202 082	–	13 042 954
Equity	–	–	–	–	–	–	896 291 138	896 291 138
Total liabilities and equity and reserves	**2 444 917 889**	**184 010 319**	**6 902 715**	**23 584 930**	**30 430 679**	**14 077 448**	**1 010 114 009**	**3 714 037 989**
Interest rate repricing gap	**(1 769 267 058)**	**(124 024 774)**	**60 151 096**	**219 740 368**	**298 779 597**	**996 473 114**	**318 147 657**	**–**
Cumulative gap	**(1 769 267 058)**	**(1 893 291 832)**	**(1 833 140 736)**	**(1 613 400 368)**	**(1 314 620 771)**	**(318 147 657)**	**–**	**–**

Audited 31 Dec 2018	Less than 1 month ZWL$	1 to 3 months ZWL$	3 to 6 months ZWL$	6 to 12 months ZWL$	1 to 5 years ZWL$	5 years and above ZWL$	Non–interest bearing ZWL$	Total ZWL$
Assets								
Balances with banks and cash	54 082 249	–	–	–	–	–	322 256 022	376 338 271
Money market assets	20 344 501	788 486	1 742 551	47 865 759	–	–	–	70 741 297
Financial securities	–	62 761 150	42 461 639	27 704 364	204 330 944	907 683 526	–	1 244 941 623
Loans and advances to customers	174 353 602	31 146 086	25 084 057	48 777 699	85 614 868	122 019 783	–	486 996 095
Insurance assets	–	–	–	–	–	–	8 793 176	8 793 176
Equity investments	–	–	–	–	–	–	26 000 396	26 000 396
Other assets	–	–	–	–	–	–	81 736 229	81 736 229
Current tax receivable	–	–	–	–	–	–	1 490 449	1 490 449
Intangible assets	–	–	–	–	–	–	1 613 698	1 613 698
Investment properties	–	–	–	–	–	–	37 558 578	37 558 578
Property and equipment	–	–	–	–	–	–	77 429 469	77 429 469
Deferred taxation	–	–	–	–	–	–	36 293 479	36 293 479
Total assets	**248 780 352**	**94 695 722**	**69 288 247**	**124 347 822**	**289 945 812**	**1 029 703 309**	**593 171 496**	**2 449 932 760**
Equity & Liabilities								
Deposits	1 705 837 398	271 275 832	30 004 585	22 457 367	31 147 671	18 432 542	–	2 079 155 395
Insurance liabilities	–	–	–	–	–	–	9 040 319	9 040 319
Other liabilities	–	–	–	–	–	–	37 589 913	37 589 913
Current tax payable	–	–	–	–	–	–	106 655	106 655
Life Fund	–	–	–	–	–	–	1 593 605	1 593 605
Investment contract liabilities (Long term Insurance)	–	–	–	–	–	–	2 393 424	2 393 424
Deferred taxation	–	–	–	–	–	–	4 252 915	4 252 915
Equity	–	–	–	–	–	–	315 800 534	315 800 534
Total liabilities and equity and reserves	**1 705 837 398**	**271 275 832**	**30 004 585**	**22 457 367**	**31 147 671**	**18 432 542**	**370 777 365**	**2 449 932 760**
Interest rate repricing gap	**(1 457 057 046)**	**(176 580 110)**	**39 283 662**	**101 890 455**	**258 798 141**	**1 011 270 767**	**222 394 131**	**–**
Cumulative gap	**(1 457 057 046)**	**(1 633 637 156)**	**(1 594 353 494)**	**(1 492 463 039)**	**(1 233 664 898)**	**(222 394 131)**	**–**	**–**

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 2019, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the year would have been ZWL$2 710 086 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 2019 is as below:

Foreign currency position as at 30 June 2019

Position expressed in ZWL$	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Balances with banks and cash	780 941 314	319 460 038	387 379 271	30 899 335	641 035	38 314 189	4 247 446
Money market assets	202 986 141	202 986 141	–	–	–	–	–
Financial securities	1 172 452 986	1 172 452 986	–	–	–	–	–
Loans and advances to customers	648 988 882	590 728 251	19 764 810	2 990 696	7 827	35 487 589	9 709
Insurance assets	19 187 033	19 187 033	–	–	–	–	–
Equity investments	73 985 255	72 300 155	–	–	–	1 685 100	–
Land inventory	129 510 533	129 510 533					
Other assets	42 793 795	30 759 672	10 574 605	917 743	61 906	479 869	–
Current tax receivable	809 455	809 455	–	–	–	–	–
Intangible assets	1 347 435	1 347 435	–	–	–	–	–
Investment properties	251 450 945	251 450 945	–	–	–	–	–
Property and equipment	381 317 725	381 317 725	–	–	–	–	–
Deferred taxation	8 266 490	8 266 490	–	–	–	–	–
	3 714 037 989	**3 180 576 859**	**417 718 686**	**34 807 774**	**710 768**	**75 966 747**	**4 257 155**
Equity & Liabilities							
*Deposits	2 690 881 026	2 106 433 471	509 805 883	31 114 071	1 158 528	38 211 092	4 157 981
Insurance liabilities	18 840 850	18 840 850	–	–	–	–	–
Other liabilities	61 187 927	57 972 627	3 100 775	25 769	68 052	18 710	1 994
Current tax payable	1 218 812	1 218 812	–	–	–	–	–
Life Fund	1 823 614	1 823 614	–	–	–	–	–
Investment contract liabilities	2 739 963	2 739 963	–	–	–	–	–
Deferred taxation	28 011 705	28 011 705	–	–	–	–	–
Lease liability	13 042 954	13 042 954	–	–	–	–	–
Equity	896 291 138	896 291 138	–	–	–	–	–
Total equity and liabilities	**3 714 037 989**	**3 126 375 134**	**512 906 658**	**31 139 840**	**1 226 580**	**38 229 802**	**4 159 975**

*In line with exchange control directive RU28 of 2019, CBZ Bank registered its legacy debts with the Reserve Bank of Zimbabwe. Legacy debts amounting to US$458 017 708 were converted to the functional currency (ZWL) at an exchange rate of 1:1 on the 22nd of February 2019, the date of change in functional currency, and continue to be carried at that exchange rate.

Foreign currency position as at 31 December 2018

Position expressed in ZWL$	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	376 338 271	371 561 187	2 462 768	151 953	580 181	1 582 182
Money market assets	70 741 297	60 317 752	–	–	–	10 423 545
Financial securities	1 244 941 623	1 241 579 206	–	–	–	3 362 417
Loans and advances to customers	486 996 095	480 848 847	135 447	1 298	6 009 471	1 032
Insurance assets	8 793 176	8 176 204	–	–	–	616 972
Equity investments	26 000 396	21 131 360	–	–	313 472	4 555 564
Other assets	81 736 229	81 518 046	116 329	30 801		71 053
Current tax receivable	1 490 449	1 490 406	–	–	–	43
Intangible assets	1 613 698	1 367 486	–	–	–	246 212
Investment properties	37 558 578	37 558 578	–	–	–	–
Property and equipment	77 429 469	76 724 662	394 791	–	76 108	233 908
Deferred taxation	36 293 479	36 293 479	–	–	–	–
	2 449 932 760	**2 418 567 213**	**3 109 335**	**184 052**	**6 979 232**	**21 092 928**
Equity & Liabilities						
Deposits	2 079 155 395	2 069 306 040	3 354 745	162 038	5 926 518	406 054
Insurance liabilities	9 040 319	9 040 319	–	–	–	–
Other liabilities	37 589 913	35 312 773	173 768	9 838	73 201	2 020 333
Current tax payable	106 655	106 655	–	–	–	–
Life Fund	1 593 605	–	–	–	–	1 593 605
Life assurance investment contract liabilities	2 393 424	–	–	–	–	2 393 424
Deferred taxation	4 252 915	4 252 915	–	–	–	–
Equity	315 800 534	294 640 516	–	–	–	21 160 018
Total equity and liabilities	**2 449 932 760**	**2 412 659 218**	**3 528 513**	**171 876**	**5 999 719**	**27 573 434**

Foreign currency position as at 30 June 2019

Underlying currency	USD	ZAR	GBP	EUR	Other foreign currencies in ZWL$
Assets					
Balances with banks and cash	56 341 159	63 470 324	73 516	4 893 318	4 247 446
Loans and advances to customers	2 874 631	6 143 189	898	4 532 317	9 709
Equity investments	–	–	–	215 213	–
Other assets	1 537 990	1 885 136	7 099	61 287	–
Total assets	**60 753 780**	**71 498 649**	**81 513**	**9 702 135**	**4 257 155**
Liabilities					
Deposits	74 147 112	63 911 413	132 865	756 865	4 157 981
Other liabilities	450 982	52 933	7 805	2 389	1 994
Total liabilities	**74 598 094**	**63 964 346**	**140 670**	**759 254**	**4 159 975**
Net position	**(13 844 314)**	**7 534 303**	**(59 157)**	**8 942 881**	**97 180**

Foreign currency position as at 31 December 2018

Underlying currency Assets	ZAR	GBP	EUR	Other foreign currencies in ZWL$
Assets				
Balances with banks and cash	35 511 634	119 771	507 595	235 978
Loans and advances to customers	1 953 068	1 023	5 257 630	1 035
Other assets	1 677 398	24 278	–	–
Equity investments	–	–	274 253	–
Property and equipment	5 692 655	–	66 587	–
Total assets	**44 834 755**	**145 072**	**6 106 064**	**237 013**
Liabilities				
Deposits	48 373 403	127 720	5 185 055	406 054
Other liabilities	2 131 744	7 755	64 043	325
Total liabilities	**50 505 147**	**135 475**	**5 249 098**	**406 378**
Net position	**(5 670 392)**	**9 597**	**856 966**	**(169 366)**

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Global Credit Rating	A+	A	A	A	A	A+	A+	A+	A+	A	A	A

CBZ Life Private Limited

Rating agent	2019	2018	2017	2016	2015	201 4	2013	2012	2011	2010	2009	2008
Global Credit Rating (Financial strength)	A-	A-	BBB+	BBB+	BBB+	-	-	-	-	-	-	-

CBZ Insurance Private Limited

Rating agent	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Global Credit Rating(Claims paying ability)	BBB+	BBB+	BBB+	BBB	BBB	-	-	-	-	-	-	-

CBZ Asset Management Private Limited

Rating agent	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Global Credit Rating (Manager quality)	A	A	A	A	A	-	-	-	-	-	-	-

36.13.2 Reserve Bank Ratings

CAMELS RATING MATRIX - 31 DECEMBER 2017 RBZ ONSITE EXAMINATION							
	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank (current)	2	1	3	2	2	2	2
CBZ Bank (previous)	1	1	2	1	1	2	2

Key

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

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

KEY

Level of inherent risk

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

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

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

Adequacy of Risk Management Systems

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

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

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

Overall Composite Risk

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

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

Direction of Overall Composite Risk Rating

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	THROUGH P&L 30 JUNE 2019 ZWL$	THROUGH BOTH P&L AND OCI 30 JUNE 2019 ZWL$
ASSETS		
Balances with banks and cash	780 941 314	780 941 314
Money market assets	202 986 141	202 986 141
Financial securities	1 172 452 986	1 172 452 986
Loans and advances to customers	648 988 882	648 988 882
Insurance assets	19 187 033	19 187 033
Equity investments	73 985 255	73 985 255
Land Inventory	129 510 533	129 510 533
Other assets	42 793 795	42 793 795
Current tax receivable	809 455	809 455
Intangible assets	1 347 435	1 347 435
Property and equipment	381 317 725	381 317 725
Investment properties	251 450 945	251 450 945
Deferred tax asset	8 266 490	8 266 490
TOTAL ASSETS	**3 714 037 989**	**3 714 037 989**
LIABILITIES		
Deposits	2 690 881 026	2 690 881 026
Insurance liabilities	18 840 850	18 840 850
Other liabilities	61 187 927	61 187 927
Current tax payable	1 218 812	1 218 812
Life fund	1 823 614	1 823 614
Life assurance investment contract liabilities	2 739 963	2 739 963
Deferred tax liability	28 011 705	28 011 705
Lease Liability	13 042 954	13 042 954
TOTAL LIABILITIES	**2 817 746 851**	**2 817 746 851**
EQUITY		
Share capital	5 184 239	5 184 239
Share premium	33 475 487	33 475 487
Revaluation reserve	203 423 566	203 423 566
Share option reserve	1 163 254	1 163 254
Fair value reserve	32 766 700	32 766 700
Foreign Currency Translation Reserve	(100 332)	87 582 230
Revenue reserve	620 133 784	532 451 222
Equity attributable to equity holders of the parent	**896 046 698**	**896 046 698**
Non-controlling interests	244 440	244 440
TOTAL EQUITY	**896 291 138**	**896 291 138**
TOTAL LIABILITIES AND EQUITY	**3 714 037 989**	**3 714 037 989**

37. **Foreign Currency Gains and Losses on Change in Functional Currency**

Following the adoption of the Zimbabwe Dollar (ZWL$) as the functional currency and reporting currency, the Group translated all Foreign Currency denominated balances to the ZWL$ as per the requirements of International Accounting Standard (IAS) 21, "The Effects of Changes in Foreign Exchange Rates". Application of IAS 21 resulted in the Group realising a Foreign Currency Translation gain of ZWL$253 644 144

Given the non-prescriptive nature of IAS21 on the treatment of such a gain specifically resulting from a Change in Functional Currency, the Group was faced with the following accounting options;

- to recognise the whole gain through Profit & Loss
- to recognise the whole gain through Other Comprehensive Income and
- to recognise the gain partly through Profit & Loss and partly through Other Comprehensive Income in line with the much clearer IAS 21 subsequent measurement methodology.

Due to a number of persuasive factors and notwithstanding the very strong arguments in favour of alternative accounting treatments, the Group chose to recognise the stated gains and losses through Other Comprehensive Income.
The following note highlights the impact on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position had the Group applied the alternative accounting treatments noted above.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2019

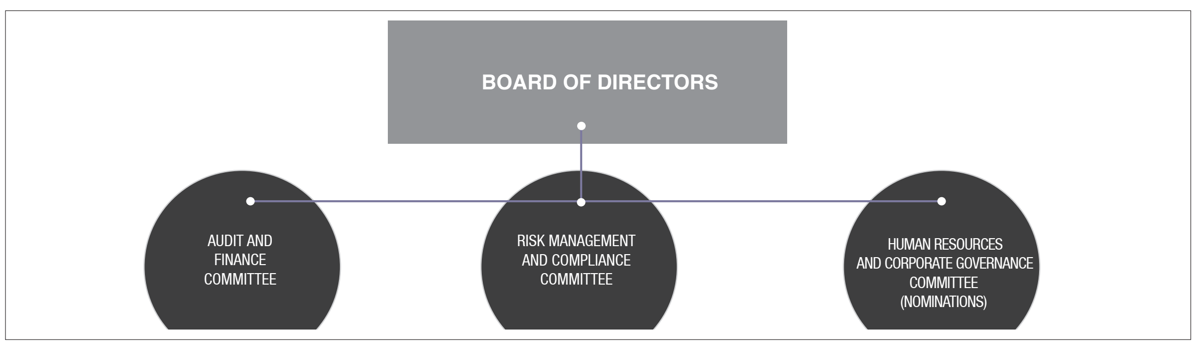
	THROUGH P&L 30 JUNE 2019 ZWL$	THROUGH BOTH P&L AND OCI 30 JUNE 2019 ZWL$
Interest income	68 833 378	68 833 378
Interest expense	(20 916 943)	(20 916 943)
Net interest income	**47 916 435**	**47 916 435**
Net non-interest income	199 117 597	199 117 597
Functional currency change net exchange gain	253 644 144	165 961 582
Net underwriting income	6 471 337	6 471 337
Total income	**507 149 513**	**419 466 951**
Operating expenditure	(93 851 624)	(93 851 624)
Operating income	**413 297 889**	**325 615 327**
Credit loss expense	(3 529 515)	(3 529 515)
Profit before taxation	**409 768 374**	**322 085 812**
Taxation	(18 722 806)	(18 722 806)
Profit after taxation	**391 045 568**	**303 363 006**
Other comprehensive income		
Gains on property revaluation	206 767 637	206 767 637
Fair value gain on unquoted investments	30 768 164	30 768 164
Deferred income tax relating to components of other comprehensive income	(41 534 792)	(41 534 792)
Exchange gains on change of functional currency	-	87 682 562
Exchange loss on translation of a foreign subsidiary	(100 332)	(100 332)
Other comprehensive income for the period net of tax	**195 900 677**	**283 583 239**
Total comprehensive income	**586 946 245**	**586 946 245**

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 8 directors being; an Independent non-executive chairman, two executive directors and four non-executive directors.

Retirement and Appointment of New Directors
During the course of the half year, three Directors, Mr Givemore Taputaira, Mrs Roseline Nhamo and Mr Fouad Dernawi were permanently retired from the Board having served for a period of ten years. A new Director, Dr. Patience Matshe was appointed at the beginning of the year to the CBZ Holdings Board as a Non-Executive Director.

The recruitment of new Directors is currently ongoing and the appointment of new directors is based on pre-established criteria having regard to the existing skills mix of the Board as a whole and having assessed areas where additional skill, expertise or experience is required. These appointments to the Board are made with due cognizance of the need to ensure that the board comprises a diverse range of skills, knowledge and expertise and has the requisite independence, including, the professional and industry knowledge necessary to meet the Group's strategic objectives.

All appointments follow a transparent procedure and are subject to confirmation by shareholders at the Annual General Meeting. Before appointment, potential board appointees must undergo a fitness and Probity assessment in line with the Reserve Bank of Zimbabwe (RBZ) Prudential Guidelines 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 and 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 as at 30 June 2019 were constituted as tabulated below:

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

Key
* - Executive Director
*** - New member

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2019)

	Audit & Finance	Special Audit & Finance	Special Joint Audit & Finance	Special HR & Corporate Governance	HR & Corporate Governance	Special Main Board	Main Board	Total Committees	Total Boards
Meetings Held	2	1	1	1	2	1	2	7	3
Matimba N	**	**	1	1	2	1	2	4	3
Dernawi F M****	2	–	–	**	**	–	2	2	2
Matorofa J	2	1	–	**	**	1	2	3	3
Nhamo R****	**	**	1	1	2	1	2	5	2
Zifudzi V	**	**	1	–	2	1	2	3	3
Taputaira G****	2	–	1	**	**	–	2	3	2
Annandale WJ	**	**	1	1	1	1	–	3	2
Hollingworth MJ	2	1	1	–	**	1	2	4	3
Matshe P	**	**	**	**	**	1	1	**	2
Mudavanhu B (Dr)	2	–	1	1	2	1	2	5	3
C. Chimutsa*	2	1	1	**	**	1	2	4	3

Key
* - Executive Director
** - Not Member
*** - Resigned
**** - Retired

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2019)

NAME	AUDIT & FINANCE	SPECIAL AUDIT & FINANCE	RISK MANAGEMENT	CREDIT	LOANS REVIEW	SPECIAL MAIN BOARD	MAIN BOARD	TOTAL COMMITTEES	TOTAL MAIN BOARD
Meetings held	*2*	*1*	*2*	*2*	*2*	*2*	*2*	*9*	*4*
CC Mapfumba	**	**	**	2	**	2	2	2	4
MPA Marufu	2	–	2	2	**	2	2	6	4
ET Shangwa	1	1	**	**	1	–	1	3	1
D K Shinya	1	1	–	**	1	–	1	3	1
B Mudavanhu (Dr)	1	–	**	1	1	1	2	3	3
C Chimutsa	2	1	2	2	**	2	2	7	4
*P Zimunya	2	1	2	2	2	2	2	9	4
*M Mudondo	2	1	2	2	2	2	2	9	4

Key
* - Executive Director
** - Not Member
*** - Resigned
**** - Retired

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2019)

NAME	AUDIT & COMPLIANCE	INVESTMENTS & RISK	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings held	*2*	*2*	*2*	*4*	*2*
SB Naik****	2	2	2	4	*2*
MTV Moyo	2	2	2	4	*2*
N Mhlanga	2	2	2	4	*2*
B Mudavanhu (Dr)	2	2	2	4	*2*
CF Mukanganga	2	2	2	4	*2*
C Chimutsa	2	2	2	4	*2*
JF Smith*	2	2	2	4	2
T Muzadzi*	**	2	2	2	*2*
T Muzadzi*	**	4	4	2	*4*

Key
* - Executive Director
** - Not Member
*** - Resigned
**** - Retired

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2019)

NAME	INVESTMENTS & RISK	HR & REMUNERATION	AUDIT & FINANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings held	2	2	2	2	6	2
R Dawes	**	1	**	2	1	2
F B Zizhou	2	–	2	2	4	2
V Masunda (Dr)	1	2	2	2	5	2
H Tshuma	1	1	1	1	3	1
Dr Mudavanhu B	1	1	–	–	2	–
C Chimutsa	2	–	2	2	2	2
*N Mureriwa	2	2	2	2	2	2

Key
* - Executive Director
** - Not Member
*** - Resigned
**** - Retired

CBZ RISK ADVISORY SERVICES BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2019)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings Held	*2*	*2*
L Magorimbo	2	2
N Ndlovu	2	2
N Marandu	2	2
B Mudavanhu (Dr)	0	0
C Chimutsa	2	2
*N Mureriwa	2	2

Key
* - Executive Director
** - Not Member
*** - Resigned
**** - Retired

CBZ INSURANCE BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2019)

NAME	HR & REMUNERATION	INVESTMENTS & RISK	AUDIT & FINANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings Held	*2*	*2*	*2*	*2*	*6*	*2*
S B Naik	2	2	2	2	6	2
AKT Matika	2	**	**	2	2	2
W Chitiga	**	2	2	2	4	2
B Mudavanhu	–	–	–	1	0	1
C Chimutsa	2	2	2	2	6	2
*N Mureriwa	2	2	2	2	6	2

Key
* - Executive Director
** - Not Member
*** - Resigned
**** - Retired

CBZ PROPERTIES BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2019)

NAME	BOARD	TOTAL BOARD
Meetings Held	*2*	*5*
I Tigere	2	2
C Makwiranzou	2	2
M Sinyoro	2	2
B Mudavanhu (Dr)	0	0
C Chimutsa	2	2
*H Bvumburai	2	2

Key
* - Executive Director
** - Not Member
*** - Resigned
**** - Retired

STATEMENT OF COMPLIANCE

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

By order of the Board

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Rumbidzayi A. Jakanani
GROUP LEGAL CORPORATE SECRETARY

07 August 2019

CBZ BANK
[REGISTERED COMMERCIAL BANK]

Partners For Success

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REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2019**

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2019

	Notes	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
Interest income	2	60 444 162	61 775 800
Interest expense	2	(19 434 771)	(27 228 043)
Net interest income		**41 009 391**	**34 547 757**
Net non-interest income	3	70 303 101	40 169 312
Total income		**111 312 492**	**74 717 069**
Operating expenditure	4	(64 934 935)	(37 130 960)
Operating income		**46 377 557**	**37 586 109**
Credit loss expense	12.1	(3 650 005)	(1 760 121)
Profit before taxation		**42 727 552**	**35 825 988**
Taxation	5	(3 511 889)	(3 860 557)
Profit after taxation		**39 215 663**	**31 965 431**
Other comprehensive income			
Items that will not be reclassified to profit and loss in subsquent periods			
Gains on property revaluations		124 868 373	-
Fair value gain on unquoted investments		724 991	-
Deferred tax relating to components of other comprehensive income	5.3	(32 298 605)	-
Exchange gains on change of functional currency	24.5	165 856 821	
Other comprehensive income for the period net of tax		**259 151 580**	**-**
Total comprehensive income		**298 367 243**	**31 965 431**
Profit attributable to:			
Equity holders of parent		39 215 663	31 965 431
Total comprehensive income attributed to:			
Equity holders of parent		298 367 243	31 965 431
Earnings per share (cents):			
Basic	6.1	15.32	12.49
Diluted	6.1	15.32	12.49

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
ASSETS			
Balances with banks and cash	8	747 614 197	359 591 883
Money market assets	9	193 444 339	59 105 859
Financial securities	10	1 169 033 527	1 241 579 206
Loans and advances to customers	11	509 978 696	369 079 119
Other assets	13	54 442 992	32 244 918
Land inventory		120 821 173	45 593 979
Current tax receivable		-	895 211
Equity investments	14	5 112 556	4 387 565
Property and equipment	17	236 903 840	51 368 238
Investment properties	18	45 928 000	7 010 000
Intangible assets	19	888 400	1 337 595
Deferred tax asset	20	8 230 203	35 696 359
TOTAL ASSETS		**3 092 397 923**	**2 207 889 932**
LIABILITIES			
Deposits	21	2 556 564 556	1 988 692 716
Other liabilities	22	38 734 814	27 537 540
Current tax payable		1 145 992	-
Lease liability	17.1b	12 181 642	-
Total liabilities		**2 608 627 004**	**2 016 230 256**
EQUITY			
Share capital	24	5 118 180	5 118 180
Share premium	24.1	16 721 711	16 721 711
Revaluation reserve	24.2	107 199 121	14 484 354
Revenue reserve	24.3	185 360 389	152 400 726
Fair value reserve	24.4	3 514 697	2 934 705
Foreign currency translation reserve	24.5	165 856 821	-
Total equity and reserves		**483 770 919**	**191 659 676**
TOTAL LIABILITIES AND EQUITY		**3 092 397 923**	**2 207 889 932**

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2019

	Share capital ZWL$	Share premium ZWL$	Revaluation reserve ZWL$	FCT reserve ZWL$	Fair value reserve ZWL$	Revenue reserve ZWL$	Total ZWL$
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	-	-	-	-	2 991 841	(59 063 080)	(56 071 239)
Restated balance at 01 Jan 2018	**5 118 180**	**16 721 711**	**1 2 397 399**	**-**	**2 991 841**	**94 812 475**	**132 041 606**
Profit for the period	-	-	-	-	-	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**	**-**	**2 991 841**	**121 337 906**	**158 567 037**
Reviewed 30 June 2019							
Opening balance	5 118 180	16 721 711	14 484 354	-	2 934 705	152 400 726	191 659 676
Profit for the period	-	-		-	-	39 215 663	39 215 663
Other comprehensive income for the period	-	-	92 714 767	165 856 821	579 992	-	259 151 580
Dividend paid	-	-	-	-	-	(6 256 000)	(6 256 000)
Balance at 30 June 2019	**5 118 180**	**16 721 711**	**107 199 121**	**165 856 821**	**3 514 697**	**185 360 389**	**483 770 919**

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2019

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**42 727 552**	**35 825 988**
Non-cash items:		
Depreciation	6 151 319	3 549 123
Amortisation of intangible assets	546 220	582 141
Write off and impairments of fixed assets	128 250	-
Fair value adjustment on investment property	(28 403 000)	-
Credit loss expense on advances	3 650 005	1 760 121
(Gain)/Loss on sale of property and equipment	(57 169)	57 181
Interest on lease liabilty	327 562	-
Unrealised loss on foreign currency positions	22 450 098	1 003 164
Operating cash flow before changes in operating assets and liabilities	**47 520 837**	**42 777 718**
Changes in operating assets and liabilities		
Deposits	137 259 618	291 485 145
Loans and advances to customers	(99 661 546)	(13 650 637)
Money market assets	(134 344 167)	(152 080 063)
Financial securities	72 549 077	(2 601 847)
Other assets	(12 161 988)	8 068 051
Other liabilities	8 814 673	16 707 222
Land inventory	(1 980 798)	-
	(29 525 131)	**147 927 871**
Corporate tax paid	(6 303 135)	(5 311 712)
Net cash inflow/(outflow) from operating activities	**11 692 571**	**185 393 877**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	118 121	169 120
Purchase of property and equipment	(6 724 135)	(3 074 540)
Net cash outflow from investment activities	**(6 606 014)**	**(2 905 420)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(6 256 000)	(5 440 000)
Lease liability payment	(1 572 998)	-
Interest paid on Lease liability	(327 562)	-
Net cash inflow/(outflow) from the financing activities	**(8 156 560)**	**(5 440 000)**
NET INCREASE/(DECREASE) IN BALANCES WITH BANKS AND CASH	**(3 070 003)**	**177 048 457**
Balances with banks and cash at the beginning of the period	359 591 883	86 762 756
Exchange gains on foreign cash balances	391 092 317	-
CASH & CASH EQUIVALENTS AT END OF PERIOD	**747 614 197**	**263 811 213**

NOTES TO THE FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2019

1.1 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.

1.2 ACCOUNTING POLICIES

The Bank has applied accounting policies that are consistent to those of the Group. Refer to Group accounting policies on page 2.

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
2. NET INTEREST INCOME		
Interest income		
Overdrafts	14 983 851	15 041 491
Loans	7 265 761	16 142 625
Home loans	10 376	7 614
Staff loans	1 357 349	1 447 993
Securities investments	36 117 246	28 163 596
Intercompany balances	565 462	923 891
Other investments	144 117	48 590
	60 444 162	**61 775 800**
Interest expense		
Savings deposits	4 316 235	13 031 596
Call deposits	344 955	196 486
Money market deposits	11 522 257	11 831 825
Offshore deposits	2 923 762	2 168 136
Lease liability	327 562	-
	19 434 771	**27 228 043**
Net interest income	**41 009 391**	**34 547 757**
3. NET NON-INTEREST INCOME		
Fair value adjustment on investment property	28 403 000	-
Net income from foreign currency dealings	12 530 935	2 371 652
Unrealised loss on foreign currency positions	(22 450 098)	(1 003 165)
Commission and fee income	44 876 096	32 269 497
Profit /(loss) on disposal of fixed assets	57 169	(57 181)
Bad debts recovered	2 849 744	3 195 389
Property sales	3 177 657	2 511 712
Rental income	363 312	155 542
Other operating income	495 286	725 866
	70 303 101	**40 169 312**
4. OPERATING EXPENDITURE		
Staff costs	33 575 620	18 029 180
Other administration expenses	22 842 977	14 012 265
Audit fees	158 828	116 696
Depreciation	6 151 319	3 549 123
Amortisation of intangible assets	546 220	582 141
Property cost of sales	1 531 721	841 555
Write off and impairments of fixed assets	128 250	-
	64 934 935	**37 130 960**

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 ZWL$2 613 911 (June 2018:ZWL$2 005 995).

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
Remuneration of directors / key management personnel		
Fees for services as directors	78 129	75 618
Pension for past and present directors	168 330	104 985
Salaries and other benefits	3 270 732	1 675 769
	3 517 191	**1 856 372**
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
Between 1 and 5 years	-	1 168 195
	-	**2 344 221**

The Bank 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. On 1 January 2019 the Bank intially applied IFRS 16 Leases under the transition method chosen and recognised interest on lease liability and depreciation expense as detailed under note 17. For 2018 the Bank recognised ZWL$1 292 346 as rent expense in the Statement of Profit or Loss and Other Comprehensive Income under IAS 17.

5. TAXATION

The following constitutes the major components of income tax expense recognised in the Statement of Profit or Loss.

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
5.1 Analysis of tax charge in respect of profit for the year		
Current tax expense	8 344 338	-
Deferred tax expense / (income)	(4 832 449)	3 860 557
Tax expense	**3 511 889**	**3 860 557**
Tax rate reconciliation	**%**	**%**
Notional tax	25	25
Aids levy	0.75	0.75
Non deductible expenses	4	11.76
Exempt income	(21.34)	(26.69)
Tax benefits	(0.20)	(0.20)
Effective rate	**8.21**	**10.62**
5.3 The following constitutes the components of deferred tax expense recognised in Other Comprehensive Income.		
Deferred tax expense on revaluation gains	32 153 606	-
Deferred tax expense on fair value adjustments on financial assets	144 999	-
	32 298 605	**-**

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the 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 year 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 6.1, 6.2 and 6.3, reflect the respective earnings and share data used in the basic and diluted earnings per share computations:

	REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
6.1 Annualised earnings per share (US cents)		
Basic earnings	15.32	12.49
Diluted earnings	15.32	12.49
6.2 EARNINGS		
Basic (earnings attributable to holders of parent)	39 215 663	31 965 431
Fully Diluted	39 215 663	31 965 431
6.3 Number of shares used in calculations (weighted)		
Basic	511 817 951	511 817 951
Fully Diluted	511 817 951	511 817 951

		REVIEWED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
6.4	**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**
	Weighted average number of shares for diluted EPS	**511 817 951**	**511 817 951**
7.	**DIVIDENDS**		
	Dividend paid	6 256 000	5 440 000

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
8.	**BALANCES WITH BANKS AND CASH**		
	Cash	79 273 839	15 105 813
	Nostro accounts	332 666 644	38 067 650
	Balance with the Reserve Bank of Zimbabwe	250 482 640	238 435 345
	RBZ Statutory Reserve	85 191 074	67 983 075
		747 614 197	**359 591 883**

Statutory reserve balance relates to restricted liquid reserve, determined in line with the RBZ Statutory reserve guidelines currently 5% of qualifying RTGS deposits

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
9.	**MONEY MARKET ASSETS**		
	AMA Bills	43 200 000	43 200 000
	Treasury placements	67 738 445	15 000 000
	Savings bonds	80 000 000	-
	Accrued interest	2 514 069	908 347
	Total gross money market	**193 452 514**	**59 108 347**
	Expected credit loss	(8 175)	(2 488)
	Total net money market assets	**193 444 339**	**59 105 859**
	Maturity analysis		
	Between 0 and 3 months	113 452 514	15 014 680
	Between 3 and 6 months	-	-
	Between 6 and 12 months	80 000 000	44 093 667
		193 452 514	**59 108 347**
10.	**FINANCIAL SECURITIES**		
	Treasury bills	1 138 387 684	1 214 923 492
	Accrued interest	30 696 801	26 710 070
	Total gross financial securities	**1 169 084 485**	**1 241 633 562**
	Expected credit loss	(50 958)	(54 356)
	Total net financial securities	**1 169 033 527**	**1 241 579 206**
	Maturity analysis		
	Between 0 and 3 months	31 036 039	62 751 912
	Between 3 and 6 months	18 872 851	42 461 638
	Between 6 and 12 months	51 842 554	27 704 364
	Between 1 and 5 years	179 368 311	201 032 120
	Above 5 years	887 964 730	907 683 528
		1 169 084 485	**1 241 633 562**
11.	**LOANS AND ADVANCES TO CUSTOMERS**		
	Overdrafts	344 353 447	302 848 825
	Loans	224 780 013	109 939 373
	Staff loans	42 843 482	44 639 553
	Mortgage advances	56 133	188 533
	Interest accrued	2 557 153	4 149 368
	Total gross loans and advances to customers	**614 590 228**	**461 765 652**
	Allowance for Expected Credit Loss (ECL)	(104 611 532)	(92 686 533)
	Total net loans and advances to customers	**509 978 696**	**369 079 119**
11.1	**Maturity analysis**		
	Less than 1 month	231 821 578	234 940 069
	Between 1 and 3 months	11 277 049	36 423 228
	Between 3 and 6 months	48 375 551	29 212 225
	Between 6 months and 1 year	128 243 933	53 044 235
	Between 1 and 5 years	155 910 589	61 231 111
	More than 5 years	38 961 528	46 914 784
		614 590 228	**461 765 652**

Maturity analysis is based on the remaining period from 30 June 2019 to contractual maturity.

		REVIEWED 30 JUNE 2019 ZWL$	%	AUDITED 31 DEC 2018 ZWL$	%
11.2	**Sectoral Analysis**				
	Private	86 329 618	14	84 798 834	18
	Agriculture	145 075 756	24	133 646 621	29
	Mining	35 669 853	6	14 418 537	3
	Manufacturing	31 896 658	5	46 181 138	10
	Distribution	184 840 658	30	84 111 485	18
	Construction	9 247 694	2	7 367 320	2
	Transport	8 947 923	1	7 260 695	2
	Communication	1 235 683	0	1 539 099	0
	Services	77 669 839	13	58 431 761	13
	Financial organisations	33 676 546	5	24 010 162	5
		614 590 228	**100**	**461 765 652**	**100**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
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	8 433 889	8 256 591
	Advances made during the year	141 528	574 778
	Repayments during the year	(1 355 592)	(397 480)
	Closing balance	**7 219 825**	**8 433 889**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
	Loans to employees		
	Included in advances are loans to employees:		
	Opening balance	36 205 665	39 498 723
	Advances made during the year	1 072 385	1 544 097
	Repayments during the year	(1 654 393)	(4 837 155)
	Closing balance	**35 623 657**	**36 205 665**
11.4	**Allowance for Expected Credit Loss (ECL)**		
	Opening balance	92 686 533	72 189 321
	IFRS 9 opening adjustment	-	79 193 217
	Adjusted opening balance	**92 686 533**	**151 382 538**
	Credit loss expense on loans and advances	3 507 013	(989 356)
	Interest in suspense	8 417 986	5 383 887
	Amounts written off during the year	-	(63 090 536)
	Closing balance	**104 611 532**	**92 686 533**

12. IMPAIRMENT ON FINANCIAL INSTRUMENTS

12.1 Expected credit loss expense (ECL)

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

	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchase or Originated Credit Impaired ZWL$	Total ZWL$
Money market assets	(5 687)	–	–	–	(5 687)
Financial securities	3 398	–	–	–	3 398
Loans and advances to customers	(853 687)	(749 898)	(1 903 428)	–	(3 507 013)
Financial guarantees	85 808	–	–	–	85 808
Lease receivables	(226 511)	–	–	–	(226 511)
Expected credit loss expense	**(996 679)**	**(749 898)**	**(1 903 428)**	**–**	**(3 650 005)**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
13.	**OTHER ASSETS**		
	Prepayments	10 562 696	1 682 884
	Receivables	42 135 235	29 749 967
	Stationery consumables	1 745 061	812 067
		54 442 992	**32 244 918**
14 .	**EQUITY INVESTMENTS**		
	Investments in equity instruments	4 387 565	956 682
	Impact of IFRS 9 fair value adjustment	-	3 739 802
	Investments in equities during the year	-	42 500
	Investment disposed during the year	-	(280 000)
	Fair value adjustment other comprehensive income	724 991	(71 419)
	Total	**5 112 556**	**4 387 565**

15. CATEGORIES OF FINANCIAL ASSETS

	At fair value through profit or loss ZWL$	At fair value through FVOCI ZWL$	At amortised cost ZWL$	Total carrying amount ZWL$
30 June 2019				
Balances with banks and cash	-	-	747 614 197	747 614 197
Money market assets	-	-	193 444 339	193 444 339
Financial securities	-	-	1 169 033 527	1 169 033 527
Loans and advances to customers	-	-	509 978 696	509 978 696
Equity investments	-	5 112 556	-	5 112 556
Other monetary assets	-	-	42 135 235	42 135 235
TOTAL ASSETS	**-**	**5 112 556**	**2 662 205 994**	**2 667 318 550**

	At fair value through profit or loss ZWL$	At fair value through FVOCI ZWL$	At amortised cost ZWL$	Total carrying amount ZWL$
31 December 2018				
Balances with banks and cash	-	-	359 591 883	359 591 883
Money market assets	-	-	59 105 859	59 105 859
Financial securities	-	-	1 241 579 206	1 241 579 206
Loans and advances to customers	-	-	369 079 119	369 079 119
Equity investments	-	4 387 565	-	4 387 565
Other monetary assets	-	-	31 432 849	31 432 849
Total	**-**	**4 387 565**	**2 060 788 916**	**2 065 176 481**

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:

	Level 1		Level 2		Level 3		Total carrying amount	
	30 Jun 2019 ZWL$	31 Dec 2018 ZWL$	30 Jun 2019 ZWL$	31 Dec 2018 ZWL$	30 Jun 2019 ZWL$	31 Dec 2018 ZWL$	30 Jun 2019 ZWL$	31 Dec 2018 ZWL$
Equity investments	-	-	-	-	5 112 556	4 387 565	5 112 556	4 387 565
Land and Buildings	-	-	205 548 007	31 084 000	-	-	205 548 007	31 084 000
Investment properties	-	-	45 928 000	7 010 000	-	-	45 928 000	7 010 000
Total assets at fair value	**-**	**-**	**251 476 007**	**38 094 000**	**5 112 556**	**4 387 565**	**256 588 563**	**42 481 565**

The fair values of the non-listed equities have been categorised under level 3 in the fair value hierachy based on the inputs used for the valuation technique.

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

Valuation Technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Discounted Cash Flow Technique & Dividend Growth model.	• Inflation shock adjusted return (1.5%) • Growth rate (0.05%)	The fair values would increase/ decrease if : • Inflation shock adjusted return was higher/lower • The risk adjusted discount were lower / higher

If the fair value adjustment had been 5% up or down, the Bank's other comprehensive income would be ZWL$29 000 and the Statement of financial position would be ZWL$36 250 higher or lower than the reported position.

17. PROPERTY AND EQUIPMENT

Reviewed 30 June 2019	Land ZWL$	Buildings ZWL$	Leasehold improvements ZWL$	Motor vehicles ZWL$	Computers ZWL$	Equipment ZWL$	Furniture & fittings ZWL$	Work in progress ZWL$	Total ZWL$
COST									
Opening balance	3 750 000	27 334 000	746 789	5 184 531	23 077 828	9 745 842	5 785 257	3 180 247	78 804 494
Impact of IFRS 16 –Right of us	–	5 844 580	–	–	–	7 910 061	–	–	13 754 641
Additions	–	50 579	–	–	664 237	240 941	325 377	5 443 001	6 724 135
Revaluation Gain	16 409 000	106 229 556	–	–	–	–	–	–	122 638 556
Change in functional currency	5 625 000	41 001 000	–	–	–	–	–	–	46 626 000
Disposals	–	–	–	(259 628)	(72 041)	(15 263)	(48 847)	–	(395 779)
Transfers (to)\ from intangible assets	–	–	–	–	–	–	–	(97 025)	(97 025)
Write offs	–	–	–	–	(468)	–	(480)	(128 049)	(128 997)
Transfers(PPE Intercategories)	–	34 865	–	–	282 474	23 991	303 558	(644 888)	–
Closing balance	**25 784 000**	**180 494 580**	**746 789**	**4 924 903**	**23 952 030**	**17 905 572**	**6 364 865**	**7 753 286**	**267 926 025**
Accumulated depreciation									
Opening balance	–	–	470 615	4 301 131	12 170 132	7 318 064	3 176 314	–	27 436 256
Charge for the year	–	2 960 389	35 667	178 864	1 447 125	1 281 574	247 700	–	6 151 319
Disposals	–	–	–	(233 665)	(60 493)	(13 649)	(27 020)	–	(334 827)
Write offs	–	–	–	–	(421)	–	(326)	–	(747)
Revaluation	–	(2 229 816)	–	–	–	–	–	–	(2 229 816)
Closing balance	**–**	**730 573**	**506 282**	**4 246 330**	**13 556 343**	**8 585 989**	**3 396 668**	**–**	**31 022 185**
Net Book Value	**25 784 000**	**179 764 007**	**240 507**	**678 573**	**10 395 687**	**9 319 583**	**2 968 197**	**7 753 286**	**236 903 840**

Audited 31 December 2018	Land ZWL$	Buildings ZWL$	Leasehold improvements ZWL$	Motor vehicles ZWL$	Computers ZWL$	Equipment ZWL$	Furniture & fittings ZWL$	Work in progress ZWL$	Total ZWL$
COST									
Opening balance	3 770 000	26 807 500	607 864	5 360 443	19 134 947	9 135 350	5 648 798	2 241 372	72 706 274
Additions	–	13 134	109 597	–	3 681 918	653 925	176 623	2 075 134	6 710 331
Revaluation(loss)/gain	(20 000)	836 386	–	–	–	–	–	–	816 386
Impairments	–	(4 468)	–	–	–	–	–	–	(4 468)
Disposals	–	(380 000)	–	(175 912)	(156 149)	(45 833)	(42 556)	–	(800 449)
Transfers (to)\ from intangible assets	–	–	–	–	–	–	–	(304 111)	(304 111)
Write offs	–	–	–	–	(15 658)	(2 000)	(1 520)	(300 290)	(319 468)
Transfers(PPE Intercategories)	–	61 448	29 328	–	432 770	4 400	3 912	(531 858)	–
Closing balance	**3 750 000**	**27 334 000**	**746 789**	**5 184 531**	**23 077 828**	**9 745 842**	**5 785 257**	**3 180 247**	**78 804 494**
Accumulated depreciation									
Opening balance	–	–	406 109	3 786 385	9 619 372	6 491 523	2 653 305	–	22 956 694
Charge for the year	–	2 005 513	64 506	660 365	2 702 796	862 482	548 448	–	6 844 110
Disposals	–	(10 556)	–	(145 619)	(137 944)	(34 141)	(25 369)	–	(353 629)
Write offs	–	–	–	–	(14 092)	(1 800)	(70)	–	(15 962)
Revaluation	–	(1 994 326)	–	–	–	–	–	–	(1 994 326)
Impairments	–	(631)	–	–	–	–	–	–	(631)
Closing balance	**–**	**–**	**470 615**	**4 301 131**	**12 170 132**	**7 318 064**	**3 176 314**	**–**	**27 436 256**
Net Book Value	**3 750 000**	**27 334 000**	**276 174**	**883 400**	**10 907 696**	**2 427 778**	**2 608 943**	**3 180 247**	**51 368 238**

Properties were revalued on an open market basis by an internal professional valuer, as at 30 June 2019 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 ZWL$25 980 600 (December 2018: ZWL$19 256 465) had they been carried at cost.

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

Included in property and equipment are amounts relating to Right of use assets for land and buildings and equipments that are leased by the Bank for periods more than one year.

Below is the breakdown of the right of use assets.

30 June 2019

		Buildings ZWL	Equipment ZWL	Total ZWL
17.1	**Right of Use Assets**			
	Opening balance	5 844 580	7 910 061	13 754 641
	Depreciation	(730 572)	(988 758)	(1 719 330)
		5 114 008	**6 921 303**	**12 035 311**
17.1a	**At cost**	5 844 580	7 910 061	13 754 641
	Accumulated depreciation	(730 572)	(988 758)	(1 719 330)
		5 114 008	**6 921 303**	**12 035 311**

The Bank leases a number of branches and IT equiment under operating leases. The buildings and equipment are mainly used by the Bank for its various branches and operations. The leases run for a period of five years.

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
17.1b	**Lease liability maturity analysis**		
	Less than one year	3 545 822	-
	One to five years	8 635 820	-
		12 181 642	**-**
17.1c	**Amounts recognised in statement of profit or loss for the period ended 30 June 2019**		
	Interest on lease liabilities	327 562	-
		327 562	**-**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
18 .	**INVESTMENT PROPERTIES**		
	Opening balance	7 010 000	6 077 000
	Fair value adjustment	28 403 000	(1 591 746)
	Change in functional currency	10 515 000	-
	Additions	-	2 524 746
	Disposal	-	-
	Closing balance	**45 928 000**	**7 010 000**

The carrying amount of the investment properties is the fair value of the property as determined by a registered internal appraiser having, an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Bank's investment properties and also in reference to the rental yeilds applicable to similar property. The properties were valued as at 30 June 2019.

If the fair value adjustment had been 5% up or down, the Bank's profit after tax would have been $1 444 831 higher or lower and the Statement of Financial Position would have been $1 945 900 higher or lower than the reported position.

The rental income derived from investments properties amounted to ZWL$117 456 with direct operating expenses amounting to ZWL$10 551 .

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
19 .	**INTANGIBLE ASSETS**		
	At cost	5 865 020	5 767 995
	Accumulated amortisation and impairment	(4 976 620)	(4 430 400)
		888 400	**1 337 595**
	Movements intangible assets		
	Opening balance	1 337 595	2 109 529
	Additions	-	46 814
	Transfers from property and equipment	97 025	304 111
	Amortisation charge	(546 220)	(1 122 859)
	Closing balance	**888 400**	**1 337 595**

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

20. DEFERRED TAX ASSET

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

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
The deferred tax included in the statement of financial position are comprised of:		
Credit loss provisions	26 937 469	22 480 431
Intangible assets	(57 429)	29 212
Equity investments	(870 175)	(733 677)
Property and equipment	(40 042 887)	(5 809 005)
Tax claimable impairments	18 354 895	18 354 895
Investment properties	(4 153 821)	34 647
Other	8 062 151	1 339 856
Closing balance	**8 230 203**	**35 696 359**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
21.	**DEPOSITS**		
	Call deposits	17 820 188	55 892 243
	Savings and other deposits	2 064 098 328	1 437 804 807
	Money market deposits	450 364 043	465 530 510
	Lines of credit	19 319 108	26 094 771
	Accrued interest	4 962 889	3 370 385
		2 556 564 556	**1 988 692 716**
	Deposits by type		
	Retail	190 643 496	267 800 369
	Corporate	1 893 266 670	1 226 923 144
	Money market	452 572 275	467 525 216
	Lines of credit	20 082 115	26 443 987
		2 556 564 556	**1 988 692 716**

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.

	REVIEWED 30 JUNE 2019 ZWL$	%	AUDITED 31 DEC 2018 ZWL$	%
Sectoral analysis				
Private	120 383 636	5	102 471 411	5
Agriculture	104 336 165	4	72 985 918	4
Mining	31 506 039	1	22 039 311	1
Manufacturing	257 124 188	10	179 865 199	9
Distribution	369 658 148	14	382 914 160	19
Construction	73 808 657	3	51 631 116	3
Transport	50 463 360	2	35 300 460	2
Communication	20 537 960	1	74 565 559	4
Services	1 259 045 474	49	721 263 125	36
Financial organisations	201 917 247	8	252 097 581	13
Investment organisations	67 783 682	3	93 558 876	4
	2 556 564 556	**100**	**1 988 692 716**	**100**

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Maturity analysis		
Less than one month	2 315 254 621	1 611 162 233
Between 1 and 3 months	182 414 938	278 612 984
Between 3 and 6 months	6 902 715	29 999 585
Between 6 months and 1 year	23 584 930	22 457 366
Between 1 and 5 years	23 531 988	28 028 004
More than 5 years	4 875 364	18 432 544
	2 556 564 556	**1 988 692 716**

Maturity analysis is based on the remaining period from 30 June 2019 to contractual maturity.

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
22.	**OTHER LIABILITIES**		
	Revenue received in advance	4 705 527	2 258 359
	Sundry creditors	27 202 969	21 342 238
	Accruals	5 386 954	1 575 080
	Other suspense accounts	1 421 959	2 258 653
	Guarantees expected credit loss	17 405	103 210
	Total other liabilities	**38 734 814**	**27 537 540**
23.	**CATEGORIES OF FINANCIAL LIABILITIES**		
	The Bank's financial liabilities are carried at amortised cost	2 608 627 004	2 016 230 256
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**
24.2	**Revaluation reserve**		
	Opening balance	14 484 354	12 397 399
	Net revaluation gain	92 714 767	2 086 955
	Closing balance	**107 199 121**	**14 484 354**
24.3	**Revenue reserve**		
	Opening balance	152 400 726	153 875 555
	Impact of adopting IFRS 9	-	(59 063 080)
	Restated balance	**152 400 726**	**94 812 475**
	Profit for the year	39 215 663	63 028 251
	Dividend paid	(6 256 000)	(5 440 000)
	Closing balance	**185 360 389**	**152 400 726**
24.3.1	**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	-	(79 546 237)
	Deferred tax in relation to the above	-	20 483 157
	Total change in equity due to adopting IFRS 9 (01 January 2018)	**-**	**(59 063 080)**
24.4	**Fair value reserve**		
	Opening balance	2 934 705	-
	Impact of adopting IFRS 9	-	2 991 841
	Other comprehensive income	579 992	(57 136)
	Closing balance	**3 514 697**	**2 934 705**
24.4.1	The impact of transition to IFRS 9 on reserves is as follows:		
	Recognition of fair value gain for unquoted equities on adopting IFRS 9		3 739 801
	Deferred tax in relation to the above		(747 960)
	Total change in equity due to adopting IFRS 9 (01 Janaury 2018)		**2 991 841**
24.5	**Foreign currency translation reserve**		
	Total comprehensive income arising from:		
	Exchange gain on change of functional currency	165 856 821	-
	Closing balance	**165 856 821**	**-**

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 ZWL$	Utilised limits ZWL$	Value security ZWL$
Reviewed 30 June 2019			
Loans to entities related to directors	**1 000 000**	**795 451**	**570 000**
Audited 31 December 2018			
Loans to entities related to directors	**1 775 284**	**1 752 723**	**1 659 000**

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.

REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2019**

		REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
(i)	**Transactions with Directors' companies:**		
	Interest income earned on loans and advances to directors and other related parties	1 260	277 152
	Commission and fee income	422	2 715
		1 682	**279 867**
(b)	**Deposits from directors and key management personnel:**		
	Closing balance	7 765	40 531
	Interest expense on deposits from directors and key management personnel	30	251
(c)	**Balances with group companies:**		
	Amounts due from group companies	50 026 531	27 777 729
	Deposits held for group companies	21 963 409	20 778 095
(i)	**Transactions with group companies:**		
	Interest income on amounts due from group companies	549 267	987 791
	Interest expense on amounts due to group companies	552 259	834 428
	Non interest income from group companies	120 813	606 059
	Costs charged by group companies	5 413 001	6 512 249

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 Bank risk management function, the Bank regularly carries out risk analysis through value at risk (VAR) assessment, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and its desired risk appetite.

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

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.

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Balances with banks	668 340 358	344 486 070
Money market assets	193 444 339	59 105 859
Financial securities	1 169 033 527	1 241 579 206
Loans and advances to customers	509 978 696	369 079 119
Other assets	42 135 235	31 432 849
Total	**2 582 932 155**	**2 045 683 103**
Guarantees	5 015 366	10 389 927
Capital commitments	2 072 896	2 476 768
Total	**7 088 262**	**12 866 695**

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not maximum risk exposure that could arise in the future as a result of changes in value.

The Bank held cash and cash equivalents of ZWL$668 340 358 (excluding notes and coins) as at 30 June 2019 (31 Dec 2018:ZWL$344 486 070), 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:

	REVIEWED 30 JUNE 2019 ZWL$	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	AUDITED 31 DEC 2018 ZWL$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	86 329 618	52 712 080	84 798 834	44 769 826
Agriculture	145 075 756	50 629 903	133 646 621	19 064 191
Mining	35 669 853	12 828 385	14 418 537	576 821
Manufacturing	31 896 658	12 413 342	46 181 138	9 574 124
Distribution	184 840 658	53 017 192	84 111 485	11 967 875
Construction	9 247 694	2 709 324	7 367 320	730 158
Transport	8 947 923	3 307 121	7 260 695	985 514
Communication	1 235 683	-	1 539 099	-
Services	77 669 839	15 124 451	58 431 761	2 994 125
Financial organisations	33 676 546	-	24 010 162	-
Total	**614 590 228**	**202 741 798**	**461 765 652**	**90 662 634**

Collateral analysis	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Cash cover	1 012 879	7 394 227
Mortgage bonds	411 848 430	411 666 244
Other forms of security including Notarial General Covering Bonds (NGCBs) cessions etc.	187 336 124	185 471 716
	600 197 433	**604 532 187**

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

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 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

		Reviewed 30 June 2019					Audited 31 Dec 2018
	SRS Rating	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchased or Originated Credit Impaired (POCI) ZWL$	Total ZWL$	Total ZWL$
Internal rating grade							
Performing	"1 - 3c"	403 232 604	34 329 966			437 562 570	257 595 543
Special mention	"4a - 7c"	9 540 790	84 099 693			93 640 483	121 424 499
Non performing	"8 - 10"			83 387 175		83 387 175	82 745 610
Total		**412 773 394**	**118 429 659**	**83 387 175**		**614 590 228**	**461 765 652**

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

	Reviewed 30 June 2019				Audited 31 Dec 2018
	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$	Total ZWL$
Opening balance	247 703 517	131 316 525	82 745 610	461 765 652	880 749 051
New assets originated or purchased	196 663 359	22 437 164	888 927	219 989 450	127 415 378
Transfers from Stage 1	(16 226 102)	16 015 702	210 400	-	-
Transfers from Stage 2	22 898 841	(49 124 900)	26 226 059	-	-
Transfers from Stage 3	1 073 585	23 515 999	(24 589 584)	-	-
Repayments during the year	(39 339 806)	(25 730 830)	(2 094 238)	(67 164 874)	(492 875 859)
Amounts written off				-	(53 522 918)
Gross loans and advances to customers	**412 773 394**	**118 429 660**	**83 387 174**	**614 590 228**	**461 765 652**
ECL allowance	(11 724 154)	(29 279 416)	(63 607 962)	(104 611 532)	(92 686 533)
Net loans and advances to customers	**401 049 240**	**89 150 244**	**19 779 212**	**509 978 696**	**369 079 119**

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

	Reviewed 30 June 2019						Audited 31 Dec 2018
	SRS Rating	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchased or Originated Credit Impaired (POCI) ZWL$	Total ZWL$	Total ZWL$
Internal rating grade							
Performing	"1 - 3c"	1 169 084 485				1 169 084 485	1 241 633 562
Total		**1 169 084 485**				**1 169 084 485**	**1 241 633 562**

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

	Reviewed 30 June 2019				Audited 31 Dec 2018
	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$	Total ZWL$
Opening balance	1 241 633 562	-	-	1 241 633 562	897 728 855
New assets originated or purchased	32 664 473	-	-	32 664 473	434 213 758
Maturities during the year	(105 213 550)	-	-	(105 213 550)	(90 309 051)
Gross financial securities	**1 169 084 485**	**-**	**-**	**1 169 084 485**	**1 241 633 562**
ECL allowance	(50 958)	-	-	(50 958)	(54 356)
Net financial securities	**1 169 033 527**	**-**	**-**	**1 169 033 527**	**1 241 579 206**

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

	Reviewed 30 June 2019						Audited 31 Dec 2018
	SRS Rating	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchased or Originated Credit Impaired (POCI) ZWL$	Total ZWL$	Total ZWL$
Internal rating grade							
Performing	"1 - 3c"	193 452 514	-	-	-	193 452 514	59 108 347
Total		**193 452 514**	**-**	**-**	**-**	**193 452 514**	**59 108 347**

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

	Reviewed 30 June 2019				Audited 31 Dec 2018
	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$	Total ZWL$
Opening balance	59 108 347	-	-	59 108 347	30 762 625
New assets originated or purchased	149 358 848	-	-	149 358 848	59 108 347
Maturities during the year	(15 014 681)	-	-	(15 014 681)	(30 762 625)
Gross money market assets	**193 452 514**	**-**	**-**	**193 452 514**	**59 108 347**
ECL allowance	(8 175)	-	-	(8 175)	(2 488)
Net money market assets	**193 444 339**	**-**	**-**	**193 444 339**	**59 105 859**

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

	Reviewed 30 June 2019						Audited 31 Dec 2018
	SRS Rating	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Purchased or Originated Credit Impaired (POCI) ZWL$	Total ZWL$	Total ZWL$
Internal rating grade							
Performing	"1 - 3c"	5 015 366				5 015 366	10 389 927
Special mention	"4a - 7c"						-
Total		5 015 366				5 015 366	**10 389 927**

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

	Reviewed 30 June 2019				Audited 31 Dec 2018
	Stage 1 ZWL$	Stage 2 ZWL$	Stage 3 ZWL$	Total ZWL$	Total ZWL$
Opening balance	10 389 927	-	-	10 389 927	8 428 749
New assets originated or purchased (excluding write offs)	2 631 751	-	-	2 631 751	10 089 330
Guarantees expired during the year	(8 006 312)	-	-	(8 006 312)	(8 128 152)
Gross financial guarantees	**5 015 366**	**-**	**-**	**5 015 366**	**10 389 927**
ECL allowance	(226 511)	-	-	(226 511)	(102 121)
Net financial guarantees	**4 788 855**	**-**	**-**	**4 788 855**	**10 287 806**

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

REVIEWED 30 JUNE 2019	Less than one month ZWL$	1 to 3 months ZWL$	3 to 6 months ZWL$	6 to 12 months ZWL$	1 to 5 years ZWL$	5 years and above ZWL$	Total ZWL$
Assets							
Balances with banks and cash	747 614 197	-	-	-	-	-	747 614 197
Money market assets	70 244 339	43 200 000	-	80 000 000	-	-	193 444 339
Financial securities	30 645 842	339 239	18 872 852	51 842 555	179 368 311	887 964 728	1 169 033 527
Loans and advances to customers	192 362 426	9 357 542	40 141 380	106 415 089	129 372 508	32 329 751	509 978 696
Financial guarantees	961 927	2 140 185	708 000	1 203 078	2 176	-	5 015 366
Other liquid assets	-	42 135 235	-	-	-	-	42 135 235
Total assets	**1 041 828 731**	**97 172 201**	**59 722 232**	**239 460 722**	**308 742 995**	**920 294 479**	**2 667 221 360**
Liabilities							
Deposits	2 315 254 621	182 414 938	6 902 715	23 584 930	23 531 988	4 875 364	2 556 564 556
Other liabilities	-	38 734 814	-	-	-	-	38 734 814
Current tax payable	-	1 145 992	-	-	-	-	1 145 992
Lease Liability	266 002	804 677	814 777	1 660 365	8 635 821	-	12 181 642
Financial guarantees	961 927	2 140 185	708 000	1 203 078	2 176	-	5 015 366
Capital Commitments	-	2 072 896	-	-	-	-	2 072 896
Total liabilities	**2 316 482 550**	**227 313 502**	**8 425 492**	**26 448 373**	**32 169 985**	**4 875 364**	**2 615 715 266**
Liquidity gap	**(1 274 653 819)**	**(130 141 301)**	**51 296 740**	**213 012 349**	**276 573 010**	**915 419 115**	**51 506 094**
Cumulative liquidity gap	**(1 274 653 819)**	**(1 404 795 120)**	**(1 353 498 380)**	**(1 140 486 031)**	**(863 913 021)**	**51 506 094**	**51 506 094**

AUDITED 31 DECEMBER 2018	Less than one month ZWL$	1 to 3 months ZWL$	3 to 6 months ZWL$	6 to 12 months ZWL$	1 to 5 years ZWL$	5 years and above ZWL$	Total ZWL$
Assets							
Balances with banks and cash	359 591 883	-	-	-	-	-	359 591 883
Money market assets	15 012 192	-	-	44 093 667	-		59 105 859
Financial securities	-	62 697 556	42 461 638	27 704 364	201 032 120	907 683 528	1 241 579 206
Loans and advances to customers	186 725 976	29 281 927	23 484 745	42 644 144	49 225 865	37 716 462	369 079 119
Financial guarantees	39 160	7 136 176	830 976	2 383 615	-	-	10 389 927
Current tax receivable	-	895 211	-	-	-	-	895 211
Other assets	-	31 432 849	-	-	-	-	31 432 849
Total assets	**561 369 211**	**131 443 719**	**66 777 359**	**116 825 790**	**250 257 985**	**945 399 990**	**2 072 074 054**
Liabilities							
Deposits	1 611 162 232	278 612 984	29 999 585	22 457 366	28 028 004	18 432 545	1 988 692 716
Other liabilities	-	27 537 540	-	-	-	-	27 537 540
Financial guarantees	39 160	7 136 176	830 976	2 383 615	-		10 389 927
Capital commitments contracted for	-	2 476 768	-	-	-	-	2 476 768
Total liabilities	**1 611 201 392**	**315 763 468**	**30 830 561**	**24 840 981**	**28 028 004**	**18 432 545**	**2 029 096 951**
Liquidity gap	**(1 049 832 181)**	**(184 319 749)**	**35 946 798**	**91 984 809**	**222 229 981**	**926 967 445**	**42 977 103**
Cumulative liquidity gap	**(1 049 832 181)**	**(1 234 151 930)**	**(1 198 205 132)**	**(1 106 220 323)**	**(883 990 342)**	**42 977 103**	**42 977 103**

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

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

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

	%
At 30 June 2019	74.98
At 31 December 2018	64.24
Average for the period	73.95
Maximum for the period	77.40
Minimum for the period	65.52

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 ZWL$ 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

REVIEWED 30 JUNE 2019	Less than one month ZWL$	1 to 3 months ZWL$	3 to 6 months ZWL$	6 to 12 months ZWL$	1 to 5 years ZWL$	5 years and above ZWL$	Non interest bearing ZWL$	Total ZWL$
Assets								
Balances with banks and cash	332 666 644	-	-	-	-	-	414 947 553	747 614 197
Money market assets	70 244 339	43 200 000	-	80 000 000	-	-	-	193 444 339
Financial securities	30 645 842	339 239	18 872 852	51 842 555	179 368 311	887 964 728	-	1 169 033 527
Loans and advances to customers	192 362 424	9 357 543	40 141 380	106 415 089	129 372 508	32 329 752	-	509 978 696
Equity investments	-	-	-	-	-	-	5 112 556	5 112 556
Other assets	-	30 343 213	-	-	-	-	24 099 779	54 442 992
Land Inventory	-	-	-	-	-	-	120 821 173	120 821 173
Intangible assets	-	-	-	-	-	-	888 400	888 400
Investment properties	-	-	-	-	-	-	45 928 000	45 928 000
Property and equipment	-	-	-	-	-	-	236 903 840	236 903 840
Deferred taxation	-	-	-	-	-	-	8 230 203	8 230 203
Total assets	**625 919 249**	**83 239 995**	**59 014 232**	**238 257 644**	**308 740 819**	**920 294 480**	**856 931 504**	**3 092 397 923**
Equity & Liabilities								
Deposits	2 315 254 621	182 414 938	6 902 715	23 584 930	23 531 988	4 875 364	-	2 556 564 556
Other liabilities	-	-	-	-	-	-	38 734 814	38 734 814
Current tax payable	-	-	-	-	-	-	1 145 992	1 145 992
Lease Liability	266 003	804 677	814 777	1 660 365	8 635 820	-	-	12 181 642
Equity	-	-	-	-	-	-	483 770 919	483 770 919
Total liabilities and equity -and reserves	**2 315 520 624**	**183 219 615**	**7 717 492**	**25 245 295**	**32 167 808**	**4 875 364**	**523 651 725**	**3 092 397 923**
Interest rate repricing gap	**(1 689 601 375)**	**(99 979 620)**	**51 296 740**	**213 012 349**	**276 573 011**	**915 419 116**	**333 279 779**	**-**
Cumulative gap	**(1 689 601 375)**	**(1 789 580 995)**	**(1 738 284 255)**	**(1 525 271 906)**	**(1 248 698 895)**	**(333 279 779)**	**-**	**-**

AUDITED 31 DECEMBER 2018	Less than one month ZWL$	1 to 3 months ZWL$	3 to 6 months ZWL$	6 to 12 months ZWL$	1 to 5 years ZWL$	5 years and above ZWL$	Non interest bearing ZWL$	Total ZWL$
Assets								
Balances with banks and cash	38 067 650	-	-	-	-	-	321 524 233	359 591 883
Money market assets	15 012 192	-	-	44 093 667	-	-	-	59 105 859
Financial securities	-	62 697 556	42 461 638	27 704 364	201 032 120	907 683 528	-	1 241 579 206
Loans & advances to customers	186 725 976	29 281 927	23 484 745	42 644 144	49 225 865	37 716 462	-	369 079 119
Other assets	-	17 098 046	-	-	-	-	60 740 851	77 838 897
Equity investments	-	-	-	-	-	-	4 387 565	4 387 565
Investment property	-	-	-	-	-	-	7 010 000	7 010 000
Property and equipement	-	-	-	-	-	-	51 368 238	51 368 238
Intangible assets	-	-	-	-	-	-	1 337 595	1 337 595
Deffered tax	-	-	-	-	-	-	35 696 359	35 696 359
Current tax receivable	-	895 211	-	-	-	-	-	895 211
Total assets	**239 805 818**	**109 972 740**	**65 946 383**	**114 442 175**	**250 257 985**	**945 399 990**	**482 064 841**	**2 207 889 932**
Equity and liabilities								
Deposits	1 611 162 232	278 612 984	29 999 585	22 457 366	28 028 004	18 432 545	-	1 988 692 716
Other liabilities	-	27 537 540	-	-	-	-	-	27 537 540
Equity and reserves	-	-	-	-	-	-	191 659 676	191 659 676
Total liabilities equity & reserves	**1 611 162 232**	**306 150 524**	**29 999 585**	**22 457 366**	**28 028 004**	**18 432 545**	**191 659 676**	**2 207 889 932**
Interest rate repricing gap	**(1 371 356 414)**	**(196 177 784)**	**35 946 798**	**91 984 809**	**222 229 981**	**926 967 445**	**290 405 165**	**-**
Cumulative gap	**(1 371 356 414)**	**(1 567 534 198)**	**(1 531 587 400)**	**(1 439 602 591)**	**(1 217 372 610)**	**(290 405 165)**	**-**	**-**

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 2019, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the year would have been ZWL$1 315 321 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 2019 is as below:

FOREIGN CURRENCY POSITION

Foreign currency position as at 30 June 2019

Position expressed in ZWL$

	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	747 614 197	289 959 772	383 973 387	30 489 100	635 628	38 313 170	4 243 140
Money market assets	193 444 339	193 444 339	–	–	–	–	–
Financial securities	1 169 033 527	1 169 033 527	–	–	–	–	–
Loans and advances to customers	509 978 696	465 796 817	6 123 070	2 553 524	7 824	35 487 734	9 727
Equity investments	5 112 556	3 427 456	–	–	–	1 685 100	–
Other assets	54 442 992	42 433 751	10 549 725	917 742	61 906	479 868	–
Land Inventory	120 821 173	120 821 173	–	–	–	–	–
Intangible assets	888 400	888 400	–	–	–	–	–
Investment properties	45 928 000	45 928 000	–	–	–	–	–
Property and equipment	236 903 840	236 903 840	–	–	–	–	–
Deferred taxation	8 230 203	8 230 203	–	–	–	–	–
	3 092 397 923	**2 576 867 278**	**400 646 182**	**33 960 366**	**705 358**	**75 965 872**	**4 252 867**
Equity & Liabilities							
*Deposits	2 556 564 556	2 017 616 019	467 636 807	27 806 642	1 136 007	38 211 091	4 157 990
Other liabilities	38 734 814	35 846 294	2 785 794	13 971	68 051	18 710	1 994
Current tax payable	1 145 992	1 145 992	–	–	–	–	–
Lease Liability	12 181 642	12 181 642	–	–	–	–	–
Equity	483 770 919	483 770 919	–	–	–	–	–
Total equity and liabilities	**3 092 397 923**	**2 550 560 866**	**470 422 601**	**27 820 613**	**1 204 058**	**38 229 801**	**4 159 984**

*In line with exchange control directive RU28 of 2019, the Bank registered its legacy debts with the Reserve Bank of Zimbabwe. Legacy debts amounting to US$458 017 708 were converted to the functional currency (ZWL$) at an exchange rate of 1:1 on the 22nd of February 2019, the date of change in functional currency, and continue to be carried at that exchange rate.

Foreign currency position as at 31 December 2018

Position expressed in ZWL$

	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	359 591 883	356 192 175	2 432 849	151 718	580 112	235 029
Money market assets	59 105 859	59 105 859	–	–	–	–
Financial securities	1 241 579 206	1 241 579 206	–	–	–	–
Loans and advances to customers	369 079 119	363 032 100	35 561	1 294	6 009 462	702
Other assets	77 838 897	77 691 768	116 329	30 800	–	–
Equity Investments	4 387 565	4 074 093	–	–	313 472	–
Investment properties	7 010 000	7 010 000	–	–	–	–
Property and equipment	51 368 238	50 897 339	394 791	–	76 108	–
Deferred taxation	35 696 359	35 696 359	–	–	–	–
Intangible assets	1 337 595	1 337 595	–	–	–	–
Current tax receivable	895 211	895 211	–	–	–	–
Total assets	**2 207 889 932**	**2 197 511 705**	**2 979 530**	**183 812**	**6 979 154**	**235 731**
Equity and liabilities						
Deposits	1 988 692 716	1 978 923 691	3 278 049	158 752	5 926 177	406 047
Other liabilities	27 537 540	27 356 674	99 565	9 838	71 138	325
Equity and reserves	191 659 676	191 659 676	–	–	–	–
Total equity and liabilities	**2 207 889 932**	**2 197 940 041**	**3 377 614**	**168 590**	**5 997 315**	**406 372**

Foreign currency position as at 30 June 2019

Underlying currency

	USD	ZAR	GBP	EUR	Other foreign currencies in ZWL$
Assets					
Balances with banks and cash	55 845 800	62 627 661	72 896	4 893 187	4 243 140
Loans and advances to customers	890 550	5 245 195	897	4 532 335	9 727
Equity investments	-	-	-	215 213	-
Other assets	1 534 371	1 885 135	7 099	61 286	-
Total assets	**58 270 721**	**69 757 991**	**80 892**	**9 702 021**	**4 252 867**
Liabilities					
Deposits	147 604 281	57 117 623	130 282	756 864	4 157 990
Other liabilities	405 171	28 699	7 804	2 389	1 994
Total liabilities	**148 009 452**	**57 146 322**	**138 086**	**759 253**	**4 159 984**
Net position	**(89 738 731)**	**12 611 669**	**(57 194)**	**8 942 768**	**92 883**

Foreign currency position as at 31 December 2018

Underlying currency

	ZAR	GBP	EUR	Other foreign currencies in ZWL$
Assets				
Balances with banks and cash	35 080 223	119 586	507 534	235 029
Loans and advances to customers	512 781	1 020	5 257 622	702
Other assets	1 677 398	24 277	-	-
Equity investments	-	-	274 253	-
Property and equipment	5 692 655	-	66 586	-
Total assets	**42 963 057**	**144 883**	**6 105 995**	**235 731**
Liabilities				
Deposits	47 267 511	125 130	5 184 757	406 047
Other liabilities	1 435 675	7 755	62 237	325
Total liabilities	**48 703 186**	**132 885**	**5 246 994**	**406 372**
Net position	**(5 740 129)**	**11 998**	**859 001**	**(170 641)**

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 Bank 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 Bank 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 Bank 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 Bank Risk Management and Bank 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 Bank Board Risk Management Committee and the Bank 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 Bank Enterprise Wide Compliance Function exists that ensures independence and effectiveness; and that
- Yearly 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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Global Credit Rating Co.(Short Term)	A+	A1	A1-	A1-	A1	A1	A1	-	-	-	-	-
Global Credit Rating Co. (Long Term)	A1-	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 - 31 December 2018 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 Bank 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 and 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.

	REVIEWED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Risk weighted assets	**1 055 479 339**	**599 925 665**
Total qualifying capital	**337 515 230**	**172 375 756**
Tier 1		
Share capital	5 118 180	5 118 180
Share premium	16 721 711	16 721 711
Revenue reserves	185 360 389	152 400 726
Exposures to insiders	(30 212 462)	(26 782 991)
Deferred tax asset	(8 230 203)	(35 696 359)
Total core capital	**168 757 615**	**111 761 267**
Less transfer to Tier 3	21 806 791	(21 688 954)
	146 950 824	**90 072 313**
Tier 2		
Revaluation reserve	107 199 121	14 484 354
Fair value reserve	3 514 697	2 934 705
Foreign currency translation reserve	165 856 821	-
General provisions	13 193 492	7 499 071
Deferred tax asset	8 230 203	35 696 359
Excess of Tier 1 Capital	(129 236 719)	-
	168 757 615	**60 614 489**
Tier 3		
Capital allocated for market risk	445 197	327 360
Capital allocated to operations risk	21 361 594	21 361 594
	21 806 791	**21 688 954**
Capital adequacy	**31.98%**	**28.73%**
-Tier 1	13.92%	15.01%
-Tier 2	15.99%	10.10%
-Tier 3	2.07%	3.62%

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 ZWL$25 million with a tier 1 ratio of 8% and a total capital adequacy ratio of 12%.

33. Foreign Currency Gains and Losses on Change in Functional Currency

Following the adoption of the Zimbabwe Dollar (ZWL$) as the functional currency and reporting currency, the Bank translated all Foreign Currency denominated balances to the ZWL$ as per the requirements of International Accounting Standard (IAS) 21, "The Effects of Changes in Foreign Exchange Rates". Application of IAS 21 resulted in the Bank realising a Foreign Currency Translation gain of ZWL$165 856 821

Given the non-prescriptive nature of IAS 21 on the treatment of such a gain specifically resulting from a Change in Functional Currency, the Bank was faced with the following accounting options;

- to recognise the whole gain through Profit & Loss
- to recognise the whole gain through Other Comprehensive Income and
- to recognise the gain partly through Profit & Loss and partly through Other Comprehensive Income in line with the much clearer IAS 21 subsequent measurement methodology.

Due to a number of persuasive factors and notwithstanding the very strong arguments in favour of alternative accounting treatments, the Bank chose to recognise the stated gains and losses through Other Comprehensive Income.
The following note highlights the impact on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position had the Bank applied the alternative accounting treatments noted above.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2019

	THROUGH P&L 30 JUNE 2019 ZWL$	THROUGH BOTH P&L AND OCI 30 JUNE 2019 ZWL$
Interest income	60 444 162	60 444 162
Interest expense	(19 434 771)	(19 434 771)
Net interest income	**41 009 391**	**41 009 391**
Net non-interest income	70 303 101	70 303 101
Functional currency change net exchange gain	165 856 821	119 230 821
Total income	**277 169 313**	**230 543 313**
Operating expenditure	(64 934 935)	(64 934 935)
Operating income	**212 234 378**	**165 608 378**
Credit loss expense	(3 650 005)	(3 650 005)
Profit before taxation	**208 584 373**	**161 958 373**
Taxation	(3 511 889)	(3 511 889)
Profit after taxation	**205 072 484**	**158 446 484**
Other comprehensive income		
Gains on property revaluation	124 868 373	124 868 373
Fair value gain on unquoted investments	724 991	724 991
Deferred income tax relating to components of other comprehensive income	(32 298 605)	(32 298 605)
Exchange gains on change of functional currency	-	46 626 000
Other comprehensive income for the period net of tax	**93 294 759**	**139 920 759**
Total comprehensive income	**298 367 243**	**298 367 243**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	THROUGH P&L 30 JUNE 2019 ZWL$	THROUGH BOTH P&L AND OCI 30 JUNE 2019 ZWL$
ASSETS		
Balances with banks and cash	747 614 197	747 614 197
Money market assets	193 444 339	193 444 339
Financial securities	1 169 033 527	1 169 033 527
Loans and advances to customers	509 978 696	509 978 696
Other assets	54 442 992	54 442 992
Land inventory	120 821 173	120 821 173
Equity investments	5 112 556	5 112 556
Property and equipment	236 903 840	236 903 840
Investment properties	45 928 000	45 928 000
Intangible assets	888 400	888 400
Deferred tax asset	8 230 203	8 230 203
TOTAL ASSETS	**3 092 397 923**	**3 092 397 923**
LIABILITIES		
Deposits	2 556 564 556	2 556 564 556
Other liabilities	38 734 814	38 734 814
Current tax payable	1 145 992	1 145 992
Lease liability	12 181 642	12 181 642
Total liabilities	**2 608 627 004**	**2 608 627 004**
EQUITY		
Share capital	5 118 180	5 118 180
Share premium	16 721 711	16 721 711
Revaluation reserve	107 199 121	107 199 121
Revenue reserve	351 217 210	304 591 210
Foreign currency translation reserve	-	46 626 000
Fair value reserve	3 514 697	3 514 697
Total equity and reserves	**483 770 919**	**483 770 919**
TOTAL LIABILITIES AND EQUITY	**3 092 397 923**	**3 092 397 923**

34. CONTINGENCIES AND COMMITMENT

34.1 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.

35. 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.

36. 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.

UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2019**

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

Invest today in resources you'll need tomorrow.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2019

	Notes	UNAUDITED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
Gross written premium		5 718 376	5 612 290
Reinsurance premium		(174 034)	(207 956)
Net written premium		**5 544 342**	**5 404 334**
Unearned premium movement	12.1	(255 713)	(156 051)
Net earned premium		**5 288 629**	**5 248 283**
Net commission	2	(511 567)	(511 697)
Net claims	3	(1 417 418)	(1 582 230)
Technical profit		**3 359 644**	**3 154 356**
Operating expenditure	4	(3 352 750)	(1 454 068)
Underwriting profit		**6 894**	**1 700 288**
Expected credit loss		(133)	-
Operating profit		**6 761**	**1 700 288**
Investment income	5	21 273 926	371 910
Profit before taxation		**21 280 687**	**2 072 198**
Taxation	6	(25 821)	(5 483)
Profit for the period		**21 254 866**	**2 066 715**
Other comprehensive income			
Gains on property revaluation		5 779 838	-
Exchange gains on change in functional currency		10 293 408	-
Total comprehensive income		**37 328 112**	**2 066 715**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	UNAUDITED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
ASSETS			
Current assets			
Cash and cash equivalents	7	891 677	1 346 204
Money market assets	8	8 267 976	10 423 545
Financial securities		3 419 459	3 362 417
Equity investments		8 149 306	4 555 564
Insurance contract assets	9	402 882	616 972
Other receivables		58 454	71 053
Current tax receivables		-	43
		21 189 754	**20 375 798**
Non-current assets			
Intangible assets	10	177 016	246 212
Property and equipment	11	12 186 933	1 933 908
Investment properties		31 484 000	4 639 000
		43 847 949	**6 819 120**
TOTAL ASSETS		**65 037 703**	**27 194 918**
EQUITY AND LIABILITIES			
Liabilities			
Life fund	12	1 823 614	1 593 605
Investment contract liabilities	13	2 739 963	2 393 424
Other payables	14	3 037 604	2 047 871
Current tax payable		15 513	-
		7 616 694	**6 034 900**
Equity			
Share capital	15	2	2
Share premium		1 388 012	1 388 012
Revaluation reserves		5 779 838	-
Revenue reserves		39 959 749	19 772 004
Foreign currency translation reserve		10 293 408	-
		57 421 009	**21 160 018**
TOTAL EQUITY AND LIABILITIES		**65 037 703**	**27 194 918**

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2019

	Share capital ZWL$	Share premium ZWL$	Revaluation reserve ZWL$	*FCTR ZWL$	Revenue reserves ZWL$	Total ZWL$
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**
Unaudited 30 June 2019						
Opening balance	2	1 388 012	-	-	19 772 004	21 160 018
Total comprehensive income	-	-	5 779 838	10 293 408	21 254 866	37 328 112
Dividend paid	-	-	-	-	(1 067 121)	(1 067 121)
Closing balance	**2**	**1 388 012**	**5 779 838**	**10 293 408**	**39 959 749**	**57 421 009**

** FCTR - Foreign Currency Translation Reserve*

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2019

	UNAUDITED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**21 280 687**	**2 072 198**
Non cash items:		
Depreciation	54 781	39 036
Amortisation	69 196	71 073
Fair value adjustment on properties	(18 821 894)	(166 783)
Impairment of other assets	-	1 219
Expected credit loss expense	133	-
Unearned premium movement	255 713	156 051
Claims incurred but not reported	(25 704)	(6 093)
Fair value adjustment on financial instruments	(1 933 089)	802
Deferred commission movement	-	2 753
Unrealised loss on foreign currency position	326 825	-
Loss on sale of property and equipment	8 683	-
Operating profit before changes in operating assets and liabilities	**1 215 331**	**2 337 039**
Changes in operating assets and liabilities		
Financial securities	(57 035)	(1 563 816)
Other receivables	12 599	(71 357)
Insurance contract assets	214 090	(15 426)
Other payables	605 732	(130 367)
Money market assets	2 155 429	(767 217)
Life assurance investment contract liabilities	346 539	240 715
Deposits	-	-
	3 277 354	**(2 307 468)**
Corporate tax paid	(10 265)	(3 838)
Net cash inflow from operating activities	**4 482 420**	**25 733**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1 799 111)	(1 163 132)
Proceeds on disposal of property and equipment	1 567	
Purchase of investment properties	(468 806)	(833 608)
Net change in investments	(1 660 653)	
Purchase of equity investments	-	128 320
Net cash outflow from investing activities	**(3 927 003)**	**(1 868 420)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1 067 121)	(928 044)
Net cash outflow from financing activites	**(1 067 121)**	**(928 044)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(511 704)**	**(2 770 731)**
Cash and cash equivalents at the beginning of the period	1 346 204	3 772 617
Exchange gain on foreign cash balances	57 177	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**891 677**	**1 001 886**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2019

1. INCORPORATION AND ACTIVITES

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

		UNAUDITED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
2.	**NET COMMISSION**		
	Commission paid	464 905	572 917
	Commission received	(40 424)	(63 973)
	Deferred acquistion cost	87 086	2 753
		511 567	**511 697**
3.	**NET CLAIMS**		
	Gross claims paid	1 364 528	997 957
	Claims received from reinsurance	-	(21 875)
	Incurred but not reported provision movement	(25 704)	(6 093)
	Gross outstanding claims	78 594	612 241
		1 417 418	**1 582 230**
4.	**OPERATING EXPENDITURE**		
	Administration expenses	1 620 693	852 435
	Audit fees	27 096	7 372
	Depreciation	54 782	39 036
	Impairment of other assets	-	1 219
	Amortisation of intangible assets	69 196	71 073
	Staff costs	1 580 983	482 933
		3 352 750	**1 454 068**
	Directors' remuneration (included in staff costs)		
	Fees for services as Directors	36 970	18 599
	Pension for past and present directors	30 303	17 550
	Salaries and other benefits	592.584	313 063
		659 857	**349 212**
5.	**INVESTMENT INCOME**		
	Short term money market interest	340 003	320 237
	Interest from tranding securites	349 570	36 517
	Other operating income	82 619	15 958
	Fair value adjustments on financial instruments	1 933 089	(802)
	Fair value adjustments on properties	18 821 894	-
	Unrealised loss on foreign currency exchange	(326 825)	-
	Loss on disposal of fixed assets	(8 982)	-
	Lease income	82 558	-
		21 273 926	**371 910**
6.	**TAXATION**		
	The following constitutes the major components of tax expense recognised in the statement of comprehensive income.		
	Current income tax	**25 821**	**5 483**
6.1	**TAX RATE RECONCILIATION**	**%**	**%**
	Notional tax	25	25
	Aids levy	0.75	0.75
	Permanent differences	-	-
	Exempt income	(24.67)	(25.49)
	Effective tax rate	**0.12**	**0.26**

		UNAUDITED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
7.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank	891 677	1 346 204
8.	**MONEY MARKET INVESTMENTS**		
8.1	**Money market assets:**		
	Loans and receivables	**8 267 976**	**10 423 545**
8.2	**Maturity analysis**		
	Less than 3 month	4 502 751	6 366 383
	Between 3 months and 6 months	3 765 542	909 024
	Between 6 months and 1 year	-	3 148 314
	Less expected credit loss	(317)	(176)
		8 267 976	**10 423 545**
9.	**INSURANCE CONTRACTS ASSETS**		
	Reinsurance unearned premium reserve	43 253	4 395
	Reinsurance receivables	565	258
	Deferred acquisition costs	115 634	202 720
	Premium receivables	500 900	639 404
	Suspended premium	(70 632)	(42 967)
	Credit loss provision	(186 838)	(186 838)
		402 882	**616 972**
10.	**INTANGIBLE ASSETS**		
	Computer Software		
	Cost		
	Opening balance	882 107	882 107
	Closing balance	**882 107**	**882 107**
	Amortisation		
	Opening balance	635 895	497 402
	Charge for the period	69 196	138 493
	Closing balance	**705 091**	**635 895**
	Carrying amount at end of the period	**177 016**	**246 212**

11. PROPERTY AND EQUIPMENT

	Motor vehicles ZWL$	Buildings ZWL$	Computers furniture and other equipment ZWL$	Work in Progress	UNAUDITED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
Cost						
Opening balance	204 689	1 700 000	411 074	66 203	2 381 966	1 241 201
Additions	–	626 581	1 172 530	–	1 799 111	1 217 808
Revaluation gain	–	5 779 838	–	–	5 779 838	–
Disposals	–	–	(24 029)	–	(24 029)	(28 115)
Exchange gains on change in functional currency	–	2 734 247	–	–	2 734 247	–
Impairment on property and equipment	–	–	–	–	–	(48 928)
Closing balance	**204 689**	**10 840 666**	**1 559 575**	**66 203**	**12 671 133**	**2 381 966**
Accumulated depreciation						
Opening balance	108 831	–	339 227	–	448 058	393 950
Charge for the period	14 914	4 860	35 007	–	54 781	76 147
Revaluation	–	(4 860)	–	–	(4 860)	–
Disposals	–	–	(13 779)	–	(13 779)	(22 039)
Closing balance	**123 745**	**–**	**360 455**	**–**	**484 200**	**448 058**
Net Book Value	**80 944**	**10 840 666**	**1 199 120**	**66 203**	**12 186 933**	**1 933 908**

12. LIFE FUND

	Unearned premium reserve ZWL$	IBNR ZWL$	Annuity reserve ZWL$	Total ZWL$
12.1 Movement in Life fund				
Opening balance 1 January 2018	939 075	526 853	–	1 465 928
Transfer to income	157 406	(61 255)	31 526	127 677
Closing balance at 31 Dec 2018	**1 096 481**	**465 598**	**31 526**	**1 593 605**
Transfer from / (to) income	255 713	(25 704)	–	230 009
Closing balance at 30 June 2019	**1 352 194**	**439 894**	**31 526**	**1 823 614**

		UNAUDITED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
12.2	**Life fund liabilities are supported by the following net assets:**		
	Money market assets	219 283	509 420
	Prescribed assets	408 567	301 200
	investment property	604 759	447 624
	Listed equity investments	591 005	335 361
		1 823 614	**1 593 605**
13.	**INVESTMENT CONTRACT LIABILITIES**		
13.1	**Investment contract movement**		
	Opening balance	2 393 424	1 806 934
	Interest on investment fund	614 475	76 910
	Fund management fees	(14 861)	(41 212
	Investments from clients	-	1 064 404
	Withdrawals by clients	(253 075)	(513 612
	Closing balance	**2 739 963**	**2 393 424**
13.2	**Investment contract liabilities are supported by the following net assets:**		
	Money market assets	769 627	1 321 034
	Prescribed assets	897 087	708 394
	Cash and cash equivalents	127 542	139 937
	Listed equity investments	945 707	224 059
		2 739 963	**2 393 424**
14.	**OTHER PAYABLES**		
	Inter-company	-	24 047
	Sundry payables	2 324 902	1 346 035
	Prepaid premium debtors	525 378	677 789
	Accruals	187 324	-
		3 037 604	**2 047 871**
15.	**SHARE CAPITAL**		
15.1	**Authorised share capital**		
	20 000 ordinary shares of ZWL$1 each	**20 000**	**20 000**
15.2	**Issued share capital**		
	2 ordinary shares of ZWL$1 each	**2**	**2**

CBZ INSURANCE

Partners For Success

UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 JUNE 2019**

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

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DATVEST

A member of the CBZ Holdings Group

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2019

	UNAUDITED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
Gross written premium	**14 017 429**	**7 989 025**
Reinsurance premium	(7 734 374)	(4 009 060)
Net written premium	**6 283 055**	**3 979 965**
Unearned premium movement	(1 900 226)	(1 014 340)
Net earned premium	**4 382 829**	**2 965 625**
Net commission	65 653	15 205
Net claims	(1 520 758)	(1 356 240)
Technical result	**2 927 724**	**1 624 590**
Operating expenditure	(2 105 628)	(971 800)
Underwriting profit	**822 096**	**652 790**
Other income	607 529	(88 517)
Impairment allowance	(62 038)	152 045
Profit before taxation	**1 367 587**	**716 318**
Taxation	36 322	(221 782)
Profit for the period	**1 403 909**	**494 536**
Other comprehensive income		
Gain on property revaluation	5 984 302	-
Exchange gains on change of functional currency	2 335 805	-
Deferred income tax relating to components of other comprehensive income	(1 798 330)	-
Other comprehensive income for the period net of tax	**6 521 777**	**-**
Total comprehensive income for the period	**7 925 686**	**494 536**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	UNAUDITED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
ASSETS		
Cash and cash equivalents	3 975 901	861 800
Money market assets	1 535 431	5 837 658
Other assets	759 385	124 843
Tax receivable	608 423	70 015
Insurance receivables	8 725 306	4 166 404
Insurance contract assets:		
Reinsurance receivables	1 716 494	413 761
Reinsurance outstanding claims	1 523 855	550 769
Deferred acquisition costs	1 139 130	724 899
Reinsurance unearned premium reserve	4 338 166	2 681 217
Financial assets at fair value through profit or loss	2 060 591	340 326
Investment properties	894 000	137 751
Property and equipment	12 825 969	1 502 343
Deferred tax asset	-	332 992
Intangible assets	253 437	-
TOTAL ASSETS	**40 356 088**	**17 744 778**
EQUITY AND LIABILITIES		
LIABILITIES		
Other payables	4 641 526	711 044
Deferred tax liability	1 508 425	-
Insurance contract liabilities:		
Reinsurance payables	5 833 307	1 440 217
Gross outstanding claims	2 259 389	1 379 373
Incurred but not yet reported claims	833 299	198 998
Unearned commission reserve	1 383 385	725 470
Gross unearned premium reserve	8 531 470	5 489 767
Total liabilities	**24 990 801**	**9 944 869**
EQUITY		
Share capital	78 117	78 117
Share premium	1 479 090	1 479 090
Revaluation reserve	4 185 972	-
Foreign currency translation reserve	2 335 805	-
Retained earnings	7 286 303	6 242 702
Total equity	**15 365 287**	**7 799 909**
TOTAL EQUITY AND LIABILITIES	**40 356 088**	**17 744 778**

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2019

	Share capital ZWL$	Share premium ZWL$	Revaluation reserve ZWL$	FCTR ZWL$	Retained earnings ZWL$	Total ZWL$
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**
Unaudited 30 June 2019						
Opening balance	78 117	1 479 090	-	-	6 103 810	7 661 017
Dividends paid	-	-	-	-	(221 416)	(221 416)
Profit for the period	-	-	-	-	1 403 909	1 403 909
Other comprehensive income	-	-	4 185 972	2 335 805	-	6 521 777
Closing balance	**78 117**	**1 479 090**	**4 185 972**	**2 335 805**	**7 286 303**	**15 365 287**

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2019

	UNAUDITED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1 367 587**	**716 318**
Non cash items:		
Depreciation	59 461	42 267
Amortisation	49 013	-
Fair value adjustment	(1 139 544)	199 890
Unearned premium reserve movement	1 900 226	1 014 340
Deferred commission movement	286 478	56 449
Incurred but not yet reported claims provision	259 316	(176 556)
Profit on disposal of property and equipment	(21 533)	-
Foreign exchange gains	658 019	-
Impairement (gain)/loss	62 038	(152 045)
Cash flow before changes in operating assets and liabilities	**3 481 061**	**1 700 663**
Changes in operating assets and liabilities		
Increase in receivables	(6 711 944)	(4 921 504)
Increase in money market assets	877 937	(1 088 343)
Increase/(decrease) in payables	7 130 229	4 033 801
	1 296 222	**(1 976 046)**
Tax paid	(9)	-
Cash inflow/(outflow) in operating activities	**4 777 274**	**(275 383)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments property	-	(2 751)
Purchase of property and equipment	(2 159 234)	(675 717)
Proceeds on disposal of property and equipment	21 533	-
Purchase of investments	96 447	811 629
Purchase of intangible assets	(302 450)	-
Net cash utilised in investing activities	**(2 343 704)**	**133 161**
CASHFLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(217 905)	
Net cash outflow from financing activities	**(217 905)**	**-**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**2 215 665**	**(142 222)**
Cash and cash equivalents at the beginning of the period	1 760 236	1 004 022
Balances with banks and cash at end of the period	**3 975 901**	**861 800**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2019

	UNAUDITED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
Commission and fee income	2 833 082	1 698 315
Invesment income	7 720 349	41 247
Other income	4 931	1 688
Total revenue	**10 558 362**	**1 741 250**
Operating expenditure	(2 041 722)	(1 048 788)
Profit before taxation	**8 516 640**	**692 462**
Taxation	(2 214 700)	(190 025)
Profit for the period after taxation	**6 301 940**	**502 437**
Other comprehensive income		
Exchange gains on change of functional currency	2 745 000	-
Other comprehensive income for the period	**2 745 000**	**-**
Total comprehensive income for the period	**9 046 940**	**502 437**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	UNAUDITED 30 JUNE 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$
ASSETS		
Balances with banks and cash	444 696	1 016 729
Money market assets	1 584 878	1 047 127
Equity investments	1 618 844	257 531
Other assets	973 625	652 603
Investment property	11 734 667	1 830 000
Intangible assets	8 267	7 613
Property and equipment	723 841	101 227
Deferred tax assets	-	86 275
TOTAL ASSETS	**17 088 818**	**4 999 105**
LIABILITIES		
Current taxation	4 128	106 655
Other liabilities	611 282	8 895
Provisions	543 241	435 337
Lease liability	602 979	-
Deferred tax liabilities	1 902 637	-
TOTAL LIABILITIES	**3 664 267**	**550 887**
EQUITY		
Share capital	63 005	63 005
Share premium	1 924 944	1 924 944
Foreign currency translation reserve	2 745 000	-
Revenue reserves	8 691 602	2 460 269
TOTAL EQUITY	**13 424 551**	**4 448 218**
TOTAL LIABILITIES AND EQUITY	**17 088 818**	**4 999 105**

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2019

	Share capital ZWL$	Share premium ZWL$	*FCTR ZWL$	Revenue reserves ZWL$	Total ZWL$
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**
Unaudited 30 June 2019					
Opening balance	63 005	1 924 944	-	2 460 269	4 448 218
Profit for the period	-	-	-	6 301 940	6 301 940
Other comprehensive income for the period	-	-	2 745 000	-	2 745 000
Dividend paid	-	-	-	(70 607)	(70 607)
Closing balance	**63 005**	**1 924 944**	**2 745 000**	**8 691 602**	**13 424 551**

** FCTR - Foreign Currency Translation Reserve*

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2019

	UNAUDITED 30 JUNE 2019 ZWL$	UNAUDITED 30 JUNE 2018 ZWL$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**8 516 641**	**692 465**
Non cash items:		
Depreciation and amortisation	39 617	24 556
Fair value adjustment	(7 600 799)	1 737
Loss on sale of property and equipment	91	-
Impairment of assets	74	-
Operating cash inflow before changes in operating assets and liabilities	**955 624**	**718 758**
Changes in operating assets and liabilities		
Money market assets	(537 825)	(588 090)
Equity investments	(843 280)	246 020
Other assets	(321 020)	123 120
Other liabilities	602 387	58 958
Provisions	107 904	(60 014)
	(991 834)	**(220 006)**
Corporate tax paid	(328 318)	(131 446)
Net cash (outflow)/inflow from operating activities	**(364 528)**	**367 306**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	78	-
Purchase of property and equipment	(36 357)	(4 225)
Purchase of intangible assets	(2 226)	-
Purchase of investment property	(76 900)	(500 000)
Net cash outflow from investing activities	**(115 405)**	**(504 225)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(70 607)	(61 397)
Lease liability payment	(21 493)	-
Net cash outflow from financing activities	**(92 100)**	**(61 397)**
NET INCREASE IN BALANCES WITH BANKS AND CASH	**(572 033)**	**(198 316)**
Balances with banks and cash at the beginning of the period	1 016 729	505 988
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	**444 696**	**307 672**