



UNAUDITED FINANCIAL RESULTS

For The Half Year Ended 30 June 2016



www.cbz.co.zw

Chairman’s Statement

It gives me great pleasure to present to you the financial results of CBZ Holdings Limited (CBZH) for the half year ended 30 June 2016. It is pleasing to note that the Group continued to trade profitably despite the increasing headwinds being faced within the local business environment.

Operating Environment

The Government of Zimbabwe continued with the economic reform program as evidenced by the successful completion of the International Monetary Fund (IMF) Staff Monitored Program and the affirmation of the same by the IMF at its 2 May 2016 Board Meeting. However, in the absence of the much needed economic stimuli, the operating environment remained challenging, with liquidity shortages eventually culminating in widespread cash shortages from April 2016. The monetary authorities responded by introducing a number of measures aimed at addressing the cash and liquidity situation, among them, the daily cash withdrawal limits, import priority lists, reduction in bank charges and the intended introduction of bond notes as an export incentive.

Money Markets

According to the Reserve Bank of Zimbabwe (RBZ) report of April 2016, broad money supply grew by 5.0% from US\$4.8 billion in December 2015 to US\$5.0 billion in April 2016, underpinned by growth in demand deposits and long-term deposits. Regulatory persuasion saw average lending rates for corporates and individuals declining from 7.62% and 12.1% in December 2015 to 7.42% and 11.39% in June 2016, respectively. In addition, average deposit rates also fell during the same period from 7.89% to 6.38% for the 3-month deposit class, as financial institutions re-priced liabilities to match the decline in lending rates.

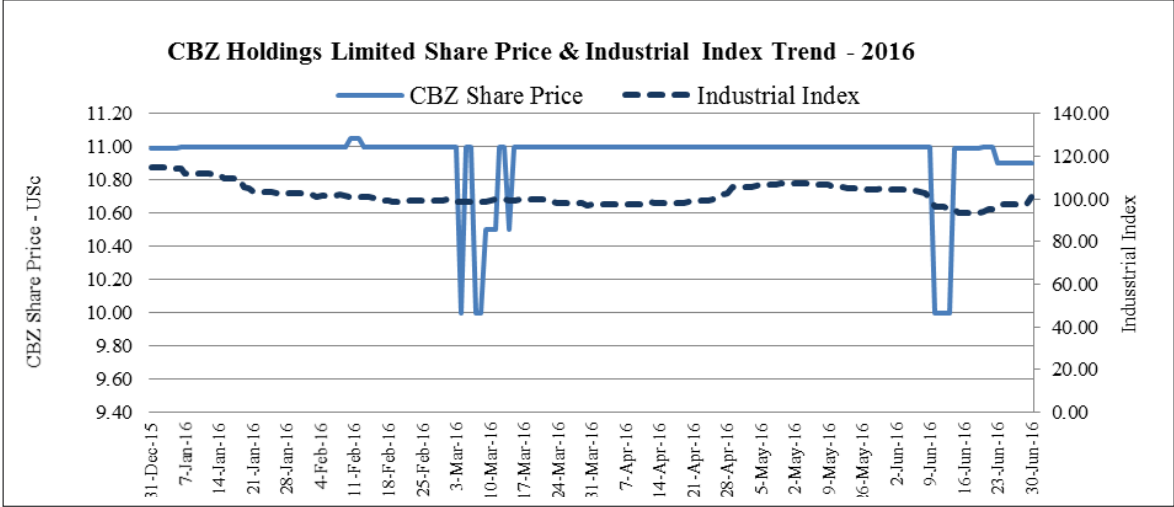
Property Market

Significant developments continued to be recorded in the medium to high density residential property sector. The broader properties market continued to be affected by, among others, liquidity constraints, lack of long term capital, depressed economic activity, generally high voids and rental arrears.

Capital Markets

On the Zimbabwe Stock Exchange “ZSE”, the benchmark industrial index fell by 12.0% to close at 101.04, whilst the mining index advanced by 4.1% to close at 24.70 at 30 June 2016. Market turnover fell by 34.7% to US\$89.3 million in the first half of 2016, from US\$136.7 million in the first half of 2015. As part of measures to boost activity on the capital markets, the regulatory authorities increased the fungibility for dual listed entities from 10% to 15% and allowed foreign investors to acquire listed shares on the ZSE up to 49% per counter in line with the indigenisation policy.

The CBZH share price recorded a marginal loss of 0.8% in the first half of 2016 to close at US 10.90 cents, as per the following graph.



Overview of the Group’s Performance

Below are the key highlights of the Group's performance for the half year and the comparative periods.

	Unaudited Half year Ended 30 June 2016 US\$m	Unaudited Half year Ended 30 June 2015 US\$m	Audited Year Ended 31 December 2015 US\$m
Key Financial Performance Highlights			
Profit before taxation	12.2	14.8	40.9
Profit after taxation	11.9	13.7	35.2
Total comprehensive income	11.9	13.7	35.6
Total assets	2 069.1	1 964.3	1 974.4
Total equity and reserves	272.8	242.3	261.9
Total deposits	1 773.6	1 695.6	1 684.3
Total advances	1 022.1	1 113.0	1 021.0
Other statistics			
Basic earnings per share(cents)	4.5	5.0	6.5
Non- interest income to total income %	42.4	33.3	40.8
Cost to income ratio %	72.2	63.1	64.0
Return on assets %	1.3	1.5	2.2
Return on equity %	8.7	11.4	14.3
Growth in deposits (YTD)%	5.3	19.7	18.9
Growth in advances (YTD)%	0.1	(1.1)	(9.3)
Growth in PBT (YOY)%	(18.0)	(0.7)	10.5
Growth in PAT (YOY)%	(13.2)	7.1	6.7

The Board

I want to take this opportunity to thank my predecessor, Mr Richard Victor Wilde who retired from the Board on 30 April 2016 after serving the Group for 18 years. We thank him for the support and contribution during his tenure. I am grateful to my fellow Directors for their confidence in me expressed through my Board Chairmanship appointment. I welcome Tsitsi Mutasa, Dr. Ruvimbo Mabeza-Chimedza and Tafadzwa Nyamayi who were appointed to the Board during the period under review.

Governance

The success of our business is built on good corporate governance practices. As such we subject all areas of business to such principles especially so, given the challenges posed by the volatile operating environment.

Dividend

In line with the Group's dividend growth policy and considering the need for prudent capital and liquidity management, the Board has proposed the declaration of an interim gross dividend of US\$1 602 155.


Outlook

Global growth is evidently being derailed by the sluggish recovery in advanced economies, a sharper-than-expected slowdown in major emerging market economies and resurgence in geopolitical risks. Subdued commodity prices, renewed inflationary pressures and weakening currencies will specifically limit growth in Sub Saharan African countries, with countries like Nigeria and South Africa facing higher risks of recession. In Zimbabwe, it is hoped that the successful implementation of the external debt arrears clearance strategy will unlock the much needed stimulus package.

It is important that the authorities buttress short term and long term policy measures that both build confidence and set the economy towards a sustainable growth path.

Appreciation

My appreciation goes to our valued clients, who are the mainstay of our success. I am also grateful to the commitment offered by the Group Board, the Boards of the Group companies, Management and Staff in ensuring the attainment of our goals.


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Elliot Mugamu
Chairman
4 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the half year ended 30 June 2016

Note	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
Interest income	2 89 266 645	101 485 746
Interest expense	2 (50 636 713)	(53 883 342)
Net interest income	38 629 932	47 602 404
Non-interest income	3 31 030 284	27 391 236
Underwriting income (net)	4 3 552 041	7 259 609
Total income	73 212 257	82 253 249
Operating expenditure	5 (52 874 407)	(51 894 888)
Operating income	20 337 850	30 358 361
Charge for impairment	11.5/12.1 (9 086 165)	(14 377 562)
Transfer from/(to) life fund	21 899 408	(1 163 999)
Profit before taxation	12 151 093	14 816 800
Taxation	6 (229 562)	(1 076 964)
Profit for the half year after taxation	11 921 531	13 739 836
Other comprehensive income	-	-
Total comprehensive income for the half year	11 921 531	13 739 836
Profit for the half year attributable to:		
Equity holders of parent	11 825 961	13 653 397
Non-controlling interests	23.7 95 570	86 439
Profit for the half year	11 921 531	13 739 836
Total comprehensive income attributable to:		
Equity holders of parent	11 825 961	13 653 397
Non-controlling interests	23.7 95 570	86 439
Total comprehensive income for the half year	11 921 531	13 739 836
Earnings per share (cents):		
Basic	7.1 4.50	5.00
Fully diluted	7.1 4.38	4.86
Headline	7.1 4.50	5.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2016

Note	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
ASSETS		
Balances with banks and cash	9 53 632 598	42 522 322
Money market assets	10 746 283 776	672 613 440
Advances	11 1 022 050 365	1 020 968 516
Insurance assets	12 8 021 651	5 189 347
Other assets	13 103 660 419	99 765 863
Investments in other financial assets	14 7 198 932	7 233 272
Property and equipment	15 75 987 482	77 684 389
Investment properties	16 29 483 251	27 944 072
Intangible assets	17 3 320 460	1 509 346
Deferred taxation	18.1 16 951 463	17 171 546
Current tax receivable	2 474 999	1 756 423
TOTAL ASSETS	2 069 065 396	1 974 358 536
LIABILITIES		
Deferred taxation	18.2 2 544 867	2 534 187
Deposits	19 1 773 600 510	1 684 277 828
Insurance liabilities	20 8 387 450	4 955 722
Life fund	21 3 890 507	4 675 401
Other liabilities	22 7 763 549	15 800 251
Current tax payable	117 851	238 090
TOTAL LIABILITIES	1 796 304 734	1 712 481 479
EQUITY AND RESERVES		
Share capital	23.1 6 868 079	6 867 689
Share premium	23.2 40 005 761	40 001 416
Treasury shares	23.3 (16 810 640)	(16 810 640)
Revaluation reserve	23.4 26 625 959	26 625 959
Share option reserve	23.5 1 083 863	1 032 565
Revenue reserves	23.6 214 403 366	203 691 964
Equity and reserves attributable to equity holders of the parent	272 176 388	261 408 953
Non-controlling interests	23.7 584 274	468 104
TOTAL EQUITY AND RESERVES	272 760 662	261 877 057
TOTAL LIABILITIES, EQUITY AND RESERVES	2 069 065 396	1 974 358 536

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half year ended 30 June 2016

	Share capital US\$	Share premium US\$	Treasury shares US\$	Revaluation reserve US\$	Share option reserve US\$	Revenue reserve US\$	Non- controlling interests US\$	Total US\$
Unaudited 30 June 2015								
Opening balance	6 866 065	39 983 305	(13 503 280)	26 305 791	907 067	170 846 270	284 414	231 689 632
Total comprehensive income	-	-	-	-	-	13 653 397	86 439	13 739 836
Treasury shares acquisition	-	-	(2 154 781)	-	-	-	-	(2 154 781)
Employee share option expense	-	-	-	-	71 380	-	-	71 380
Exercise of share options	227	2 526	-	-	(758)	-	-	1 995
Dividend paid	-	-	-	-	-	(1 096 603)	-	(1 096 603)
Closing balance	6 866 292	39 985 831	(15 658 061)	26 305 791	977 689	183 403 064	370 853	242 251 459
Unaudited 30 June 2016								
Opening balance	6 867 689	40 001 416	(16 810 640)	26 625 959	1 032 565	203 691 964	468 104	261 877 057
Total comprehensive income	-	-	-	-	-	11 825 961	95 570	11 921 531
Rights issue (NCI)	-	-	-	-	-	-	20 600	20 600
Employee share option expense	-	-	-	-	52 601	-	-	52 601
Exercise of share options	390	4 345	-	-	(1 303)	-	-	3 432
Dividend paid	-	-	-	-	-	(1 114 559)	-	(1 114 559)
Closing balance	6 868 079	40 005 761	(16 810 640)	26 625 959	1 083 863	214 403 366	584 274	272 760 662



UNAUDITED FINANCIAL RESULTS

For The Half Year Ended 30 June 2016



CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 30 June 2016

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12 151 093	14 816 800
Non cash items:		
Depreciation	3 625 881	3 799 657
Amortisation of intangible assets	148 219	199 525
Fair value adjustments on financial instruments	34 340	170 484
Impairment on advances and insurance assets	9 086 165	14 377 562
Unrealised gain on foreign currency position	403 807	(296 893)
Unearned premium	200 407	1 373 827
Incurred but not reported claims (IBNR)	(439 919)	48 660
Loss on sale of property and equipment	5 139	15 201
Interest & provisions on guaranteed education plan	114 514	192 968
Employee share option expense	52 601	71 380
Operating cash inflow before changes in operating assets and liabilities	25 382 247	34 769 171
Changes in operating assets and liabilities		
Deposits	88 918 875	88 415 207
Advances	(74 561 120)	(76 138 426)
Money market assets	(9 375 666)	(7 019 757)
Insurance assets	(2 733 869)	(2 739 910)
Insurance liabilities	2 771 831	1 647 456
Other assets	(3 894 556)	(3 229 381)
Other liabilities	(8 036 702)	1 673 829
	(6 911 207)	2 609 018
Corporate tax paid	(837 612)	(3 708 765)
Net cash inflow from operating activities	17 633 428	33 669 424
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	-	6 475 815
Purchase of investment properties	(1 539 179)	(94 351)
Proceeds on disposal of property and equipment	37 050	100 511
Purchase of property and equipment	(3 092 474)	(2 728 599)
Purchase of intangible assets	(838 022)	(198 201)
Net cash (outflow)/inflow from investing activities	(5 432 625)	3 555 175
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share options	3 432	1 995
Treasury shares acquisition	-	(2 154 781)
Rights issue (NCI)	20 600	-
Dividends paid	(1 114 559)	(1 096 603)
Net cash outflow from financing activities	(1 090 527)	(3 249 389)
NET INCREASE IN BALANCES WITH BANKS AND CASH	11 110 276	33 975 210
Balances with banks and cash at the beginning of the period	42 522 322	73 296 010
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	53 632 598	107 271 220

ACCOUNTING POLICIES

for the half year ended 30 June 2016

1. GROUP ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group, which have been applied consistently. Kindly refer to our website (www.cbz.co.zw) for a detailed analysis of the significant accounting policies which are consistent with those applied in the Group's 2015 annual report.

1.1 BASIS OF PREPARATION

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

The financial results are presented in United States dollars (US\$), the Group's functional currency.

Basis of consolidation

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

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

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

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

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Kindly refer to our website (www.cbz.co.zw) for a detailed analysis of the significant accounting estimates and judgements, which are consistent with those applied in the Group's 2015 annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS RESULTS

for the half year ended 30 June 2016

1. INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the half year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 04 August 2016. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

2. INTEREST

Interest income

Bankers acceptances	-	833 417
Overdrafts	39 888 304	52 949 336
Loans	17 136 568	22 474 565
Mortgage interest	7 283 697	9 205 575
Staff loans	1 702 778	1 575 395

Short-term money market assets	23 184 214	14 204 917
Other investments	71 084	242 541

Interest expense

Call deposits	876 511	643 930
Savings deposits	19 343 302	5 431 511
Money market deposits	22 895 569	40 892 678
Other offshore deposits	7 521 331	6 915 223

NET INTEREST INCOME

3. NON-INTEREST INCOME

Fair value adjustments on financial instruments	(34 340)	(170 484)
Net income from foreign currency dealings	1 217 749	1 656 498
Unrealised (losses)/gains on foreign currency position	(403 807)	296 893
Commission and fee income	23 887 376	23 347 135
Loss on sale of assets	(5 139)	(15 201)
Bad debts recovered	864 654	20 162
Other operating income	5 503 791	2 256 233

4. UNDERWRITING INCOME (NET)

Gross premium income	11 790 190	13 693 978
Reinsurance	(3 863 211)	(3 892 166)
Net written premium	7 926 979	9 801 812
Unearned premium	(728 391)	(355 321)
Net earned premium	7 198 588	9 446 491
Net commission	(595 240)	(360 062)
Net claims	(3 051 307)	(1 826 820)

5. OPERATING EXPENDITURE

Staff costs	27 353 109	26 718 162
Administration expenses	21 488 557	20 911 778
Audit fees	258 641	265 766
Depreciation	3 625 881	3 799 657
Amortisation of intangible assets	148 219	199 525

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

Fees for services as directors	719 426	705 320
Pension for past and present directors	272 440	267 099
Salaries and other benefits	4 083 352	4 003 285

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	1 798 608	1 786 970
Between 1 and 5 years	1 336 409	1 532 522
More than 5 years	-	22 034

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

During the half year ended 30 June 2016, an amount of US\$1 015 117 (June 2015: US\$1 080 377) was recognised as rent expense in the statement of profit or loss and other comprehensive income.

6. TAXATION

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

Analysis of tax charge in respect of the profit for the period

Current income tax charge	(1 203)	5 094 126
Deferred income tax	230 765	(4 017 162)
Income tax expense	229 562	1 076 964

6.1

Tax rate reconciliation

Notional tax	%	%
Aids levy	25.00	25.00
Permanent differences	0.75	0.75
Tax credit	(23.17)	(18.48)
Effective tax rate	(0.69)	-
	1.89	7.27

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.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the 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.

Headline earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the parent after adjustments for excluded re-measurements by the weighted average number of ordinary shares outstanding during the period.

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

		Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$		
7.1	Annualised earnings per share (US cents)				
	Basic	4.50	5.00		
	Fully diluted	4.38	4.86		
	Headline	4.50	5.01		
7.2	Earnings				
	Basic earnings (earnings attributable to holders of parent)	11 825 961	13 653 397		
	Fully diluted	11 825 961	13 653 397		
	Headline	11 830 929	13 668 598		
	Number of shares used in calculations (weighted)	Shares	Shares		
	Basic earnings per share (weighted)	525 298 508	546 132 787		
	Fully diluted earnings per share (weighted)	540 489 956	561 367 010		
	Headline (weighted)	525 298 508	546 132 787		
7.3	Reconciliation of denominators used for calculating basic and diluted earnings per share:				
	Weighted average number of shares before adjustment for treasury shares	686 793 194	686 523 598		
	Less: Treasury shares held	(161 494 686)	(140 390 812)		
	Weighted average number of shares used for basic EPS	525 298 508	546 132 786		
	Potentially dilutive shares (Employee Share Options)	15 191 448	15 234 224		
	Weighted average number of shares used for diluted EPS	540 489 956	561 367 010		
		Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$		
7.4	Headline earnings	11 825 961	13 653 397		
	Profit attributable to ordinary shareholders				
	Adjusted for excluded re-measurements:				
	Disposal loss on property and equipment	5 139	15 201		
	Tax relating to re-measurements	(171)	-		
	Headline earnings	11 830 929	13 668 598		
8.	DIVIDEND				
	Final dividend paid	1 114 559	1 096 603		
	Interim dividend proposed	1 602 155	1 456 505		
	Dividends are paid on shares held at the record date net of treasury shares held on the same date.				
9.	BALANCES WITH BANKS AND CASH	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$		
	Cash	9 789 049	16 237 934		
	Nostro accounts	14 229 661	3 866 923		
	Balance with the Reserve Bank of Zimbabwe	29 611 948	22 406 112		
	Interbank clearing accounts	1 940	11 353		
		53 632 598	42 522 322		
10.	MONEY MARKET ASSETS				
	Aftrade/AMA bills	953 167	2 888 250		
	Treasury placements	200 257 719	184 575 082		
	Accrued interest	11 328 023	7 540 102		
	Treasury bills	519 675 877	465 574 969		
	Bankers acceptances	14 068 990	12 035 037		
		746 283 776	672 613 440		
10.1	Maturity analysis				
	Less than 1 month	24 621 487	66 588 489		
	Between 1 and 3 months	203 536 880	144 426 410		
	Between 3 and 6 months	428 820	3 873 431		
	Between 6 months and 1 year	41 592 216	6 530 104		
	Between 1 and 5 years	181 539 354	188 315 233		
	5 years and above	294 565 019	262 879 773		
		746 283 776	672 613 440		
	Maturity value	955 856 286	796 142 114		
	Book value	746 283 776	672 613 440		
	Portfolio analysis				
	Loans and receivables	746 283 776	672 613 440		
11.	ADVANCES				
	Overdrafts	683 494 786	622 332 605		
	Loans	234 979 030	292 438 437		
	Staff loans	57 013 712	55 485 183		
	Mortgage advances	103 420 874	104 106 092		
		1 078 908 402	1 074 362 317		
	Interest accrued	20 483 070	21 544 909		
	Total gross advances	1 099 391 472	1 095 907 226		
	Provision for impairment (Including interest in suspense)	(77 341 107)	(74 938 710)		
		1 022 050 365	1 020 968 516		
11.1	Sectoral analysis	US\$	%	US\$	%
	Private	202 293 268	18	156 219 389	15
	Agriculture	350 758 291	32	310 735 698	29
	Mining	12 386 407	1	11 264 816	1
	Manufacturing	139 211 129	13	155 904 814	14
	Distribution	141 455 307	13	219 593 068	20
	Construction	7 420 867	1	5 371 935	-
	Transport	15 405 482	1	13 246 917	1
	Communication	837 152	-	2 133 707	-
	Services	208 176 108	19	199 597 725	18
	Financial organisations	21 447 461	2	21 839 156	2
		1 099 391 472	100	1 095 907 225	100
11.2	Maturity analysis	US\$	US\$		
	Less than 1 month	529 542 718	440 514 893		
	Between 1 and 3 months	25 576 464	48 954 744		
	Between 3 and 6 months	100 848 480	99 587 999		
	Between 6 months and 1 year	116 692 721	162 491 291		
	Between 1 and 5 years	173 688 702	176 839 758		
	More than 5 years	153 042 387	167 518 540		
		1 099 391 472	1 095 907 225		

Maturity analysis is based on the remaining period from 30 June 2016 to contractual maturity.

11.3 Loans to directors, key management and employees

Loans to directors and key management

Included in advances are loans to Executive Directors and key management:-
Opening balance 6 886 820
Advances made during the period 1 971 685
Repayments during the period (911 143)
Balance at end of the period 7 947 362

Loans to other employees

Included in advances are loans to employees:

Opening balance 48 598 363
Advances made during the period 3 711 438
Repayments during the period (3 243 453)
Balance at end of the period 49 066 348

11.4 Non performing advances

Total advances on which interest is suspended 78 929 850

11.5 Provision for impairment of advances

Opening balance 74 938 710
Charge for impairment on advances 9 184 600
Interest in suspense (2 587 403)
Amounts written off during the period (4 194 800)
Balance at end of the period 77 341 107

Comprising:

Specific impairments 37 208 104
Portfolio impairments 40 133 003

11.6 Collateral

Cash cover 27 227 858
Mortgage bonds 905 006 379
Notarial general covering bonds 733 328 893

12. INSURANCE ASSETS

Reinsurance unearned premium reserve 2 472 449
Reinsurance receivables 1 349 050
Deferred acquisition cost 943 745
Insurance premium receivables 3 328 291
Suspended premium (71 884)

12.1 Impairment on insurance assets

Opening balance 436 451
Charge for impairment on insurance receivables (98 435)
Balance at end of the period 338 016

13. OTHER ASSETS

Land inventory 83 243 021
Prepayments and deposits 4 904 546
Other receivables 15 512 852

14. INVESTMENTS IN OTHER FINANCIAL ASSETS

Investments in equity instruments 7 198 932

14.1 Investments in equities

Unlisted investments 4 836 523
Listed investments 2 362 409

At cost 4 836 523

At fair value 2 362 409

Portfolio analysis

Trading 2 362 409
Available for sale 4 836 523

Available for sale investments are held at cost.

14.2 Investment in subsidiaries

CBZ Bank Limited 21 839 891
CBZ Asset Management (Private) Limited 1 987 950
CBZ Building Society 19 114 990
CBZ Insurance (Private) Limited 1 690 879
CBZ Properties (Private) Limited 4 779 144
CBZ Life Assurance (Private) Limited 1 388 014
CBZ Asset Management - Mauritius 132 990
CBZ Risk Advisory (Private) Limited 545 080

During the period CBZ Holdings invested 100% in CBZ Risk Advisory (Private) Limited.

15. PROPERTY AND EQUIPMENT

	Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computer and equipment US\$	Work in progress US\$	30 June 2016 US\$	31 Dec 2015 US\$
Cost								
Opening balance	5 287 613	49 571 576	805 435	5 733 574	32 305 911	5 331 414	99 035 523	94 469 736
Additions	-	47 241	-	383 250	786 356	1 875 627	3 092 474	9 622 586
Revaluation surplus	-	-	-	-	-	-	-	(2 131 346)
Impairments	-	-	-	-	-	-	-	(168 617)
Disposals	-	-	-	(77 759)	(35 400)	(33 254)	(146 413)	(981 104)
Transfers to intangible assets	-	-	-	-	-	(1 121 311)	(1 121 311)	(5 540 482)
Transfers from investment properties	-	-	-	-	-	-	-	3 764 750
Transfers (PPE inter-categories)	-	34 574	-	-	2 531 886	(2 566 460)	-	-
Closing balance	5 287 613	49 653 391	805 435	6 039 065	35 588 753	3 486 016	100 860 273	99 035 523
Accumulated depreciation and impairment								
Opening balance	-	-	350 202	3 182 255	17 818 677	-	21 351 134	17 519 564
Charge for the year	-	1 339 177	39 272	367 522	1 879 910	-	3 625 881	7 237 948
Disposals	-	-	-	(77 759)	(26 465)	-	(104 224)	(785 368)
Revaluation	-	-	-	-	-	-	-	(2 526 663)
Impairments	-	-	-	-	-	-	-	(94 347)
Closing balance	-	1 339 177	389 474	3 472 018	19 672 122	-	24 872 791	21 351 134
Net book value	5 287 613	48 314 214	415 961	2 567 047	15 916 631	3 486 016	75 987 482	77 684 389
Net book value (Dec 2015)	5 287 613	49 571 576	455 233	2 551 319	14 487 234	5 331 414	77 684 389	

Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2015 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.



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Partners For Success

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 ascertained by reference to the properties in the transaction.
- The values per square metre of lettable spaces for both the subject properties and comparables were analysed.
- With regards to the market values for residential properties, the comparison method was used. This method entails carrying out a valuation by directly comparing the subject property, which has been sold or rented out. The procedure was performed as follows:
 - Surveys and data collection on similar past transactions.
 - Analysis of collected data.
- Comparison of the analysis with the subject properties and then carrying out the valuation of the subject properties. Adjustments were made to the following aspects:
 - Age of property – state of repair and maintenance
 - Aesthetic quality – quality of fixtures and fittings
 - Structural condition – location
 - Accommodation offered – size of land

The maximum useful lives are as follows:

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

The carrying amount of buildings would have been US\$29 931 787 (December 2015: US\$30 287 119) had they been carried at cost.

16. INVESTMENT PROPERTIES

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Opening balance	27 944 072	25 161 306
Additions	1 539 179	2 182 843
Transfer from property and equipment	-	5 316 043
Transfer to other assets	-	(3 764 750)
Fair valuation loss	-	(951 370)
Closing balance	29 483 251	27 944 072

The carrying amount of the investment property is the fair value of the property as determined by a registered independent appraiser having, an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties. The properties were valued as at 31 December 2015 and will be revalued again at 31 December 2016 .

The rental income derived from investment properties amounted to US\$545 404 (June 2015: US\$ 545 002) and direct operating expenses amounted to US\$52 887 (June 2015: US\$87 665).

17. INTANGIBLE ASSETS

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Computer software		
At cost	6 458 260	4 497 146
Accumulated amortisation	(3 137 800)	(2 987 800)
	3 320 460	1 509 346
Movement in intangible assets:		
Opening balance	1 509 346	1 339 462
Additions	838 022	415 715
Transfer from work in progress	1 121 311	124 439
Amortisation charge	(148 219)	(370 270)
Closing balance	3 320 460	1 509 346

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

18. DEFERRED TAXATION

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
18.1 Deferred tax asset		
Opening balance	17 171 546	17 215 314
Impairments and provisions	1 220 127	2 327 628
Tax claimable impairments	1 073 483	(1 463 002)
Other	(2 513 693)	(908 394)
Closing balance	16 951 463	17 171 546
18.2 Deferred tax liability		
Deferred tax related to items charged in other comprehensive income during the year is as follows:		
Revaluation of property and equipment	-	75 150
	-	75 150
The deferred tax included in the Statement of Financial Position and changes recorded in the income tax expense are comprised of:		
Fair value adjustments	(171)	(31 445)
Prepayments	7 880	(10 075)
Property and equipment	(3 057)	124 584
Other	6 028	(230 685)
	10 680	(147 621)
Add:		
Opening balance	2 534 187	2 606 658
Closing balance	2 544 867	2 534 187

19. DEPOSITS

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Call deposits	29 429 320	31 109 059
Savings and other deposits	944 422 551	861 630 492
Money market deposits	697 949 564	660 678 443
Lines of credit	93 624 827	121 526 644
Accrued interest	8 174 248	9 333 190
	1 773 600 510	1 684 277 828
19.1 Deposits by source		
Banks	184 935 157	180 032 090
Money market	518 782 213	485 920 141
Customers	973 764 388	894 378 031
Lines of credit	96 118 752	123 947 566
	1 773 600 510	1 684 277 828
19.2 Deposits by type		
Retail	173 756 750	152 921 355
Corporate	800 007 638	741 456 676
Money market	703 717 370	665 952 231
Lines of credit	96 118 752	123 947 566
	1 773 600 510	1 684 277 828

Foreign lines of credit relate to borrowings from a foreign bank or financial institution. These have an average tenure of 3 years with an average interest rate of 8.4 % and are secured by a variety of instruments which include lien over bank accounts, guarantees, treasury bills and sub borrower securities.

19.3 Sectoral Analysis

	Unaudited 30 June 2016 US\$	%	Audited 31 Dec 2015 US\$	%
Private	90 418 213	5	90 147 161	5
Agriculture	51 343 450	3	51 234 288	3
Mining	15 646 083	1	15 452 687	1
Manufacturing	120 100 993	7	119 589 950	7
Distribution	305 323 446	17	301 222 457	18
Construction	36 320 134	2	36 145 700	2
Transport	24 886 963	1	24 715 539	1
Communication	31 138 231	2	27 107 402	2
Services	529 529 746	30	524 892 088	31
Financial organisations	524 655 727	30	467 865 847	29
Financial and investments	44 237 524	2	25 904 709	1
	1 773 600 510	100	1 684 277 828	100

19.4 Maturity analysis

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Less than 1 month	631 930 354	554 530 347
Between 1 and 3 months	198 409 413	166 348 301
Between 3 and 6 months	126 197 939	152 908 048
Between 6 months and 1 year	132 820 609	117 383 171
Between 1 and 5 years	427 358 251	448 890 370
More than 5 years	256 883 944	244 217 591
	1 773 600 510	1 684 277 828

Maturity analysis is based on the remaining period from 30 June 2016 to contractual maturity.

20. INSURANCE LIABILITIES

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Reinsurance payables	1 639 304	605 093
Gross outstanding claims	4 861 078	953 962
Gross unearned premium reserve	1 310 590	3 079 891
Deferred reinsurance acquisition revenue	576 478	316 776
	8 387 450	4 955 722

20.1 Insurance contract provisions

	Gross US\$	Reinsurance US\$	Net US\$
(a) Provision for unearned premiums			
30 June 2016			
Unearned premiums at the beginning of period	5 604 294	1 522 036	4 082 258
Written premiums	11 790 190	3 863 211	7 926 979
Premiums earned during the period	(10 639 371)	(2 912 798)	(7 726 573)
Unearned premiums at end of the period	6 755 113	2 472 449	4 282 664

Outstanding claims provision			
Outstanding claims at the beginning of period	727 117	297 181	429 936
Claims incurred	4 466 638	1 346 834	3 119 804
Incurred but not reported claims provision (IBNR)	868 425	-	868 425
Claims paid	(4 171 708)	(1 018 160)	(3 153 548)
Outstanding claims at end of the period	1 890 472	625 855	1 264 617

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
(b) Reinsurance payables		
Reinsurance payables at beginning of period	605 094	695 165
Premiums ceded during the period	3 863 211	5 546 294
Reinsurance paid	(2 829 000)	(5 636 365)
Reinsurance payables at end of the period	1 639 305	605 094

	Unearned Commission US\$	Deferred Acquisition US\$	Net US\$
(c) Commissions			
30 June 2016			
Unearned at the beginning of period	316 777	330 245	(13 468)
Written premiums	826 738	788 006	38 732
Earned during the period	(567 037)	(564 465)	(2 572)
Unearned at end of the period	576 478	553 786	22 692

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
(d) Net claims		
Gross claims incurred	4 466 638	6 404 001
Reinsurance claims	(1 346 834)	(2 084 722)
Incurred but not yet reported claims	628 235	1 074 928
Gross outstanding claims	19 165	(105 818)
Reinsurance share of outstanding claims	-	53 550
	3 767 204	5 341 939

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
(e) Net commissions		
Commission received	888 481	1 247 704
Commission paid	(1 364 400)	(3 059 029)
Deferred acquisition costs	(164 774)	292 214
Net commission	(640 693)	(1 519 111)

	Unearned Premium Reserve US\$	Incurred But Not Reported US\$	Guaranteed Education Plan Provision US\$	Total US\$
21. LIFE FUND				
30 June 2016				
Opening balance	2 292 534	1 068 154	1 314 713	4 675 401
Transfer to income	(527 984)	(371 424)	-	(899 408)
Interest on CEP Fund	-	-	45 163	45 163
Early Maturity CEP claims	-	-	69 351	69 351
Closing balance	1 764 550	696 730	1 429 227	3 890 507

22. OTHER LIABILITIES

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Revenue received in advance	1 085 417	2 076 459
Sundry creditors	4 932 845	7 382 248
Other	1 745 287	6 341 544
	7 763 549	15 800 251

23. EQUITY AND RESERVES

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
23.1 Share capital		
Authorised		
1 000 000 000 ordinary shares of US\$ 0.01each	10 000 000	10 000 000
Issued and fully paid		
686 807 904 ordinary shares of US\$ 0.01each (2015: 686 768 943)	6 868 079	6 867 689
Opening balance	6 867 689	6 866 065
Exercise of share options	390	1 624
Closing balance	6 868 079	6 867 689
23.2 Share premium		
Opening balance	40 001 416	39 983 305
Exercise of Share options	4 345	18 111
Closing balance	40 005 761	40 001 416
23.3 Treasury shares		
Opening balance	16 810 640	13 503 280
Share buyback	-	3 307 360
Closing balance	16 810 640	16 810 640



	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
23.4 Revaluation reserve		
Opening balance	26 625 959	26 305 791
Net revaluation gain	-	320 168
Closing balance	26 625 959	26 625 959
23.5 Employee share option reserve		
Opening balance	1 032 565	907 067
Share options to employees	51 298	125 498
Closing balance	1 083 863	1 032 565

During the half year 38 961 shares were exercised after vesting and US\$3 432 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 2016 were as follows:

	Subscription price	Number of Shares
Granted 1 June 2012	US\$0.0881	40 000 000
	30 June 2016 Shares	31 Dec 2015 Shares
Movement for the period		
Balance at the beginning of the period	37 391 389	37 553 747
Options exercised	(38 961)	(162 358)
Balance at the end of the period	37 352 428	37 391 389

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

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

Valuation inputs:

Exercise price

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

Expected volatility

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

Expected dividends

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

Risk free rate of return

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

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
23.6 Revenue reserve		
The revenue reserve comprises		
Holding company	19 739 877	21 940 634
Subsidiary companies	199 200 289	186 212 095
Effect of consolidation journals	(4 536 800)	(4 460 765)
	214 403 366	203 691 964
23.7 Non-controlling interests		
Non-controlling interests comprise:		
Opening balance	468 104	284 414
Total comprehensive income	95 570	153 690
Rights issue	20 600	30 000
Closing balance	584 274	468 104

24. CATEGORIES OF FINANCIAL INSTRUMENTS

	At fair value through profit or loss US\$	Available for sale US\$	Loans and receivables US\$	Financial liabilities at amortised cost US\$	Total carrying amount US\$
30 June 2016					
Financial assets					
Balances with banks and cash	-	-	53 632 598	-	53 632 598
Money market assets	-	-	746 283 776	-	746 283 776
Advances	-	-	1 022 050 365	-	1 022 050 365
Insurance assets	-	-	8 021 651	-	8 021 651
Investments	2 362 409	4 836 523	-	-	7 198 932
Other assets	-	-	19 641 741	-	19 641 741
Total	2 362 409	4 836 523	1 849 630 131	- 1 856 829 063	
Financial liabilities					
Deposits	-	-	-	1 773 600 510	1 773 600 510
Life fund	-	-	-	3 890 507	3 890 507
Insurance liabilities	-	-	-	8 387 450	8 387 450
Other liabilities	-	-	-	7 763 549	7 763 549
Total	-	-	-	1 793 642 016	1 793 642 016

	At fair value through profit or loss US\$	Available for sale US\$	Loans and receivables US\$	Financial liabilities at amortised cost US\$	Total carrying amount US\$
31 December 2015					
Financial assets					
Balances with banks and cash	-	-	42 522 322	-	42 522 322
Money market assets	-	-	672 613 440	-	672 613 440
Advances	-	-	1 020 968 516	-	1 020 968 516
Insurance assets	-	-	5 189 347	-	5 189 347
Investments	959 439	6 273 833	-	-	7 233 272
Other assets	-	-	16 031 293	-	16 031 293
Total	959 439	6 273 833	1 757 324 918	- 1 764 558 190	
Financial liabilities					
Deposits	-	-	-	1 684 277 828	1 684 277 828
Life fund	-	-	-	4 675 401	4 675 401
Insurance liabilities	-	-	-	4 955 722	4 955 722
Other liabilities	-	-	-	15 800 251	15 800 251
Total	-	-	-	1 709 709 202	1 709 709 202

25. CAPITAL MANAGEMENT

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

26. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

Guarantees

Capital commitments

Authorised and contracted for

Authorised but not yet contracted for

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

27. FUNDS UNDER MANAGEMENT

Pensions

Private

Unit trust

Money market

28. OPERATING SEGMENTS

The Group is comprised of the following operating units:

CBZ Bank Limited

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

CBZ Asset Management

(Private) Limited

CBZ Insurance (Private) Limited

CBZ Properties (Private) Limited

CBZ Life (Private) Limited

CBZ Asset Management (Mauritius)

Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios. Provides short term insurance.

Property investment arm of the Group.

Provides long term insurance.

Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.

Provides risk advisory services

The table below shows the segment operational results for the period ended 30 June 2016:

28.1 Segment operational results

	Commercial Banking US\$	Mortgage Finance US\$	Asset Management US\$	Insurance Operations US\$	Property Investment US\$	Other Operations US\$	Elimination of Intersegment Amounts US\$	Consolidated US\$
Income								
Total income for the period ended 30 Jun 2016	52 649 615	15 782 532	970 520	4 103 486	30 159	(156 129)	(167 926)	73 212 257
Total income for the period ended 30 Jun 2015	58 248 213	16 038 691	1 049 079	7 359 591	24 395	(532 722)	66 002	82 253 249
Depreciation and amortisation for the period ended 30 Jun 2016	2 850 393	685 290	24 752	144 127	-	12 872	56 666	3 774 100
Depreciation and amortisation for the period ended 30 Jun 2015	2 657 757	924 928	90 655	144 714	-	55 970	125 158	3 999 182
Impairment of assets for the period ended 30 Jun 2016	8 997 836	186 764	-	(98 435)	-	-	-	9 086 165
Impairment of assets for the period ended 30 Jun 2015	12 497 724	1 632 854	-	246 984	-	-	-	14 377 562
Results								
Profit before taxation for the period ended 30 Jun 2016	7 328 734	3 314 426	51 066	2 525 532	24 572	(1 097 937)	4 700	12 151 093
Profit before taxation for the period ended 30 Jun 2015	9 446 893	2 915 629	47 117	3 576 569	19 047	(1 166 098)	(22 357)	14 816 800
Cash flows								
Generated from operating activities for the period ended 30 Jun 2016	19 751 673	1 056 849	25 306	2 079 449	19 047	(1 142 196)	(4 156 700)	17 633 428
Generated from operating activities for the period ended 30 Jun 2015	29 155 760	329 421	6 670	1 354 882	14 410	1 283 18 7	1 525 094	33 669 424
Used in investing activities for the period ended 30 Jun 2016	(3 668 431)	115 652	-	(1 622 451)	12 314	(1 040 936)	771 227	(5 432 625)
Generated from investing activities for the period ended 30 Jun 2015	5 072 583	(104 100)	(5 310)	(180 340)	(73 508)	(2 020 450)	866 300	3 555 175
Used in financing activities for the period ended 30 Jun 2016	-	-	-	20 600	-	(557 675)	(553 452)	(1 090 527)
Used in financing activities for the period ended 30 Jun 2015	-	-	-	866 300	-	(3 249 389)	(866 300)	(3 249 389)
Assets and liabilities								
Total segment liabilities for the period ended 30 Jun 2016	1 741 179 158	113 036 768	484 666	13 475 435	707 331	7 270 601	(79 849 225)	1 796 304 734
Total segment liabilities for the period ended 31 Dec 2015	1 666 324 404	111 616 119	423 152	10 738 397	713 434	7 259 703	(84 593 730)	1 712 481 479
Total segment assets for the period ended 30 Jun 2016	1 896 372 261	200 966 782	3 079 315	32 153 765	10 466 568	58 734 363	(132 707 658)	2 069 065 396
Total segment assets for the period ended 31 Dec 2015	1 814 126 770	196 231 707	2 980 415	27 163 490	10 449 379	60 337 567	(136 930 792)	1 974 358 536

29. RELATED PARTIES

Related parties are those companies owned by Directors of the Group who have the power to exercise control over the management or financial and operating policies of the Group. The Group carries out banking and investment related transactions with related parties, all of which were undertaken at arm's length and in compliance with the relevant Banking Regulations.

	Gross limits US\$	Utilised limits US\$	Value of security US\$
30 June 2016			
Loans to directors	6 177 491	5 620 155	8 215 600
31 December 2015			
Loans to directors	5 526 470	5 011 295	5 655 750

The loans to directors' companies above include companies directly owned or significantly influenced by Executive and Non-Executive Directors and/or their close family members.

Transactions with related parties

Interest income
Commission and fee income

Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
178 427	679 353
3 198	8 992
181 625	688 345

Compensation of key management personnel of the Group

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

30. CLOSING EXCHANGE RATES

ZAR

GBP

EUR

Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
14.8726	15.5422
1.3400	1.4824
1.1102	1.0929

31. RISK MANAGEMENT

31.1 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.

31.2 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 evaluate quality of compliance with policies, processes and governance structures.



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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.

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

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

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

31.3 Credit risk

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

Credit risk management framework

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

The Group uses an internal rating system based on internal estimates of probability of default over a one year horizon and customers are assessed against a range of both quantitative and qualitative factors.

Credit concentration risk is managed within set benchmarks by counterparty or a group of connected counterparties, by sector, maturity profile and by credit rating. Concentration is monitored and reviewed through the responsible risk committees set up by the Board.

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

Credit mitigation

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

Non–performing loans and advances

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

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

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

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

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

31.3. (a) Credit risk exposure

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

	30 June 2016 US\$	31 Dec 2015 US\$
Balances with banks	43 843 549	26 284 388
Money market assets	746 283 776	672 613 440
Advances	1 099 391 472	1 095 907 226
Other assets	19 641 740	16 031 293
Total	1 909 160 537	1 810 836 347
Contingent liabilities	27 234 915	144 192 922
Commitments	527 062	1 065 400
Total	27 761 977	145 258 322

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

The Group held cash equivalents of US\$43 843 549 (excluding notes and coins) as at 30 June 2016, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

	30 June 2016 US\$	31 Dec 2015 US\$
1 to 3 months	343 489 787	333 725 137

Past due but not impaired loans relate to loans in the special mention category. See definition of special mention category on note number 31.3.1

(c) Aging analysis of impaired loans (non-performing loans)

	30 June 2016 US\$	31 Dec 2015 US\$
3 to 6 months	47 488 380	48 067 740
6 to 12 months	31 441 470	28 003 574
Total	78 929 850	76 071 314

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

	30 June 2016 US\$	30 June 2016 US\$	31 Dec 2015 US\$	31 Dec 2015 US\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private	202 293 268	20 090 642	156 219 389	24 382 693
Agriculture	350 758 291	73 197 356	310 735 698	86 926 371
Mining	12 386 407	2 120 494	11 264 816	2 518 218
Manufacturing	139 211 129	38 477 887	155 904 814	45 694 862
Distribution`	141 455 307	65 471 681	219 593 068	77 751 656
Construction	7 420 867	2 684 190	5 371 935	3 187 641
Transport	15 405 482	3 622 922	13 246 917	4 302 443
Communication	837 152	-	2 133 707	-
Services	208 176 108	12 100 841	199 597 725	14 370 493
Financial organisations	21 447 461	-	21 839 156	-
Total	1 099 391 472	217 766 013	1 095 907 225	259 134 377

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Collateral held		
Mortgage bonds	905 006 379	856 592 104
Cash cover	27 227 858	203 582 970
Other forms of security including Notarial General Covering Bonds (NGCBs) sessions, etc.	733 328 893	788 254 088
	1 665 563 130	1 848 429 162

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

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Against doubtful* and loss* grades		
Property	9 683 750	11 779 980
Other	25 269 158	21 524 021
Against substandard* grade		
Property	16 727 961	17 173 748
Other	56 711 011	52 281 010
Against special mention* grade		
Property	217 464 367	198 535 847
Other	255 803 010	251 071 974
Against normal* grade		
Property	661 130 301	629 102 529
Other	422 773 572	666 960 053
	1 665 563 130	1 848 429 162

*See definition on note 31.3.1

31.3(e) Credit quality per class of financial assets

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

	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful and loss grade US\$	Total US\$
Unaudited 30 June 2016					
Advances					
Agriculture	116 652 349	212 173 532	13 245 408	8 687 002	350 758 291
Manufacturing	111 719 951	17 540 696	1 961 669	7 988 813	139 211 129
Commercial	160 950 117	31 938 836	14 197 256	1 089 899	208 176 108
Private	165 752 835	31 510 303	4 556 949	473 181	202 293 268
Mining	6 928 366	3 889 186	1 568 855	-	12 386 407
Distribution	98 023 067	27 920 052	7 858 426	7 653 762	141 455 307
Construction	3 855 091	2 535 542	58 432	971 802	7 420 867
Transport	11 796 084	1 907 525	1 220 050	481 823	15 405 482
Communication	837 152	-	-	-	837 152
Financial services	456 823	14 074 115	2 821 335	4 095 188	21 447 461
	676 971 835	343 489 787	47 488 380	31 441 470	1 099 391 472

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is US\$27 234 915.

	*Normal grade US\$	*Special mention grade US\$	*Sub- standard grade US\$	*Doubtful and loss grade US\$	Total US\$
Audited 31 December 2015					
Advances					
Agriculture	127 772 165	171 622 752	6 329 447	5 011 334	310 735 698
Manufacturing	143 488 199	10 433 625	1 700 251	282 739	155 904 814
Commercial	133 463 861	51 691 045	10 577 671	3 865 148	199 597 725
Individuals and households	134 827 087	16 573 548	4 772 041	46 713	156 219 389
Mining	6 325 750	4 939 066	-	-	11 264 816
Distribution	124 717 582	58 462 400	21 664 021	14 749 065	219 593 068
Construction	1 544 736	3 827 199	-	-	5 371 935
Transport	10 166 038	2 479 849	-	601 030	13 246 917
Communication	2 133 707	-	-	-	2 133 707
Financial services	1 671 649	13 695 653	3 024 309	3 447 545	21 839 156
	686 110 774	333 725 137	48 067 740	28 003 574	1 095 907 225

The Group has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Group, assuming all guarantees are called on, is US\$144 192 922.

Allowances for impairment

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

Write-offs

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

Concentration of credit risk

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

31.3.1 Credit quality definitions

Normal grade

An asset is classified as normal, (i) if the asset in question is fully protected by the current sound worth and paying capacity of the obligor, (ii) is performing in accordance with contractual terms and is expected to continue to do so.

Special mention grade

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

Substandard grade

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

Doubtful

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

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

31.3.2 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.

31.3.3 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.

31.4 Liquidity risk

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

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

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

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

31.4.1 Gap analysis

LIQUIDITY PROFILE AS AT 30 JUNE 2016

	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
Assets							
Advances	452 201 612	25 576 464	100 848 480	116 692 721	173 688 701	153 042 387	1 022 050 365
Balances with banks and cash	53 632 598	-	-	-	-	-	53 632 598
Investment in other financial assets	-	-	-	-	-	817 566	817 566
Money market assets	24 621 487	203 536 880	428 820	41 592 216	181 539 354	294 565 019	746 283 776
Insurance assets	-	-	-	7 047 640	-	-	7 047 640
Financial guarantees	792 157	1 556 197	3 236 391	6 860 170	3 110 000	11 680 000	27 234 915
Current tax receivable	-	2 474 999	-	-	-	-	2 474 999
Other liquid assets	1 022 600	18 301 974	-	317 167	-	-	19 641 741
Total	532 270 454	251 446 514	104 513 691	172 509 914	358 338 055	460 104 972	1 879 183 600

Liabilities							
Deposits	631 930 354	198 409 413	126 197 939	132 820 609	427 358 251	256 883 944	1 773 600 510
Current tax payable	-	117 851	-	-	-	-	117 851
Insurance liabilities	-	-	-	8 387 450	-	-	8 387 450
Other liabilities	467 930	6 693 001	565 508	-	1 852	-	7 728 291
Financial guarantees	792 157	1 556 197	3 236 391	6 860 170	3 110 000	11 680 000	27 234 915
Total	633 190 441	206 776 462	129 999 838	148 068 229	430 470 103	268 563 944	1 817 069 017

Liquidity gap	(100 919 987)	44 670 052	(25 486 147)	24 441 685	(72 132 048)	191 541 028	62 114 583
Cumulative liquidity gap	(100 919 987)	(56 249 935)	(81 736 082)	(57 294 397)	(129 426 445)	62 114 583	62 114 583

LIQUIDITY PROFILE AS AT 31 DECEMBER 2015

	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
Assets							
Advances	365 576 182	48 954 744	99 587 999	162 491 291	176 839 759	167 518 541	1 020 968 516
Balances with banks and cash	42 522 322	-	-	-	-	-	42 522 322
Investments-other financial assets	-	-	-	178 857	-	655 972	834 829
Money market assets	66 588 489	144 426 410	3 873 431	6 530 104	188 315 233	262 879 773	672 613 440
Financial guarantees	121 580 804	1 760 448	2 040 056	4 026 614	3 105 000	11 680 000	144 192 922
Current tax receivable	-	1 756 423	-	-	-	-	1 756 423
Other liquid assets	948 402	13 661 266	1 421 625	-	-	-	16 031 293
Total	597 216 199	210 559 291	106 923 111	173 226 866	368 259 992	442 734 286	1 898 919 745

Liabilities							
Deposits	554 530 347	166 348 301	152 908 048	117 383 171	448 890 370	244 217 591	1 684 277 828
Current tax payable	-	238 090	-	-	-	-	238 090
Insurance liabilities	-	-	605 093	-	8 199	-	613 292
Other liabilities	710 389	8 906 140	539 857	-	7 137 686	-	17 294 072
Financial guarantees	121 580 804	1 760 448	2 040 056	4 026 614	3 105 000	11 680 000	144 192 922
Total	676 821 540	1 77 252 979	156 093 054	121 409 785	459 141 255	255 897 591	1 846 616 204

Liquidity gap	(79 605 341)	33 306 312	(49 169 943)	51 817 081	(90 881 263)	186 836 695	52 303 541
Cumulative liquidity gap	(79 605 341)	(46 299 029)	(95 468 972)	(43 651 891)	(134 533 154)	52 303 541	52 303 541

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

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

Details of the liquidity ratios for CBZ Bank as at the reporting date and during the reporting year were as follows:

	CBZ Bank Limited
	%
At 31 December 2015	35
At 30 June 2016	51
Average for the period	52
Maximum for the period	54
Minimum for the period	51

31.5 Interest rate risk

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

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

31.5.1 Interest rate repricing

30 June 2016	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non-interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	14 231 601	-	-	-	-	-	39 400 997	53 632 598
Money market assets	24 621 487	203 536 880	428 820	41 592 216	181 539 354	294 565 019	-	746 283 776
Advances	452 201 612	25 576 464	100 848 480	116 692 721	173 688 701	153 042 387	-	1 022 050 365
Insurance assets	-	-	-	-	-	-	8 021 651	8 021 651
Other assets	-	-	-	-	-	-	103 660 419	103 660 419
Investment in other financial assets	-	-	-	-	-	-	7 198 932	7 198 932
Investment properties	-	-	-	-	-	-	29 483 251	29 483 251
Property and equipment	-	-	-	-	-	-	75 987 482	75 987 482
Deferred taxation	-	-	-	-	-	-	3 320 460	3 320 460
Intangible assets	-	-	-	-	-	-	16 951 463	16 951 463
Current tax receivable	-	-	-	-	-	-	2 474 999	2 474 999
Total assets	491 054 700	229 113 344	101 277 300	158 284 937	355 228 055	447 607 406	286 499 654	2 069 065 396

Equity and liabilities								
Deposits	631 930 354	198 409 413	126 197 939	132 820 609	427 358 251	256 883 944	-	1 773 600 510
Insurance liabilities	-	-	-	-	-	-	8 387 450	8 387 450
Life fund	-	-	-	-	-	-	3 890 507	3 890 507
Other liabilities	-	-	-	-	-	-	7 763 549	7 763 549
Deferred taxation	-	-	-	-	-	-	2 544 867	2 544 867
Current tax payable	-	-	-	-	-	-	117 851	117 851
Equity and reserves	-	-	-	-	-	-	272 760 662	272 760 662
Total equity and liabilities	631 930 354	198 409 413	126 197 939	132 820 609	427 358 251	256 883 944	295 464 886	2 069 065 396

Interest rate repricing gap	(140 875 654)	30 703 931	(24 920 639)	25 464 328	(72 130 196)	190 723 462	(8 965 232)	-
Cumulative gap	(140 875 654)	(110 171 723)	(135 092 362)	(109 628 034)	(181 758 230)	(8 965 232)	-	-

31 December 2015	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non-interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	3 878 277	-	-	-	-	-	38 644 045	42 522 322
Money market assets	66 588 489	144 426 410	3 873 431	6 530 104	188 315 233	262 879 773	-	672 613 440
Advances	365 576 182	48 954 744	99 587 999	162 491 291	176 839 759	167 518 541	-	1 020 968 516
Insurance assets	-	-	-	-	-	-	5 189 347	5 189 347
Other assets	-	-	-	-	-	-	99 765 863	99 765 863
Investment in other financial assets	-	-	-	-	-	-	7 233 272	7 233 272
Investment properties	-	-	-	-	-	-	27 944 072	27 944 072
Property and equipment	-	-	-	-	-	-	77 684 389	77 684 389
Deferred taxation	-	-	-	-	-	-	17 171 546	17 171 546
Intangible assets	-	-	-	-	-	-	1 509 346	1 509 346
Current tax receivable	-	-	-	-	-	-	1 756 423	1 756 423
Total assets	436 042 948	193 381 154	103 461 430	169 021 395	365 154 992	430 398 314	276 898 303	1 974 358 536

Equity and liabilities								
Deposits	554 530 347	166 348 301	152 908 048	117 383 171	448 890 370	244 217 591	-	1 684 277 828
Insurance liabilities	-	-	-	-	-	-	4 955 722	4 955 722
Life fund	-	-	-	-	-	-	4 675 401	4 675 401
Other liabilities	-	-	-	-	-	-	15 800 251	15 800 251
Deferred taxation	-	-	-	-	-	-	2 534 187	2 534 187
Current tax payable	-	-	-	-	-	-	238 090	238 090
Equity and reserves	-	-	-	-	-	-	261 877 057	261 877 057
Total equity and liabilities	554 530 347	166 348 301	152 908 048	117 383 171	448 890 370	244 217 591	290 080 708	1 974 358 536

Interest rate repricing gap	(118 487 399)	27 032 853	(49 446 618)	51 638 224	(83 735 378)	186 180 723	(13 182 405)	-
Cumulative gap	(118 487 399)	(91 454 546)	(140 901 164)	(89 262 940)	(172 998 318)	13 182 405	-	-

31.6 Exchange rate risk

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

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

At 30 June 2016, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the period would have been US\$426 586 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 2016 is as below:

Foreign currency position as at 30 June 2016

Position expressed in US\$	Total	USD	ZAR	GBP	Other foreign currencies
Assets					
Balances with banks and cash	53 632 598	48 080 851	3 407 523	573 384	1 570 840
Money market assets	746 283 776	746 283 776	-	-	-
Advances	1 022 050 365	1 021 736 521	14 083	257 778	41 983
Insurance assets	8 021 651	8 021 651	-	-	-
Other assets	103 660 419	103 345 101	213 031	77 156	25 131
Investment in equities	7 198 932	7 055 031	-	-	143 901
Investment properties	29 483 251	29 483 251	-	-	-
Property and equipment	75 987 482	75 900 247	11 126	-	76 109
Deferred taxation	16 951 463	16 951 463	-	-	-
Intangible assets	3 320 460	3 320 460	-	-	-
Current tax receivable	2 474 999	2 474 999	-	-	-
Total assets	2 069 065 396	2 062 653 351	3 645 763	908 318	1 857 964

Foreign currency position as at 30 June 2016

Underlying currency	ZAR	GBP	Other foreign currencies in US\$
Assets			
Cash and short term assets	50 678 715	429 227	1 570 840
Other assets	209 447	192 377	41 983
Investment in equities	3 168 340	57 579	25 131
Advances	-	-	143 901
Property and equipment	165 481	-	76 109
Total assets	54 221 983	679 183	1 857 964
Liabilities			
Deposits	104 010 721	169 936	7 670 383
Other liabilities	527 393	15 667	1 253
Total liabilities	104 538 114	185 603	7 671 636
Net position	(50 316 131)	493 580	(5 813 672)

Foreign currency position as at 31 December 2015

Underlying currency	ZAR	GBP	Other foreign currencies in US\$
Assets			
Cash and short term assets	73 277 713	396 852	1 742 674
Advances	157 195	173 825	15 900 729
Investment in equities	-	-	143 901
Other assets	3 486 403	28 321	57 291
Property and equipment	107 035	-	76 109
Total assets	77 028 346	598 998	17 920 704
Liabilities			
Deposits	131 282 540	274 330	14 875 227
Other liabilities	158 842	8 878	84 861
Total liabilities	131 441 382	283 208	14 960 088
Net position	(54 413 036)	315 790	2 960 616

31.7 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 SBU's revenue or erosion of the Group and its SBU's statement of financial position value.

31.7.1 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.

31.8 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.

31.9 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 SBU's;
- b. A proactive and complete summary statement of the Group and its SBU's 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.

31.10 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 SBU's 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.

31.11 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.

31.12 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.

31.13 Risk and Credit Ratings

31.13.1 External Credit Rating

CBZ Bank Limited											
Rating agent	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating	A	A+	A+	A+	A+	A	A	A	A+	A+	A

CBZ Life (Private) Limited											
Rating agent	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating (Financial strength)	BBB+	-	-	-	-	-	-	-	-	-	

CBZ Insurance (Private) Limited											
Rating agent	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating(Claims paying ability)	BBB	-	-	-	-	-	-	-	-	-	

CBZ Asset Management (Private) Limited											
Rating agent	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Global Credit Rating (Manager quality)	A	-	-	-	-	-	-	-	-	-	

31.13.2 Reserve Bank Ratings

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

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

31.13.3 Risk Matrix Summary

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

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

CBZ Asset Management (Private) Limited Risk Matrix Summary				
Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Low	Low	Stable
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Investment Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

CBZ Life (Private) Limited Risk Matrix Summary				
Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Low	Low	Stable
Financial Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

CBZ Insurance (Private) Limited Risk Matrix Summary				
Type of risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance Risk	Moderate	Acceptable	Moderate	Stable
Reputation Risk	Moderate	Low	Low	Stable
Financial Risk	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

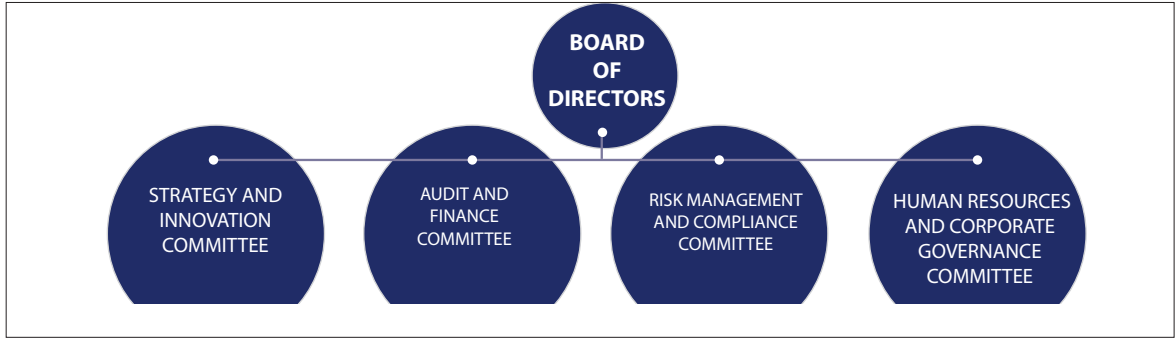
CORPORATE GOVERNANCE

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

The Group continues to apply high corporate governance standards aimed at ensuring the on-going sustainability of the business, the creation of long-term shareholder value and stakeholder benefit from the Group's on-going success. The Board of Directors is responsible for ensuring that the Group has a clearly defined governance and compliance framework. The Board is primarily accountable to shareholders, while also considering the interests of other stakeholders such as customers, employees, suppliers, regulators and the community. In an environment of increasing change and complexity of regulation, Management aims to achieve a balance between the governance expectations of shareholders and other stakeholders, and the need to generate competitive financial returns.

Application of Corporate Governance Principles
The Directors confirm that the Group continued to comply with corporate governance provisions in Zimbabwe which include the Reserve Bank of Zimbabwe Corporate Governance Guidelines, the Banking Act (Chapter 24:20), the Banking Amendment Act 2015 and since the launch of the Zimbabwe Code on Corporate Governance on 09 April 2015, the Group has fully applied its principles and standards. The Group has also, in all material respects adopted for implementation the new Banking Amendment Act 2015 which was gazetted on 13 May 2016. The Group takes cognisance of other standards enshrined in regional and international codes of corporate governance.

OUR 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 imperatives, policies and financial objectives.

The Board has overall responsibility for:-

- Establishment of Group strategy and consideration of strategic challenges.
- Management of the business and affairs of the Group.
- Ensuring that the Group manages risk effectively through the approval and monitoring of the Group's risk appetite.
- Allocation and raising of capital.
- Preparation and approval of the Group's annual report and accounts.

Key

Level of inherent risk

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

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

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

Adequacy of Risk Management Systems

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

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

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

Overall Composite Risk

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

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

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

Direction of Overall Composite

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.

Appointment of New Directors

The appointment of new Directors is based on pre-established criteria having regard to the existing skills matrix of the Board as a whole and having assessed areas where additional skill, expertise or experience is required. Appointments to the Board are made with due cognisance of the need to ensure that the Board comprises a diverse range of skills, knowledge and expertise and has the requisite independence, including the professional and industry knowledge necessary to meet the Group's strategic objectives. All appointments follow a transparent procedure and are subject to confirmation by shareholders at our Annual General Meeting. Before appointment, potential Board appointees must undergo a Fitness and Probity Assessment in line with the Reserve Bank of Zimbabwe (RBZ) Prudential Guidelines and the Banking Act. In accordance with this process, Tsitsi Mutasa, Dr. Ruvimbo Mabeza-Chimedza and Tafadzwa Nyamayi were appointed to the Board of Directors of CBZ Holdings Limited during the half year ended 30 June 2016.

BOARD COMMITTEES

The Board Committees play a crucial role in the company's governance framework, undertaking their work comprehensively and effectively supporting the work of the Board.

The Board has established and delegated specific roles and responsibilities to four standing committees, to assist it in discharging its duties and responsibilities. The Terms of Reference of each committee are approved by the Board and reviewed annually or as necessary. The four standing committees are:- Audit and Finance Committee, Strategy and Innovation Committee, Risk Management and Compliance Committee and Human Resource Committee.

The Committees meet quarterly in accordance with their terms of reference and members of the Executive Committee and other management attend meetings of the various committees by invitation. The Board receives the minutes of each of the committee's meetings in advance. In addition, the committee chairpersons update the full Board on agenda items covered and resolutions made by their respective committee.

This framework ensures that there is a balance of power and that no individual has unlimited decision-making powers. All board-delegated authorities are reviewed and updated annually by the Board. The Board evaluates the performance and effectiveness of Board Committees every year and the Board is of the view that these committees have effectively discharged the responsibilities as outlined in the respective terms of reference.

Constitution of CBZ Holdings Limited Group Boards as at 30 June 2016

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

* Board Chairperson

** Executive Director

The detailed attendance of members of the Board at board meetings is disclosed in the tables below;

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to June 2016)

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

KEY
 * Executive Directors
 ** Not a Member
 *** R.V Wilde retired from CBZ Holdings Board on 30 April 2016 and E Mugamu was appointed Board Chairman on 1 May 2016.

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

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to June 2016)

	AUDIT & FINANCE	ALCO & BUSINESS	CREDIT	LOANS REVIEW	MAIN BOARD
R V Wilde***	**	1	1	**	1
N Nyemudzo	2	2	2	2	2
C Chimutsa	2	2	2	2	2
R Mabeza-Chimedza (Dr)	**	**	2	**	2
R Pasi	**	**	2	**	2
E Mugamu	**	2	**	2	2
F B Chirimuuta	**	**	2	**	2
P S Whata	2	**	**	**	2
P S Madzonga	**	2	**	2	2
N Bhulabhai****	**	1	**	**	1
P Zimunya*	2	2	2	2	2
M Mudondo*	2	2	2	2	2

KEY
 * Executive Directors
 ** Not a Member
 *** R.V Wilde retired from the CBZ Bank Board on 30 April 2016 and Dr. R. Mabeza-Chimedza was appointed Chairperson on 1 May 2016.
 **** New Appointment

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

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (January to June 2016)

	Audit & Compliance	Investments & Risk	Main Board
Meetings held	1	2	2
Mrs. Naik	**	2	2
Mr. Harris	1	2	2
Mr. Ziobwa	**	**	2
Mr. Nyemudzo	**	2	2
Mr. Chimutsa	1	2	2
Mr. Smith*	1	2	2
Mr. Muzadzi*	**	2	2

Key
 * Executive Directors
 ** Not a Member

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

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER (January to June 2016)

	Investments & Risk	Main Board
Meetings Held	2	2
R Dawes	**	2
F B Zizhou	2	2
V Masunda (Dr)	2	2
H Tshuma ***	1	1
N Nyemudzo	**	2
C Chimutsa	2	2
N Mureriwa*	2	2

Key
 *- Executive Directors
 ** Not a Member
 *** New Appointment

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

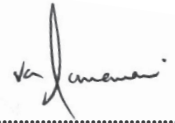
All directors have access to the advice and professional services of the qualified and experienced Group Legal Corporate Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are fully observed. The Group Legal Corporate Secretary provides guidance to the Board as a whole and to individual Directors with regard to how their responsibilities should be discharged in the best interests of the Group.

The Group Legal Corporate Secretary is also responsible for ensuring that the Board receives accurate, timely and clear information, facilitates good information flows between Board member, leading on the implementation of the recommendations from the annual Board evaluation and monitoring continuing professional development programme of directors.

STATEMENT OF COMPLIANCE

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

By order of the Board


 Rumbidzayi A. Jakanani
 GROUP LEGAL CORPORATE SECRETARY

04 August 2016




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CBZ gives you a safe, convenient and easy way to pay for goods and services by simply swiping at CBZ SmartPoints in several merchants countrywide.

EVOLVE! Join the cashless crusade.

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 CBZ SmartPoint
  e-Banking
  CBZ Touch



UNAUDITED FINANCIAL RESULTS

For The Half Year Ended 30 June 2016



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30 June 2016

	Note	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
Interest income	2	80 115 882	90 451 633
Interest expense	2	(50 206 668)	(53 563 084)
Net interest income		29 909 214	36 888 549
Non-interest income	3	22 740 401	21 359 664
Total income		52 649 615	58 248 213
Operating expenditure	4	(36 323 045)	(36 303 596)
Operating income		16 326 570	21 944 617
Charge for impairment on advances	10.4	(8 997 836)	(12 497 724)
Profit before taxation		7 328 734	9 446 893
Taxation	5	62 003	(888 692)
Profit for the half year after taxation		7 390 737	8 558 201
Total comprehensive income for the half year		7 390 737	8 558 201
Profit attributable to:			
Equity holders of parent		7 390 737	8 558 201
Total comprehensive income attributed to:			
Equity holders of parent		7 390 737	8 558 201
Earnings per share (cents):			
Basic	6.5	2.89	3.34
Diluted	6.5	2.89	3.34
Headline	6.5	2.89	3.35

STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Note	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
ASSETS			
Balances with banks and cash	8	54 434 791	38 351 549
Money market assets	9	729 326 472	671 993 559
Advances	10	878 885 538	883 467 862
Other assets	11	155 303 620	143 190 946
Investment in other financial assets	12	956 682	956 682
Property and equipment	13	51 423 416	52 433 995
Investment properties	14	7 605 000	7 605 000
Intangible assets	15	2 326 008	498 674
Deferred taxation	16	13 652 745	13 878 170
Current tax receivable		2 457 989	1 750 333
TOTAL ASSETS		1 896 372 261	1 814 126 770
LIABILITIES			
Deposits	17	1 733 064 037	1 652 596 210
Other liabilities	18	8 115 121	13 728 194
TOTAL LIABILITIES		1 741 179 158	1 666 324 404
EQUITY AND RESERVES			
Share capital	19	5 118 180	5 118 180
Share premium	19.1	16 721 711	16 721 711
Revaluation reserve	19.2	11 232 956	11 232 956
Revenue reserve	19.3	122 120 256	114 729 519
TOTAL EQUITY AND RESERVES		155 193 103	147 802 366
TOTAL LIABILITIES, EQUITY AND RESERVES		1 896 372 261	1 814 126 770

STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2016

	Share capital US\$	Share premium US\$	Revaluation reserve US\$	Revenue reserve US\$	Total US\$
30 June 2015					
Opening balance	5 118 180	16 721 711	11 005 355	93 071 540	125 916 786
Total comprehensive income	-	-	-	8 558 201	8 558 201
Closing balance	5 118 180	16 721 711	11 005 355	101 629 741	134 474 987
30 June 2016					
Opening balance	5 118 180	16 721 711	11 232 956	114 729 519	147 802 366
Total comprehensive income	-	-	-	7 390 737	7 390 737
Closing balance	5 118 180	16 721 711	11 232 956	122 120 256	155 193 103

STATEMENT OF CASH FLOWS

for the half year ended 30 June 2016

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7 328 734	9 446 893
Non-cash items:		
Depreciation	2 776 886	2 599 298
Amortisation of intangible assets	73 507	58 459
Charge for impairment on advances	8 997 836	12 497 724
Loss on sale of property and equipment	1 283	13 845
Unrealised loss/(gain) on foreign currency positions	513 315	(94 263)
Operating profit before changes in operating assets and liabilities	19 691 561	24 521 956
Changes in operating assets and liabilities		
Deposits	79 954 512	106 094 435
Advances	(68 710 182)	(76 682 540)
Money market assets	6 961 757	(5 401 676)
Other assets	(12 112 674)	(16 852 517)
Other liabilities	(5 613 073)	957 680
	480 340	8 115 382
Corporate tax paid	(420 228)	(3 481 578)
Net cash inflow from operating activities	19 751 673	29 155 760
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	-	7 629 967
Proceeds on disposal of property and equipment	36 394	91 989
Purchase of property and equipment	(2 925 295)	(2 599 175)
Purchase of intangible assets	(779 530)	(50 198))
Net cash (outflow)/inflow from investing activities	(3 668 431)	5 072 583
NET INCREASE IN BALANCES WITH BANKS AND CASH	16 083 242	34 228 343
Balances with banks and cash at the beginning of the period	38 351 549	69 393 058
BALANCES WITH BANKS AND CASH AT THE END OF THE PERIOD	54 434 791	103 621 401

NOTES TO THE FINANCIAL RESULTS

for the half year ended 30 June 2016

1. INCORPORATION ACTIVITIES

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

2. NET INTEREST INCOME

Interest income

Bankers acceptances
Overdrafts
Loans
Staff loans

Short-term money market assets
Other investments

Interest expense

Savings deposits
Call deposits
Money market deposits
Lines of credit

Net interest income

3. NON-INTEREST INCOME

Net income from foreign currency dealings
Unrealised (losses)/gains on foreign currency positions
Commission and fee income
Loss on sale of property and equipment
Bad debt recovered
Other operating income

4. OPERATING EXPENDITURE

Staff costs
Administration expenses
Audit fees
Depreciation
Amortisation of intangible assets

Included in staff costs are pension contributions under the National Social Security Authority, a defined contribution fund and the Bank's separate trustee administered fund of US\$1 716 160 (2015:US\$ 1 683 247).

Remuneration of directors and key management personnel

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

Operating leases

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

Less than 1 year
Between 1 and 5 years
More than 5 years

5. TAXATION

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

Analysis of tax charge in respect of the profit for the year

Current income tax charge
Deferred income tax
Income tax expense

Tax rate reconciliation

Notional tax
Aids levy
Permanent differences
Tax benefits
Effective rate

6. EARNINGS PER SHARE

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

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

Headline earnings per share amounts are calculated by dividing the profit after tax attributable to ordinary equity holders of the parent after adjustments for excluded re-measurements by the weighted average number of ordinary shares outstanding during the period.

The following notes, 6.2, 6.3 and 6.4, reflect the respective earnings and share data used in the basic, diluted and headline earnings per share computations:

Earnings

Basic earnings
Diluted earnings
Headline earnings

6.2 Reconciliation of numerators used for calculating basic and diluted earnings per share:

Basic earnings
Effect of potential dilutive transactions
Diluted earnings

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
Bankers acceptances	-	833 417
Overdrafts	36 189 314	53 238 169
Loans	17 579 103	21 362 597
Staff loans	1 537 567	1 453 421
	55 305 984	76 887 604
Short-term money market assets	22 649 818	13 409 503
Other investments	2 160 080	154 526
	80 115 882	90 451 633
Savings deposits	19 499 112	5 824 389
Call deposits	876 511	643 930
Money market deposits	22 653 607	40 557 644
Lines of credit	7 177 438	6 537 121
	50 206 668	53 563 084

Net interest income

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
Net income from foreign currency dealings	1 217 749	1 656 498
Unrealised (losses)/gains on foreign currency positions	(513 315)	94 263
Commission and fee income	18 620 627	18 279 020
Loss on sale of property and equipment	(1 283)	(13 845)
Bad debt recovered	862 954	20 162
Other operating income	2 553 669	1 323 566
	22 740 401	21 359 664

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
Staff costs	23 305 345	22 535 527
Administration expenses	10 035 350	10 971 359
Audit fees	131 957	138 953
Depreciation	2 776 886	2 599 298
Amortisation of intangible assets	73 507	58 459
	36 323 045	36 303 596

	Unaudited 30 June 2016 US\$	Audited 30 June 2015 US\$
Fees for services as directors	360 610	353 540
Pension for past and present directors	118 026	115 712
Salaries and other benefits	1 599 716	1 568 348
	2 078 352	2 037 600

	Unaudited 30 June 2016 US\$	Audited 30 June 2015 US\$
Less than 1 year	1 754 868	1 662 020
Between 1 and 5 years	1 237 050	1 472 567
More than 5 years	-	22 034
	2 991 918	3 156 621

The Bank leases a number of branches and other equipment under operating leases. The leases typically run for a period of less than five years with an option to renew the lease after that expiry date. During the period ended 30 June 2016, an amount of US\$795 599 (2015:US\$ 822 755) was recognised as rent expense in the statement of profit or loss and other comprehensive income.

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Current income tax charge	(287 428)	4 965 204
Deferred income tax	225 425	(4 076 512)
Income tax expense	(62 003)	888 692
	%	%
Notional tax	25.00	25.00
Aids levy	0.75	0.75
Permanent differences	(25.80)	(14.97)
Tax benefits	(0.80)	(1.37)
Effective rate	(0.85)	9.41

	Unaudited 30 June 2016 US\$	Audited 30 June 2015 US\$
Basic earnings	7 390 737	8 558 201
Diluted earnings	7 390 737	8 558 201
Headline earnings	7 392 020	8 572 046

	Unaudited 30 June 2016 US\$	Audited 30 June 2015 US\$
Basic earnings	7 390 737	8 558 201
Effect of potential dilutive transactions	-	-
Diluted earnings	7 390 737	8 558 201



	Unaudited 30 June 2016 Shares	Unaudited 30 June 2015 Shares
6.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:		
Weighted average number of shares used for basic earnings per share	511 817 951	511 817 951
Potential dilutive shares	-	-
Weighted average number of shares used for dilutive EPS	511 817 951	511 817 951
	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
6.4 Reconciliation of earnings used for calculating basic and headline earnings per share:		
Profit attributable to shareholders	7 390 737	8 558 201
Adjusted for:		
Disposal losses on property and equipment	1 283	13 845
Headline earnings	7 392 020	8 572 046
6.5 Annualised earnings per share (cents)		
Basic	2.89	3.34
Diluted	2.89	3.34
Headline	2.89	3.35
7. DIVIDENDS		
Dividend proposed	-	4 500 000
	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
8. BALANCES WITH BANKS AND CASH		
Cash	17 412 585	18 549 630
Nostro accounts	14 037 826	3 648 655
Balance with the Reserve Bank of Zimbabwe	22 982 440	16 141 910
Interbank clearing accounts	1 940	11 354
	54 434 791	38 351 549
9. MONEY MARKET ASSETS		
Treasury placements	198 419 222	199 121 500
Treasury bills and placements	519 675 877	465 574 969
Accrued interest	11 231 373	7 297 090
	729 326 472	671 993 559
Maturity analysis		
Less than 1 month	14 194 128	58 328 721
Between 1 and 3 months	201 150 322	156 565 979
Between 3 and 6 months	-	-
Between 6 months and 1 year	37 877 650	5 903 854
Between 1 and 5 years	181 539 354	188 315 232
Above 5 years	294 565 018	262 879 773
	729 326 472	671 993 559
Maturity value	942 893 004	813 883 116
Book value	729 326 472	671 993 559
Portfolio analysis		
Loans and receivables	729 326 472	671 993 559
10. ADVANCES		
Overdrafts	650 791 596	589 728 372
Loans	207 787 591	269 858 750
Staff loans	51 154 177	50 353 967
Mortgage advances	22 882 542	23 486 657
	932 615 906	933 427 746
Interest accrued	18 205 817	19 341 424
Total gross advances	950 821 723	952 769 170
Provision for impairment	(71 936 185)	(69 301 308)
	878 885 538	883 467 862
10.1 Maturity analysis		
Less than 1 month	495 614 881	411 438 312
Between 1 and 3 months	24 563 083	46 812 644
Between 3 and 6 months	95 464 771	97 710 042
Between 6 months and 1 year	113 525 929	147 132 567
Between 1 and 5 years	148 585 356	154 363 499
More than 5 years	73 067 703	95 312 106
	950 821 723	952 769 170
Maturity analysis is based on the remaining period from 30 June 2016 to contractual maturity.		
10.2 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	6 873 913	6 588 498
Advances made during the period	1 971 686	852 990
Repayments during the period	(911 143)	(567 575)
Closing balance	7 934 456	6 873 913
Loans to other employees		
Included in advances are loans to employees:		
Opening balance	43 480 054	40 347 089
Advances made during the period	2 621 761	7 068 168
Repayments during the period	(2 882 094)	(3 935 203)
Closing balance	43 219 721	43 480 054
10.3 Non performing advances		
Total advances on which interest is suspended	75 285 803	73 073 189
10.4 Provision for impairment of advances		
Opening balance	69 301 308	61 742 161
Charge for impairment	8 997 836	22 114 512
Interest in suspense	(2 194 093)	9 342 187
Amounts written off during the period	(4 168 866)	(23 897 552)
Balance at end of the period	71 936 185	69 301 308
10.5 Comprising:		
Specific impairments	35 547 631	35 830 895
Portfolio impairments	36 388 554	33 470 413
	71 936 185	69 301 308

		Unaudited 30 June 2016 US\$		Audited 31 Dec 2015 US\$					
			%		%				
10.6	Sectoral Analysis								
	Private	128 749 909	14	86 197 497	9				
	Agriculture	327 432 037	34	287 250 031	30				
	Mining	11 419 017	1	10 061 556	1				
	Manufacturing	136 781 998	14	154 870 543	16				
	Distribution	125 055 862	13	194 803 531	21				
	Construction	5 141 852	1	4 994 439	1				
	Transport	12 197 145	1	9 873 128	1				
	Communication	837 052	0	2 133 707	0				
	Services	179 492 401	19	181 531 512	19				
	Financial organisations	23 714 450	3	21 053 226	2				
		950 821 723	100	952 769 170	100				
11.	OTHER ASSETS								
	Intercompany balances	66 568 904		59 465 813					
	Land inventory	72 512 165		72 505 655					
	Prepayments	4 620 212		1 695 373					
	Receivables	11 602 339		9 524 105					
		155 303 620		143 190 946					
12.	INVESTMENTS IN OTHER FINANCIAL ASSETS								
	Investments in equity instruments	956 682		956 682					
		956 682		956 682					
	At cost	956 682		956 682					
		956 682		956 682					
	Portfolio analysis								
	Available-for-sale	956 682		956 682					
		956 682		956 682					
13.	PROPERTY AND EQUIPMENT								
		Land US\$	Buildings US\$	Leasehold improvements US\$	Motor vehicles US\$	Computers and equipment US\$	Work in progress US\$	Total 30 June 2016 US\$	Total 31 Dec 2015 US\$
COST									
Opening balance		3 770 000	28 539 400	602 917	4 876 505	24 137 717	5 328 492	67 255 031	60 666 694
Additions		-	28 961	-	306 420	714 286	1 875 628	2 925 295	9 013 971
Revaluation reserve		-	-	-	-	-	-	-	(1 196 489)
Impairments		-	-	-	-	-	-	-	(130 596)
Disposals		-	-	-	-	(16 460)	(33 255)	(49 715)	(974 109)
Transfers to non PPE assets		-	-	-	-	-	(1 121 311)	(1 121 311)	(124 440)
Transfers		-	34 575	-	-	2 531 885	(2 566 460)	-	-
Closing balance		3 770 000	28 602 936	602 917	5 182 925	27 367 428	3 483 094	69 009 300	67 255 031
ACCUMULATED DEPRECIATION									
Opening balance		-	-	289 204	2 519 925	12 011 907	-	14 821 036	11 757 419
Charge for the year		-	834 953	29 146	338 899	1 573 888	-	2 776 886	5 307 379
Disposals		-	-	-	-	(12 038)	-	(12 038)	(650 184)
Revaluation		-	-	-	-	-	-	-	(1 503 022)
Impairments		-	-	-	-	-	-	-	(90 556)
Closing balance		-	834 953	318 350	2 858 824	13 573 757	-	17 585 884	14 821 036
Net book value		3 770 000	27 767 983	284 567	2 324 101	13 793 671	3 483 094	51 423 416	52 433 995
31 December 2015									
Net book value		3 770 000	28 539 400	313 713	2 356 580	12 125 810	5 328 492	52 433 995	-
Properties were revalued on an open market basis by an independent professional valuer, as at 31 December 2015 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The next valuation will be done as at 31 December 2016. The revaluation of land and buildings entailed the following:									
In determining the market values of the subject properties, the following was considered:									
<ul style="list-style-type: none">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; andThe 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:									
<ul style="list-style-type: none">Surveys and data collection on similar past transactions;Analysis of the collected data; andComparison of the analysis with the subject properties and then carrying out the valuation of the subject properties.									
Adjustments were made to the following aspects:									
<ul style="list-style-type: none">Age of property - state of repair and maintenanceAesthetic quality - quality of fixtures and fittingsStructural condition - locationAccommodation offered - size of land									
The maximum useful lives of property and equipment are as follows:									
<ul style="list-style-type: none">Buildings 40 yearsMotor vehicles 3-5 yearsLeasehold improvements 10 yearsComputer equipment 5 yearsFurniture and fittings 10 years									
The carrying amount of buildings would have been US\$21 014 716 (December 2015: US\$21 490 019) had they been carried at cost.									
Property was tested for impairment through comparisons with open market values determined by an independent valuer.									
		Unaudited 30 June 2016 US\$		Audited 31 Dec 2015 US\$					
14.	INVESTMENT PROPERTIES								
	Opening balance	7 605 000		5 268 800					
	Fair value adjustment	-		202 410					
	Additions	-		2 133 790					
	Closing balance	7 605 000		7 605 000					
Investment properties are carried at fair value determined on an open market basis by an independent professional valuer as at 31 December 2015 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The basis of valuation is consistent with that detailed in note 13 to the financial statements.									
The rental income derived from investments properties amounted to US\$nil with direct operating expenses amounting to US\$nil.									
Direct operating expenses (including repairs and maintenance) arising from investment properties that did not generate rental income during the year were US\$nil.									
		Unaudited 30 June 2016 US\$		Audited 31 Dec 2015 US\$					
15	INTANGIBLE ASSETS								
	At cost	4 235 084		2 334 243					
	Accumulated amortisation and impairment	(1 909 076)		(1 835 569)					
		2 326 008		498 674					
Movement in intangible assets									
	Opening balance	498 674		362 337					
	Additions	779 530		136 881					
	Transfers from property and equipment	1 121 311		124 439					
	Amortisation charge	(73 507)		(124 983)					
	Closing balance	2 326 008		498 674					



UNAUDITED FINANCIAL RESULTS

For The Half Year Ended 30 June 2016



16 DEFERRED TAXATION

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

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Revaluation of property and equipment	-	(78 932)
The deferred tax included in the statement of financial position and changes recorded in the income tax expense are as follows:		
Fair value adjustments	13 736	(50 834)
Prepayments	752 872	103 777
Impairment and provisions	1 214 785	2 290 929
Property and equipment	525 785	193 365
Tax claimable impairments	(1 073 483)	(1 463 002)
Other	(1 659 120)	(1 265 990)
Add:	(225 425)	(191 755)
Opening balance	13 878 170	14 069 925
Closing balance	13 652 745	13 878 170

17. DEPOSITS

Call deposits	29 429 320	31 109 059
Savings and other deposits	918 057 462	843 508 227
Money market deposits	689 051 563	652 844 813
Lines of credit	88 631 430	116 098 748
Accrued interest	7 894 262	9 035 363
Total	1 733 064 037	1 652 596 210

Deposits by source

Banks	184 935 157	180 032 090
Money market	508 560 066	477 810 569
Customers	948 445 208	876 237 421
Lines of credit	91 123 606	118 516 130
Total	1 733 064 037	1 652 596 210

Deposits by type

Retail	160 829 966	142 260 566
Corporate	787 615 242	733 976 856
Money market	693 495 223	657 842 658
Lines of credit	91 123 606	118 516 130
Total	1 733 064 037	1 652 596 210

Lines of credit relate to borrowings from a foreign bank or financial institution. These have an average tenure of 3 years with an average interest rate of 8.4 % and are secured by a variety of instruments which include liens over bank accounts, guarantees, treasury bills and sub borrower securities.

	Unaudited 30 June 2016 US\$	%	Audited 31 Dec 2015 US\$	%
Sectoral analysis				
Private	73 862 080	4	74 637 058	4
Agriculture	51 336 327	3	51 084 842	3
Mining	15 501 857	1	15 425 917	1
Manufacturing	120 089 453	7	119 158 247	7
Distribution	304 807 643	18	300 240 628	18
Construction	36 315 934	2	36 138 031	2
Transport	24 829 392	1	24 707 758	2
Communication	30 902 907	2	26 606 434	2
Services	499 808 250	29	505 268 391	31
Financial organisations	517 487 284	30	460 132 856	28
Investment organisations	58 122 910	3	39 196 048	2
Total	1 733 064 037	100	1 652 596 210	100
Maturity analysis				
Less than one month	596 782 691		527 623 894	
Between 1 and 3 months	201 749 890		170 906 969	
Between 3 and 6 months	126 197 939		152 758 048	
Between 6 months and 1 year	132 670 609		117 133 171	
Between 1 and 5 years	427 182 251		439 956 537	
More than 5 years	248 480 657		244 217 591	
Total	1 733 064 037		1 652 596 210	

Maturity analysis is based on the remaining period from 30 June 2016 to contractual maturity.

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
18. OTHER LIABILITIES		
Revenue received in advance	1 085 417	2 076 459
Sundry creditors	5 756 923	6 092 074
RTGS Suspense	22 246	-
Other suspense accounts	1 250 535	5 559 661
Total other liabilities	8 115 121	13 728 194
19. 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
19.1 Share premium		
Opening balance	16 721 711	16 721 711
Closing balance	16 721 711	16 721 711
19.2 Revaluation reserve		
Opening balance	11 232 956	11 005 355
Revaluation adjustments made during the year	-	227 601
Closing balance	11 232 956	11 232 956
19.3 Revenue reserve		
Opening balance	114 729 519	93 071 540
Profit for the year	7 390 737	26 157 979
Dividend paid	-	(4 500 000)
Closing balance	122 120 256	114 729 519

20. CATEGORIES OF FINANCIAL INSTRUMENTS

30 June 2016	At fair value through profit or loss US\$	Available for sale US\$	Loans and receivables US\$	Financial liabilities at amortised cost US\$	Total carrying amount US\$
Financial assets					
Balances with banks and cash	-	-	54 434 791	-	54 434 791
Money market assets	-	-	729 326 472	-	729 326 472
Advances	-	-	878 885 538	-	878 885 538
Investments in other financial assets	-	956 682	-	-	956 682
Other assets	-	-	82 307 828	-	82 307 828
Total	-	956 682	1 744 954 629	-	1 745 911 311
Financial liabilities					
Deposits	-	-	-	1 733 064 037	1 733 064 037
Other liabilities	-	-	-	8 115 121	8 115 121
Total	-	-	-	1 741 179 158	1 741 179 158

31 December 2015	At fair value through profit or loss US\$	Available for sale US\$	Loans and receivables US\$	Financial liabilities at amortised cost US\$	Total carrying amount US\$
Financial assets					
Balances with banks and cash	-	-	38 351 549	-	38 351 549
Money market assets	-	-	671 993 559	-	671 993 559
Advances	-	-	883 467 862	-	883 467 862
Investments in other financial assets	-	956 682	-	-	956 682
Other assets	-	-	70 231 425	-	70 231 425
Total	-	956 682	1 664 044 395	-	1 665 001 077
Financial liabilities					
Deposits	-	-	-	1 652 596 210	1 652 596 210
Other liabilities	-	-	-	13 728 194	13 728 194
Total	-	-	-	1 666 324 404	1 666 324 404

21. RELATED PARTY DISCLOSURES

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

The related party transactions and related income, expenses and balances are as follows:

	Gross limits US\$	Utilised limits US\$	Value of security US\$	Percentage of capital %
30 June 2016				
Loans to entities related to directors	4 067 000	3 675 331	5 912 850	2.26%
31 December 2015				
Loans to entities related to directors	3 682 000	3 376 683	3 656 000	2.16%

The loans to directors' companies above include companies directly owned or significantly influenced by executive and non-executive directors and/or their close family members.

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
(a) Transactions with related parties		
Interest income earned on loans	88 721	510 338
and advances to directors and other related parties	2 764	8 515
Commission and fee income	91 485	518 853
(b) Deposits from directors and key management personnel		
Closing balance	166 892	30 291
Interest expense on deposits from directors and key management personnel	473	408
(c) Balances with group companies		
Amounts due from group companies	66 454 156	71 849 783
Amounts due to group companies	13 887 221	13 291 338
Interest income on amounts due from group companies	2 177 168	6 477 582
Interest expense on amounts due to group companies	346 097	883 918
Non interest income from group companies	155 124	890 596
Operating expenditure from group companies	208 033	457 957

22. RISK MANAGEMENT

22.1 Risk overview
CBZ Bank Limited has continued to be guided by a desire to uphold a "High Risk Management and Compliance Culture" as one of its major strategic thrusts which is embedded under clearly defined risk appetite in terms of the various key risk exposures. This approach has given direction to the Bank's overall strategic planning and policies. Through the CBZ Group risk management function, the Bank regularly carries out risk analysis through value at risk (VAR) assessment, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and its desired risk appetite.

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

22.3 Credit risk

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

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
Balances with banks	37 022 206	19 801 919
Money market assets	729 326 472	671 993 559
Advances	950 821 723	952 769 170
Other assets	82 307 828	70 231 425
Total	1 799 478 229	1 714 796 073
Contingent liabilities	26 944 455	143 888 502
Commitments	496 782	1 060 561
Total	27 441 237	144 949 063

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

The Bank held cash and cash equivalents of US\$37 022 206 (excluding notes and coins) as at 30 June 2016, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

22.3.2 Aging analysis of past due but not impaired loans (Special Mention Loans):

	30 June 2016 US\$	31 Dec 2015 US\$
1 to 3 months	308 372 572	298 043 103

Past due but not impaired loans relate to loans in the special mention category. (See definition on note number 31.3.1 of the CBZ Holdings Limited notes to the financial results)

22.3.3 Aging analysis of impaired loans (Non Performing Loans):

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
3 to 6 months	45 154 964	46 453 213
6 to 12 months	30 130 839	26 619 976
Total	75 285 803	73 073 189

Past due and impaired loans relate to loans under the following asset classification classes: Substandard, Doubtful and Loss. (See definition on note number 31.3.1 of the CBZ Holdings Limited notes to the financial results)

22.4.1 Liquidity Gap Analysis

	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
30 June 2016							
Assets							
Balances with banks and cash	54 434 791	-	-	-	-	-	54 434 791
Money market assets	14 194 128	201 150 322	-	37 877 650	181 539 354	294 565 018	729 326 472
Advances	423 678 696	24 563 083	95 464 771	113 525 929	148 585 356	73 067 703	878 885 538
Other assets	-	82 307 828	-	-	-	-	82 307 828
Financial guarantees	792 157	1 518 197	3 188 051	6 656 050	3 110 000	11 680 000	26 944 455
Current tax receivable	-	2 457 989	-	-	-	-	2 457 989
Total assets	493 099 772	311 997 419	98 652 822	158 059 629	333 234 710	379 312 721	1 774 357 073
Liabilities							
Deposits	596 782 691	201 749 890	126 197 939	132 670 609	427 182 251	248 480 657	1 733 064 037
Other liabilities	-	8 115 121	-	-	-	-	8 115 121
Financial guarantees	792 157	1 518 197	3 188 051	6 656 050	3 110 000	11 680 000	26 944 455
Total liabilities	597 574 848	211 383 208	129 385 990	139 326 659	430 292 251	260 160 657	1 768 123 613
Liquidity gap	(104 475 076)	100 614 211	(30 733 168)	18 732 970	(97 057 541)	119 152 064	6 233 460
Cumulative liquidity gap	(104 475 076)	(3 860 865)	(34 594 033)	(15 861 063)	(112 918 604)	6 233 460	6 233 460

Collateral analysis

	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Total US\$
31 December 2015							
Assets							
Balances with banks and cash	38 351 549	-	-	-	-	-	38 351 549
Money market assets	58 328 721	156 565 979	-	5 903 854	188 315 232	262 879 773	671 993 559
Advances	342 137 004	46 812 644	97 710 042	147 132 567	154 363 499	95 312 106	883 467 862
Other assets	-	70 231 425	-	-	-	-	70 231 425
Financial guarantees	121 580 805	1 656 253	1 958 170	3 908 274	3 105 000	11 680 000	143 888 502
Current tax receivable	-	1 750 333	-	-	-	-	1 750 333
Total assets	560 398 079	277 016 634	99 668 212	156 944 695	345 783 731	369 871 879	1 809 683 230
Liabilities							
Deposits	527 623 894	170 906 969	152 758 048	117 133 171	439 956 537	244 217 591	1 652 596 210
Other liabilities	-	13 728 194	-	-	-	-	13 728 194
Financial guarantees	121 580 805	1 656 253	1 958 170	3 908 274	3 105 000	11 680 000	143 888 502
Total liabilities	649 204 699	186 291 416	154 716 218	121 041 445	443 061 537	255 897 591	1 810 212 906
Liquidity gap	(88 806 620)	90 725 218	(55 048 006)	35 903 250	(97 277 806)	113 974 288	(529 676)
Cumulative liquidity gap	(88 806 620)	1 918 598	(53 129 408)	(17 226 158)	(114 503 964)	(529 676)	(529 676)

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 and/or export proceeds, leasebacks and stop-orders. Estimates of fair values are based on the values of collateral assessed at the time of borrowing, and are regularly aligned with trends in the market. An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown above and analysed as follows:

The table above shows the undiscounted 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 31 December 2015	51.84
At 30 June 2016	51.02
Average for the period	52.13
Maximum for the period	54.27
Minimum for the period	50.84

22.3.5 Credit quality per class of financial assets

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

	*Normal grade US\$	*Special mention grade US\$	*Sub- Standard grade US\$	*Doubtful and Loss grade US\$	Total US\$
30 June 2016					
Loans and advances to customers					
Agriculture	113 877 235	192 633 299	12 540 306	8 381 197	327 432 037
Manufacturing	109 318 049	17 513 467	1 961 669	7 988 813	136 781 998
Commercial	138 613 018	26 194 803	13 594 681	1 089 899	179 492 401
Private	100 956 893	23 582 680	3 770 177	440 159	128 749 909
Mining	6 906 091	2 944 071	1 568 855	-	11 419 017
Distribution	81 737 199	27 806 475	7 858 426	7 653 762	125 055 862
Construction	2 895 032	2 240 052	6 768	-	5 141 852
Transport	8 887 342	1 795 235	1 032 746	481 822	12 197 145
Communication	837 052	-	-	-	837 052
Financial services	3 129 437	13 668 490	2 821 336	4 095 187	23 714 450
	567 157 348	308 378 572	45 154 964	30 130 839	950 821 723

The Bank has issued financial guarantee contracts in respect of debtors for which the maximum amount payable by the Bank, assuming all guarantees are called on, is US\$26.9 million (December 2015: US\$143.9 million).

	*Normal grade US\$	*Special mention grade US\$	*Sub- Standard grade US\$	*Doubtful and Loss grade US\$	Total US\$
31 December 2015					
Loans and advances to customers					
Agriculture	126 739 887	150 118 246	5 769 432	4 622 466	287 250 031
Manufacturing	142 476 752	10 410 802	1 700 250	282 739	154 870 543
Commercial	120 110 257	46 994 303	10 561 804	3 865 148	181 531 512
Private	70 687 611	11 287 027	4 210 386	12 473	86 197 497
Mining	6 209 923	3 851 633	-	-	10 061 556
Distribution	104 035 320	55 792 603	21 187 034	13 788 574	194 803 531
Construction	1 442 504	3 551 935	-	-	4 994 439
Transport	6 931 196	2 340 902	-	601 030	9 873 128
Communication	2 133 707	-	-	-	2 133 707
Financial services	885 721	13 695 652	3 024 307	3 447 546	21 053 226
	581 652 878	298 043 103	46 453 213	26 619 976	952 769 170

*See definition on note number 31.3.1 of the CBZ Holdings Limited notes to the financial results.

22.4 Liquidity risk

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

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

unding 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.

22.5 Interest rate risk

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

This is managed at both Board and Management level through the regular policy and benchmarks which relate to interest rate risk management. The major areas of intervention involve daily monitoring of costs of funds, monthly analysis of interest re-pricing gaps, monthly interest rate simulations to establish the Bank's ability to sustain a stressed interest rate environment and various interest rate risk hedging strategies. The use of stress testing is an integral part of the interest rate risk management framework and considers both the historical market events as well as anticipated future scenarios. The Bank denominates its credit facilities in the base currency, the USD in order to minimize cross currency interest rate risk. The Bank's interest rate risk profiling is illustrated below:

22.5.1 Interest rate repricing and gap analysis

30 June 2016	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	14 039 766	-	-	-	-	-	40 395 025	54 434 791
Money market assets	14 194 128	201 150 322	-	37 877 650	181 539 354	294 565 018	-	729 326 472
Advances	423 678 696	24 563 083	95 464 771	113 525 929	148 585 356	73 067 703	-	878 885 538
Other assets	-	-	-	-	-	-	155 303 620	155 303 620
Investments- other financial assets	-	-	-	-	-	-	956 682	956 682
Investment property	-	-	-	-	-	-	7 605 000	7 605 000
Property and equipment	-	-	-	-	-	-	51 423 416	51 423 416
Intangible assets	-	-	-	-	-	-	2 326 008	2 326 008
Deferred tax	-	-	-	-	-	-	13 652 745	13 652 745
Current tax receivable	-	-	-	-	-	-	2 457 989	2 457 989
Total assets	451 912 590	225 713 405	95 464 771	151 403 579	330 124 710	367 632 721	274 120 485	1 896 372 261
Equity and liabilities								
Deposits	596 782 691	201 749 890	126 197 939	132 670 609	427 182 251	248 480 657	-	1 733 064 037
Other liabilities	-	-	-	-	-	-	8 115 121	8 115 121
Equity and reserves	-	-	-	-	-	-	155 193 103	155 193 103
Total liabilities, equity and reserves	596 782 691	201 749 890	126 197 939	132 670 609	427 182 251	248 480 657	163 308 224	1 896 372 261

Interest rate repricing gap	(144 870 101)	23 963 515	(30 733 168)	18 732 970	(97 057 541)	119 152 064	110 812 261	-
Cumulative gap	(144 870 101)	(120 906 586)	(151 639 754)	(132 906 784)	(229 964 325)	(110 812 261)	-	-

31 December 2015	Less than one month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	5 years and above US\$	Non interest bearing US\$	Total US\$
Assets								
Balances with banks and cash	3 660 009	-	-	-	-	-	34 691 540	38 351 549
Money market assets	58 328 721	156 565 979	-	5 903 854	188 315 232	262 879 773	-	671 993 559
Advances	342 137 004	46 812 644	97 710 042	147 132 567	154 363 499	95 312 106	-	883 467 862
Other assets	-	-	-	-	-	-	143 190 946	143 190 946
Investments- other financial assets	-	-	-	-	-	-	956 682	956 682
Investment property	-	-	-	-	-	-	7 605 000	7 605 000
Property and equipment	-	-	-	-	-	-	52 433 995	52 433 995
Intangible assets	-	-	-	-	-	-	498 674	498 674
Deferred tax	-	-	-	-	-	-	13 878 170	13 878 170
Current tax receivable	-	-	-	-	-	-	1 750 333	1 750 333
Total assets	404 125 734	203 378 623	97 710 042	153 036 421	342 678 731	358 191 879	255 005 340	1 814 126 770

Equity and liabilities									
Deposits	527 623 894	170 906 969	152 758 048	117 133 171	439 956 537	244 217 591	-	1 652 596 210	
Other liabilities	-	-	-	-	-	-	13 728 194	13 728 194	
Equity and reserves	-	-	-	-	-	-	147 802 366	147 802 366	
Total liabilities, equity and reserves	527 623 894	170 906 969	152 758 048	117 133 171	439 956 537	244 217 591	161 530 560	1 814 126 770	

Interest rate repricing gap	(123 498 160)	32 471 654	(55 048 006)	35 903 250	(97 277 806)	113 974 288	93 474 780	-
Cumulative gap	(123 498 160)	(91 026 506)	(146 074 512)	(110 171 262)	(207 449 068)	(93 474 780)	-	-

22.6 Foreign exchange risk

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

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



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30 June 2016

	Note	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
Gross premium income		4 897 337	7 513 560
Reinsurance		(404 253)	(443 572)
Net written premium		4 493 084	7 069 988
Net commission	10.3	(643 266)	(917 519)
Net claims	10.4.1	(1 986 183)	(1 150 214)
Technical profit		1 863 635	5 002 255
Operating expenditure	3	(1 676 140)	(1 641 064)
Underwriting profit		187 495	3 361 191
Other income	2	448 196	537 188
Movement in life fund		899 408	(1 163 999)
Profit before taxation		1 535 099	2 734 380
Taxation	4	(17 263)	(13 120)
Profit for the half year after tax		1 517 836	2 721 260
Other comprehensive income		-	-
Total comprehensive income for the half year		1 517 836	2 721 260

STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Note	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
ASSETS			
Balances with banks and cash	5	459 821	884 466
Money market assets	6.1	14 185 091	14 310 617
Insurance receivables	7	974 010	1 122 112
Other receivables		120 283	16 360
Current tax receivable		-	6 090
Investment properties		1 500 000	-
Intangible assets	8	597 123	610 251
Property and equipment	9	295 840	287 826
TOTAL ASSETS		18 132 168	17 237 722
LIABILITIES			
Life fund	10.1	3 890 507	4 675 401
Other liabilities	11	467 930	310 296
Current tax payable		3 870	-
TOTAL LIABILITIES		4 362 307	4 985 697
EQUITY AND RESERVES			
Share capital	12.2	2	2
Share premium		1 388 012	1 388 012
Revenue reserves		12 381 847	10 864 011
TOTAL EQUITY AND RESERVES		13 769 861	12 252 025
TOTAL LIABILITIES, EQUITY AND RESERVES		18 132 168	17 237 722

STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2016

	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
30 June 2015				
Opening balance	2	1 388 012	7 136 587	8 524 601
Total comprehensive income	-	-	4 494 402	4 494 402
Dividend paid	-	-	(766 978)	(766 978)
Closing balance	2	1 388 012	10 864 011	12 252 025
30 June 2016				
Opening balance	2	1 388 012	10 864 011	12 252 025
Total comprehensive income	-	-	1 517 836	1 517 836
Closing balance	2	1 388 012	12 381 847	13 769 861

STATEMENT OF CASH FLOWS

for the half year ended 30 June 2016

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1 535 099	2 734 380
Non cash items:		
Depreciation	46 774	42 966
Amortisation	70 195	70 274
Unearned premium reserve	(527 984)	1 018 504
Claims provision Incurred But Not Reported (IBNR)	(371 424)	145 494
Interest & provisions on guaranteed education plan	114 514	192 968
Operating profit before changes in operating assets and liabilities	867 174	4 204 586
Changes in operating assets and liabilities		
Other receivables	(103 922)	3 353
Insurance receivables	148 102	(573 508)
Other liabilities	157 634	439 294
Money market assets	125 526	(1 708 858)
	327 340	(1 839 719)
Corporate tax paid	(7 304)	(12 148)
Net cash inflow from operating activities	1 187 210	2 352 719
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment property	(1 500 000)	-
Purchase of property and equipment	(54 788)	(38 346)
Purchase of intangible assets	(57 067)	(139 409)
Net cash outflow from investing activities	(1 611 855)	(177 755)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash outflow from financing activities	-	-
NET (DECREASE)/INCREASE IN BALANCES WITH BANKS AND CASH	(424 645)	2 174 964
Balances with banks and cash at the beginning of the period	884 466	308 415
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	459 821	2 483 379

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 30 June 2016

1. INCORPORATION AND ACTIVITES

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

2. OTHER INCOME

Money market interest
Bank interest

3. OPERATING EXPENDITURE

Administration expenses
Audit fees
Depreciation
Amortisation of intangible assets
Staff costs

4. TAXATION

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

Current income tax

4.1 Tax rate reconciliation

Notional tax
Aids levy
Permanent differences
Effective tax rate

5. BALANCES WITH BANKS AND CASH

Cash at bank

6. INVESTMENTS

6.1 Money market assets :

Held for trading

6.2 Maturity analysis

Less than 1 month
Between 1 months and 3 months
Between 3 months and 6 months
Between 6 months and 1 year

7. INSURANCE RECEIVABLES

Reinsurance unearned premium reserve
Reinsurance receivables
Deferred acquisition costs
Premium receivables
Suspended premium receivables

8. INTANGIBLE ASSETS

Computer Software Cost
Opening balance
Additions
Closing balance

Amortisation
Opening balance
Charge for the period
Closing balance
Net book value

9. PROPERTY AND EQUIPMENT

	Motor vehicles US\$	Computers, furniture and other equipment US\$	30 June 2016 US\$	31 Dec 2015 US\$
Cost				
Opening balance	90 049	416 643	506 692	468 054
Additions	48 830	5 958	54 788	64 089
Disposals	-	-	-	(25 450)
Closing balance	138 879	422 601	561 480	506 693
Accumulated depreciation				
Opening balance	49 359	169 507	218 866	152 842
Charge for the period	9 814	36 960	46 774	87 967
Disposals	-	-	-	(21 942)
Closing balance	59 173	206 467	265 640	218 867
Net Book Value	79 706	216 134	295 840	287 826

10. INSURANCE CONTRACT PROVISIONS

10.1 Life fund	Unearned Premium Reserve US\$	Incurred But Not Reported US\$	Guaranteed Education Plan Provision US\$	Total US\$
30 June 2016				
Opening balance	2 292 534	1 068 154	1 314 713	4 675 401
Transfer from income	(527 984)	(371 424)	-	(899 408)
Interest on GEP Fund	-	-	45 163	45 163
Early Maturity GEP claims	-	-	69 351	69 351
Closing balance	1 764 550	696 730	1 429 227	3 890 507

	Gross US\$	Reinsurance US\$	Net US\$
10.2 Provision for unearned premium			
Unearned at 1 January 2016	2 524 403	231 870	2 292 533
Written premiums	4 897 337	404 253	4 493 084
Earned during the period	(5 527 705)	(506 637)	(5 021 068)
Unearned at 30 June 2016	1 894 035	129 486	1 764 549

	Unaudited 30 June 2016 US\$	Audited 30 June 2015 US\$
10.3 Commissions		
Commission paid	576 395	1 147 205
Commission received	(61 743)	(100 646)
Deferred acquisition costs	128 614	(129 040)
Net commission	643 266	917 519

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
10.4 Claims		
Gross claims	2 046 851	1 150 214
Reinsurance	(60 668)	-
Net claims	1 986 183	1 150 214

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
10.4.2 Provision for Incurred But Not Reported claims		
IBNR claims provision at 1 January 2015	1 068 154	625 658
Movement for the period	(371 424)	442 496
IBNR provision at end of the period	696 730	1 068 154

11. OTHER LIABILITIES

Inter-company
Other payables

12. SHARE CAPITAL

12.1 Authorised share capital

20 000 ordinary shares of US\$1 each

12.2 Issued share capital

2 ordinary shares of US\$1 each



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half year ended 30 June 2016

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
Gross premium income	6 892 853	6 180 418
Reinsurance	(3 458 957)	(3 448 594)
Net written premium	3 433 896	2 731 824
Unearned premium	(728 391)	(355 322)
Net earned premium	2 705 505	2 376 502
Net commission	2 572	(37 762)
Net claims	(1 065 125)	(676 606)
Technical profit	1 642 952	1 662 134
Operating expenditure	(899 657)	(730 975)
Underwriting profit	743 295	931 159
Other income	148 703	158 014
Impairment allowance	98 435	(246 984)
Profit before taxation	990 433	842 189
Taxation	(275 632)	(195 672)
Profit for the half year after taxation	714 801	646 517
Other comprehensive income	-	-
Total comprehensive income for the half year	714 801	646 517

STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Unaudited 30 June 2016 US\$	Audited 31 Dec 2015 US\$
ASSETS		
Non-current assets		
Property and equipment	185 365	201 927
Intangible assets	38 675	38 675
Investment properties	145 000	145 000
Listed investments	161 586	178 857
Deferred taxation	272 081	266 739
Total non-current assets	802 707	831 198
Technical assets		
Reinsurance unearned premium reserve	2 342 963	1 290 166
Deferred acquisition costs	553 788	330 247
Reinsurance outstanding claims	565 188	297 181
Reinsurance receivables	723 194	728 015
Insurance receivables	2 862 507	1 421 626
Total technical assets	7 047 640	4 067 235
Current assets		
Inventory	2 747	2 780
Other receivables	229 561	26 287
Money market assets	4 099 644	4 061 213
Balances with banks and cash	1 839 298	937 055
Total current assets	6 171 250	5 027 335
TOTAL ASSETS	14 021 597	9 925 768
EQUITY AND RESERVES		
Share capital	78 117	77 496
Share premium	1 479 090	1 459 111
Revenue reserves	3 351 262	2 636 461
Total equity and reserves	4 908 469	4 173 068
LIABILITIES		
Non-current liabilities		
Deferred taxation	33 035	28 933
Total non-current liabilities	33 035	28 933
Technical liabilities		
Gross unearned premium reserve	4 861 078	3 079 891
Gross outstanding claims	1 138 895	713 772
Unearned commission reserve	576 478	316 777
Incurred but not reported claims	171 695	240 190
Reinsurance payables	1 639 304	605 093
Total technical liabilities	8 387 450	4 955 723
Current liabilities		
Other payables	565 506	539 859
Taxation	127 137	228 185
Total current liabilities	692 643	768 044
TOTAL LIABILITIES	9 113 128	5 752 700
TOTAL LIABILITIES, EQUITY AND RESERVES	14 021 597	9 925 768

STATEMENT OF CHANGES IN EQUITY
for the half year ended 30 June 2016

	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
30 June 2015				
Opening balance	50 500	589 807	1 486 941	2 127 248
Rights issue	26 093	840 207	-	866 300
Total comprehensive income	-	-	646 517	646 517
Closing balance	76 593	1 430 014	2 133 458	3 640 065
30 June 2016				
Opening balance	77 496	1 459 111	2 636 461	4 173 068
Rights issue	621	19 979	-	20 600
Total comprehensive income	-	-	714 801	714 801
Closing balance	78 117	1 479 090	3 351 262	4 908 469

STATEMENT OF CASH FLOWS
for the half year ended 30 June 2016

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	990 433	842 189
Non cash items:		
Depreciation	27 158	25 922
Amortisation	-	5 552
Fair value adjustment	17 271	26 145
Net commission movement	36 160	45 457
Unearned premium reserve movement	728 391	355 322
Incurred but not yet reported claims (IBNR)	(68 495)	(96 834)
Impairment allowance decrease/(Increase)	(98 435)	246 984
Profit on disposal of fixed assets	(150)	-
Operating cash inflow before changes in operating assets and liabilities	1 632 333	1 450 737
Changes in operating assets and liabilities		
Decrease in inventory	33	232
Increase in receivables	(1 808 759)	(902 724)
Increase in money market investments	(38 430)	(1 642 233)
Increase in payables	1 484 983	292 027
	(362 173)	(2 252 698)
Corporate tax paid	(377 921)	(195 876)
Net cash inflow/(outflow)from operating activities	892 239	(997 837)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10 596)	(2 585)
Net cash outflow from investing activities	(10 596)	(2 585)
CASHFLOWS FROM FINANCING ACTIVITIES		
Rights issue proceeds	20 600	866 300
Net cash inflow from financing activities	20 600	866 300
NET INCREASE/(DECREASE) IN BALANCES WITH BANKS AND CASH	902 243	(134 122)
Balances with banks and cash at the beginning of the period	937 055	240 397
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	1 839 298	106 275

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half year ended 30 June 2016

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
Revenue	970 520	1 049 079
Operating expenditure	(919 454)	(1 001 962)
Profit before taxation	51 066	47 117
Taxation	(13 682)	(13 026)
Profit for the half year after taxation	37 384	34 091
Other comprehensive income	-	-
Total comprehensive income for the half year	37 384	34 091

STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Unaudited 30 June 2016 US\$	Unaudited 31 Dec 2015 US\$
ASSETS		
Balances with banks and cash	168 143	194 733
Money market assets	1 819 046	1 767 149
Loans and advances	12 907	12 907
Other assets	762 756	658 774
Investment securities	9	9
Investment property	105 000	105 000
Equipment	172 059	192 294
Intangible assets	19 541	24 058
Current taxation	15 306	-
Deferred taxation	4 548	25 491
TOTAL ASSETS	3 079 315	2 980 415
LIABILITIES		
Other liabilities	177 181	94 660
Provisions	307 485	305 432
Deferred taxation	-	23 060
TOTAL LIABILITIES	484 666	423 152
EQUITY AND RESERVES		
Share capital	63 005	63 005
Share premium	1 924 944	1 924 944
Revenue reserves	606 700	569 314
TOTAL EQUITY AND RESERVES	2 594 649	2 557 263
TOTAL LIABILITIES, EQUITY AND RESERVES	3 079 315	2 980 415

STATEMENT OF CHANGES IN EQUITY
for the half year ended 30 June 2016

	Share capital US\$	Share premium US\$	Revenue reserves US\$	Total US\$
30 June 2015				
Opening balance	63 005	1 924 944	418 004	2 405 953
Total comprehensive income	-	-	34 091	34 091
Closing balance	63 005	1 924 944	452 095	2 440 044
30 June 2016				
Opening balance	63 005	1 924 944	569 316	2 557 265
Total comprehensive income	-	-	37 384	37 384
Closing balance	63 005	1 924 944	606 700	2 594 649

STATEMENT OF CASH FLOWS
for the half year ended 30 June 2016

	Unaudited 30 June 2016 US\$	Unaudited 30 June 2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	51 066	47 117
Non cash items:		
Depreciation and amortisation	24 752	90 655
Fair value adjustment	-	6
Profit on sale of property and equipment	-	(3 488)
Operating cash inflow before changes in operating assets and liabilities	75 818	134 290
Changes in operating assets and liabilities		
Advances	-	3 788
Money market assets	-	(44 107)
Other assets	(103 982)	(126 897)
Other liabilities	82 521	2 456
Provisions	2 053	52 715
	(19 408)	(112 045)
Corporate tax paid	(31 104)	(15 575)
Net cash inflow from operating activities	25 306	6 670
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property and equipment	-	6 279
Purchase of property and equipment	-	(2 994)
Purchase of intangible assets	-	(8 595)
Net cash outflow from investing activities	-	(5 310)
NET INCREASE IN BALANCES WITH BANKS AND CASH	25 306	1 360
Balances with banks and cash at the beginning of the period	1 961 882	146 324
BALANCES WITH BANKS AND CASH AT END OF THE PERIOD	1 987 188	147 684