CHAIRMAN’S STATEMENT

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

Operating Environment

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

At a global level, the International Monetary Fund (“IMF”) twice reduced its global and regional growth projections for 2019. This is in line with the ongoing trade tensions between the United States and China as well as Brexit related uncertainties.

These two major events resulted in a global investment and trade. The domestic economy faced even greater challenges during the period under review. A plague of dysentry and malaria were experienced during the period under review. These are critical components of the domestic production cycle and as such industrial activity was significantly curtailed. In addition, foreign currency shortages continued to prevail and thus negatively impacting on the importation of critical goods and services. The Nation’s high reliance on imports and the attendant trade imbalances and shortages culminated in high levels of inflation and depreciating currency demand. As such, market conditions remained extremely lax during this period. These developments have added pressure to already operating costs as well as constraining the ability to retain and utilize balances.

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

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

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

Share Price Performance

The share price index advanced by 40.1% to end the half year at 221.75. The CBZ share price performed above the overall market by increasing 254.7% in the period under review, as reflected in the graph below.

Governance & Directorship

The primary role of the Board is to bring an independent view and provide oversight on the company. The Board also directs the company’s strategy and sets direction while managing to ensure that robust governance structures are in place and effective. During this period, we have diversified our Board membership with the engagement of an Independent Non-Executive Director on 1 January 2019. Mr. Patience Mavhaire was appointed as an Independent Non-Executive Director.

Overview of the Group’s performance

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

Key Financial Highlights

Profit after taxation

2019 2018 ZWL$m

30.7 24.3 72.8

Total comprehensive income

2019 2018 ZWL$m

306.8 264.3 75.2

Total equity

2019 2018 ZWL$m

1 115.4 144.1

Total dividends

66.8 279.1 315.8

Total deposits

2 600.0 2 181.9 2 079.2

Shareholders funds as at 30 June 2019

647.0 1 447.0

Other statistics

Basic earnings per share (cents)

28.5 6.6 12.5

Non-diluted earnings per share (cents)

70.5 52.3 74.1

Dividend

28.7 57.1 58.7

Return on assets (%) 10.1 2.4 4.8

Return on equity (%) 45.6 33.8 42.5

Growth in deposits (%) 20.4 16.6 18.3

Growth in advances (%) 30.3 29.3 (4.3)

Growth in profit (%) 300.5 167.1 153.9

Dividend

The Board has proposed a dividend of 315.02% of 0.16 cents per share. This dividend translates to a growth of 113.02% on the comparative 2018 interim dividend.

Outlook

The Government has committed to completing the Transitional Stabilization Programme and as such it is expected that there will be further interventions and changes in the coming months. Consequently, we expect the operating environment to remain challenging as the economic recovery continues to unfold.

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

Appreciation

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

This year’s financial statements have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe) and an adverse review conclusion issued therein, due to non-compliance with International Accounting Standard 21 “The Effects of Changes in Foreign Exchange Rates”. The review report is available for inspection at the Holding Company’s registered office.

The engagement partner for this review is Mr. Francis Hupa (PAAB Practising number 200).

26 September 2019

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

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

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation
Depreciation
Amortisation of intangible assets
Fair value adjustments on financial instruments
Fair value adjustments on investment properties
Wheat of property and equipment
Credit loss provisions
(Reversal of impairment)/impairment on insurance assets
Unearned premium revenue movement
Provision for insured but not reported claims (EBFR)
Depreciation of property and equipment
Depreciation of leasehold improvements
Deferred commission movement
Income tax paid
Interest on Leases Liability
Operating cash inflow before changes in operating assets and liabilities

Changes in operating assets and liabilities
Deposits
Life assurance contract and reserves
Wages and salaries
Share in riverine rivers
Occupational benefit plans
Demerar share option expenses
Interest on Lease Liabilities
Net cash inflow from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Net change in investments
Purchase of investments
Sale of investments
Net cash outflow from investing activities

Net income
Share of profit attributable to non-controlling interests
Dividends paid
Net cash outflow from financing activities

NET INCREASE IN BALANCES WITH BANKS AND CASH
Balance with banks and cash at the beginning of the period
Balance with banks and cash at end of the period

ACCOUNTING POLICIES
FOR THE HALF YEAR ENDED 30 JUNE 2019

1. GROUP ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group. For a detailed analysis of the Group’s accounting policies, refer to the 2019 annual report which is available at the company’s registered offices.

1.1 BASIS OF PREPARATION

The consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34, IFRS 15, IFRS 16 and IFRS 1, IFRIC 20, and other applicable IFRS standards as applicable.

The Group decided to apply recognition exemptions to its short term leases. As a lessee, the Group previously classified leases as operating or finance leases. As a lessor, the Group previously classified leases as finance leases. As a result, the Group has changed its accounting policy for lease contracts previously identified in the notes. The Group uses the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that contain a lease resulting from the right to control an asset for a period of time are disclosed below (see 1.1a). The Group applied IFRS 16 using the modified retrospective approach for the half year ending 30 June 2019. Comparative figures were not restated to reflect the new standards and changes in accounting policies under IAS 17 Leases. The details of changes in accounting policies are displayed below.

1.1a IFRS 16 Leases

Previously the Group determined at contract inception whether an arrangement contained or explicitly excluded a lease. From 1 January 2019, the Group determined at contract inception whether an arrangement is or contains a lease based on the definition of a lease. On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. The Group recognised Right of use assets and lease liabilities.

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

As a result of the currency changes announced by the monetary authorities, the Directors, as required by International Accounting Standards (IAS) 21, The Effects of Changes in Foreign Exchange Rates and relevant accounting standards, restated the Group’s Consolidated Financial Statements and Accounts (PMS) whether or not United States dollar as the functional and reporting currency remained unaltered. Based on the assessment, the Directors concluded that the reporting and functional currency had changed from the RTGS dollar to the USD dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with an effect from 22 February 2019, the date on which the revaluation of the RTGS dollar was announced.

Further, on 24 June 2019, Statutory Instrument 141 of 2019 introduced the Zimbabwean Dollar (ZWL) which is at par with the bond notes and RTGS dollars. This is a direct effect on the Group’s financial results as it affects the conversion of the bond notes and RTGS dollars in the Group’s financial statements to ZWL. The Group holds bond notes and RTGS dollars and has converted each to a ZWL, and each half of each bond note and each full and half RTGS dollar to the ZWL.

In this regard, three financial statements are therefore presented in ZWL being the primary currency of the Group’s operating activities. The Group comparable. The Comparative information is presented in ZWL which is consistent with the primary financial statements for the period of comparison.

Basis of consolidation

The Group has consolidated its financial results into the financial statements of the Group and entity controlled by the Company. Control is achieved where the Company has power over the investee, is on its rights to variable returns from its involvement with the investee and has the ability to use that power to influence the amount of influence of its return. The Company measured 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 changes 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 included in the consolidated financial statements from the effective date.

1.1b Inflation

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date.

Basis of consolidation

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The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2019

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

2. INTEREST INCOME
Bankers acceptance interest receivable 54,180 137,687
Corporate finance interest receivable 6,140,420 6,125,147
Mortgage interest 7,064,957 4,711,400
Staff loans 1,007,674 1,632,590
Securities investments 16,517,240 18,103,566
Other investments 1,372,496 -
68,833,878 69,156,421

3. NET NON-INTEREST INCOME
Interest expense
Credit deposits 344,935 196,466
Savings deposits 3,717,671 3,917,721
Money market deposits 11,026,139 11,917,853
Other deposits 2,925,767 2,414,966
Lease Liability 20,916,943 26,481,100
Net interest income 47,916,435 40,705,361

4. NET UNDERWRITING INCOME
Gross premium insurance 19,735,805 12,277,327
Net reinsurance 9,397,310 6,271,200
Net written premium 11,338,495 6,006,127
Net earned premium 9,671,495 7,065,170
Net commission (a) 1,547,901 893,329
Net commission (b) 7,671,374 4,970,842

(b) Net commission
Commission received 1,999,909 1,153,666
Commission paid (1,547,901) (913,019)
Deferred acquisition costs (375,394) (201,070)
Net commission (b) (6,471,391) (4,972,030)

(b) Net commission
Net claims (a) (261,947) (250,350)
Gross commission income 5,933,990 3,522,500
Reinsurance claims (1,463,873) (1,151,388)
Incurred but not reported claims 1,587,437 1,181,781
Net commission (a) 6,079,494 3,502,414

(c) Net claims
Net claims incurred 5,933,990 3,522,500
Reinsurance claims (1,463,873) (1,151,388)
Incurred but not reported claims 1,587,437 1,181,781
Net claims (c) 5,037,544 3,552,833

6. OPERATING EXPENDITURE
Staff costs 48,013,100 34,903,261
Administration expenses 4,970,136 4,131,368
Audit fees 432,819 227,035
Depreciation 7,488,625 6,424,894
Writeoff of property and equipment 667,985 635,437
Amortisation of intangible assets 1,017,030 737,505
Property costs 50,851,624 53,176,107

Remuneration of directors / key management personnel (Included in staff costs)
Fees for services as directors 431,782 257,542
Fees for services as directors 431,782 257,542
Pension for past and present directors 433,986 257,542
Salaries and other benefits 5,119,105 4,912,995
9,993,899 9,534,556

Operating leases
The following is an analysis of expenses related to operating leases:
Non cancellable lease rentals payable as follows:
Less than 1 year - 1,223,100
Between 1 and 3 years - 1,223,100
Between 3 and 5 years - 1,223,100
More than 5 years - 2,576,024

7. TAXATION
The Group leases a number of buildings from which its branches operate. The leases typically run for a year of 5 years with an option to renew the lease after the expiry date. On 1 January 2019, the Group initially applied IFRS 16 (Leases) under the transition method chosen and recognised interest on lease liabilities and depreciation expenses as detailed under note 19. For 2019, the Group recognised ZWL$31,471,072 as rent expense in the Statement of Profit or Loss and Other Comprehensive Income under IAS 17.

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

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

7.1 Earnings per Share (ZWL$ cents)
Basic: 26.51 6.3
Fully diluted: 25.37 6.5

7.2 Earnings
Basic earnings (earnings attributable to holders of parent) 137,979,357 34,352,627
Fully diluted: 137,979,357 34,352,627

Number of shares used in calculations (weighted)
Basic: 518,000,320 517,946,733
Fully diluted: 541,477,271 523,665,997

7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:
Weighted average number of shares before adjustment for treasury shares: 518,000,320 517,946,733
Less: Treasury shares held (4,314,483) (4,217,135)
Weighted average number of shares used for basic EPS 513,685,837 513,729,598
Potential dilutive shares (Employee Share Options) 22,777,111 1,732,274
Weighted average number of shares used for diluted EPS 541,477,271 525,462,874
12.1. Sectoral analysis

   - **Private**
     - 171 096 552
     - 23
     - 171 094 597
     - 29
   - **Agriculture**
     - 156 091 519
     - 21
     - 145 295 247
     - 24
   - **Mining**
     - 39 847 572
     - 5
     - 40 468 463
     - 3
   - **Manufacturing**
     - 42 772 557
     - 8
     - 47 966 642
     - 6
   - **Distribution**
     - 205 079 583
     - 26
     - 98 651 177
     - 17
   - **Construction**
     - 11 627 063
     - 1
     - 9 298 572
     - 2
   - **Transport**
     - 9 246 972
     - 1
     - 7 309 247
     - 1
   - **Communication**
     - 1 291 694
     - 1
     - 1 330 489
     - 1
   - **Financial organisations**
     - 118 771 712
     - 15
     - 85 874 035
     - 14
   - **Services**
     - 11 227 053
     - 2
     - 9 377 050
     - 2

   Total carrying
   - 343 223 749
   - 307 429
   - 10 377 762
   - 10 377 762

   Inflation shock adjusted
   - 37 558 578

   Inflation shock adjusted return was higher/lower
   - 307 429
   - 307 429

   15. OTHER ASSETS

   Prepayments and deposits
   - 11 363 234
   - 1 925 107

   Other receivables
   - 31 430 261
   - 29 696 380

   15.2. EQUITY INVESTMENTS

   Opening balance
   - 36 000 336
   - 36 000 336

   Impact of FTT 8 fair value adjustment
   - 3 097 799
   - 3 097 799

   Investments in equity during the period
   - 3 066 415

   Financial assets disposed of during the period
   - (1 150 989)
   - (2 312 394)

   Foreign currency translation movement
   - 5 237 524
   - 5 237 524

   Fair value adjustments through Profit or Loss
   - (59 971)
   - (59 971)

   Fair value adjustments through other Comprehensive Income
   - 1 596 271
   - 1 596 271

   16. INVESTMENT IN EQUITIES

   16.1. Loans to directors, key management and employees

   Charged for impairment on insurance receivables
   - 108 510 226

   16.2. Maturity analysis

   Less than 1 month
   - 244 723 510
   - 241 540 344

   Between 1 and 6 months
   - 16 683 292
   - 38 387 388

   Between 6 months and 1 year
   - 51 510 524
   - 30 811 537

   Between 1 year and 5 years
   - 131 642 333
   - 58 177 780

   More than 5 years
   - 188 706 372
   - 97 032 110

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

   12.3. Loans to directors, key management and employees

   Loans to directors, key management and employees

   Included in advances are loans to Executive Directors and key management

   Opening balance
   - 6 433 991
   - 8 256 381

   Advances made during the period
   - 1 314 233
   - 1 735 462

   Reimbursements during the period
   - (1 335 392)
   - (1 387 469)

   Closing balance
   - 7 319 822
   - 6 893 390

   12.4. Allowance for Expected Credit Loss (ECL)

   Opening balance
   - 111 703 773
   - 76 824 691

   Impact of IFRS 9
   - 20 331 143

   Adjusted opening balance
   - 111 703 773
   - 76 824 691

   Credit loss expense on loans and advances
   - 2 079 690
   - 2 310 359

   Interest in suspense
   - 9 077 928
   - 9 500 172

   Amount written off during the period
   - (5 644 798)
   - (6 739 048)

   Closing balance
   - 123 961 361
   - 111 703 773

   12.5. Collateral

   Cash cover
   - 1 090 187
   - 7 404 594

   Mortgage bonds
   - 579 045 682
   - 574 925 951

   National general ceding bonds
   - 187 366 124
   - 185 973 170

   Total collateral
   - 755 775 173
   - 769 859 501

   13. INSURANCE ASSETS

   Revaluation unearned premium reserve
   - 4 361 418
   - 2 028 582

   Reinsurance receivables
   - 3 447 917
   - 2 046 474

   Gross unearned acquisition costs
   - 1 254 764
   - 1 724 964

   Insurance premium receivable
   - 11 366 501
   - 5 072 982

   Premiums received
   - (37 603)
   - (40 971)

   Impairment provision
   - (1 822 933)
   - (1 201 950)

   Total insurance
   - 19 187 033
   - 7 193 175

   13.1. Reinsurance unearned premium reserve

   Revaluation premium at the beginning of the period
   - 2 079 589
   - 1 350 740

   Written premiums
   - 7 819 191
   - 6 655 917

   Reimbursements during the period
   - (2 457 914)
   - (2 967 654)

   Total reinsurance unearned premium reserve
   - 4 361 419
   - 2 028 582

   13.2. Impairment on insurance assets

   Opening balance
   - 1 076 476
   - 846 162

   Charge for impairment on insurance receivables
   - 104 521
   - 230 264

   Closing balance
   - 1 182 996
   - 1 076 428

   14. IMPAIRMENT ON FINANCIAL INSTRUMENTS

   Expected credit loss expense

   Total
   - 3 797

   Money market instruments
   - (3 448)
   - (3 448)

   Financial securities
   - (5 448)
   - (5 448)

   Loans and advances to customers
   - 1 660 672
   - (20 049)

   Investment properties
   - 1 341 366
   - 3 979 680

   Land and buildings
   - (5 448)
   - (5 448)

   Leased assets
   - (356 448)
   - 356 448

   Total assets
   - 2 041 790
   - 2 041 790

   Insurance assets impairment charge
   - 198 350
   - 198 350

   Expected credit loss expense
   - 2 219 269
   - 2 219 269

   14.1. Expected credit loss expense

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

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

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

   If the fair value adjustment had been 5% up or down, the Group's other comprehensive income would be ZWL$1 230 653 and ZWL$954 466, respectively.
19. PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>ZWL$1,421,527</td>
<td>ZWL$1,613,698</td>
<td>-182,171</td>
</tr>
<tr>
<td>Equipment</td>
<td>ZWL$1,347,435</td>
<td>ZWL$2,530,080</td>
<td>-1,182,645</td>
</tr>
<tr>
<td>Total</td>
<td>ZWL$2,769,062</td>
<td>ZWL$4,143,778</td>
<td>-1,374,716</td>
</tr>
</tbody>
</table>

20.  INVESTMENT PROPERTY

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>ZWL$1,421,527</td>
<td>ZWL$1,613,698</td>
<td>-182,171</td>
</tr>
<tr>
<td>Equipment</td>
<td>ZWL$1,347,435</td>
<td>ZWL$2,530,080</td>
<td>-1,182,645</td>
</tr>
<tr>
<td>Total</td>
<td>ZWL$2,769,062</td>
<td>ZWL$4,143,778</td>
<td>-1,374,716</td>
</tr>
</tbody>
</table>

21.  INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>ZWL$2,769,062</td>
<td>ZWL$4,143,778</td>
<td>-1,374,716</td>
</tr>
</tbody>
</table>

22. DEFERRED TAXATION

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liability</td>
<td>ZWL$2,769,062</td>
<td>ZWL$4,143,778</td>
<td>-1,374,716</td>
</tr>
</tbody>
</table>

23. SECCTORAL ANALYSIS

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property investment</td>
<td>ZWL$2,769,062</td>
<td>ZWL$4,143,778</td>
<td>-1,374,716</td>
</tr>
</tbody>
</table>
## 26. CATEGORIES OF FINANCIAL LIABILITIES

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

## 27. EQUITY AND RESERVES

### 27.1 Share capital

**Authorised**

<table>
<thead>
<tr>
<th>$1.00 000 000 ordinary shares of ZWL $0.01 each</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued and fully paid</td>
</tr>
</tbody>
</table>

**Reconciliation of number of shares**

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

### 27.2 Share premium

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

### 27.3 Treasury shares

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

### 27.4 Reciprocal reserve

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

## 28. CATEGORIES OF FINANCIAL ASSETS

### 28.1 Financial assets

**Reconciliation of number of shares**

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

### 28.2 Share premium

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

### 28.3 Treasury shares

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

### 28.4 Reciprocal reserve

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

## 29. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.

## 30. Share options

**Reconciliation of number of shares**

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

## 31. Share premium

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

## 32. Treasury shares

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
</tr>
<tr>
<td>Treasury shares cancellation                                         668 874 465</td>
</tr>
<tr>
<td>Employee share options                                                443 184</td>
</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

## 33. Reciprocal reserve

<table>
<thead>
<tr>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Treasury shares                                                  665 847 577</td>
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<tr>
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</tr>
<tr>
<td>Closing balance                                                      518 834 001</td>
</tr>
</tbody>
</table>

## 34. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.

## 35. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.

## 36. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.

## 37. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.

## 38. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.

## 39. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.

## 40. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.

## 41. Share options

In the year 443 184 shares were exercised after vesting and ZWL 5 039 047 was realised from the exercise.
## 33. OPERATING SEGMENTS

The Group is comprised of the following operating segments:

<table>
<thead>
<tr>
<th>Category</th>
<th>Reported Operating Segment (ZWL)</th>
<th>Audited Operating Segment (ZWL)</th>
</tr>
</thead>
</table>

The table below shows the segment operational results for the half year ended 30 June 2019:

### 33.1 Segment operational results

<table>
<thead>
<tr>
<th>Segment</th>
<th>Commercial Banking</th>
<th>Investment Banking</th>
<th>Wealth Management</th>
<th>Others</th>
<th>Total Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>1 303 123</td>
<td>1 000 123</td>
<td>1 263 123</td>
<td>1 123 123</td>
<td>4 765 123</td>
</tr>
<tr>
<td>Fee income</td>
<td>1 000 000</td>
<td>2 000 000</td>
<td>1 000 000</td>
<td>2 000 000</td>
<td>5 000 000</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>1 000 000</td>
<td>2 000 000</td>
<td>1 000 000</td>
<td>2 000 000</td>
<td>5 000 000</td>
</tr>
<tr>
<td>Total operating income</td>
<td>2 303 123</td>
<td>5 000 000</td>
<td>2 263 123</td>
<td>5 123 123</td>
<td>11 452 537</td>
</tr>
</tbody>
</table>

### 36. CREDIT RISK

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

Credit risk management framework

The Group through credit originating units as well as approving committees regularly monitors credit exposures, portfolio performance through internal and external investment, operational, risk, valuation and accounting regulatory compliance. Its other responsibilities include reviewing the adequate and effectiveness of the Group’s risk management and control systems and controls as well as the implications of proposed regulatory changes. The Group is also responsible for ensuring that the Group risk taking remains within the risk appetite. The Internal Audit function on the other hand provides independent assurance on the adequacy and effectiveness of the deployed risk management framework.

The CBZ Group Enterprise Wide Governance and Compliance Unit evaluates quality of compliance with policies, processes and governance structures.

In terms of risk governance, the Group has delegated authority to the following Group Board Committees whose membership consist of Non – Executive Directors of the Group:

- Risk Management & Compliance Committee – has the responsibility for oversight and review of prudent risk-taking policies that are in line with the adequacy of the Group’s prudent risk-taking 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’s compliance to tax laws and 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 skill 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 Compliance Culture as one of the major strategic thrusts and is supported by a clearly defined risk appetite in terms of various risk categories.

### 36.1 Risk overview

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 management and risk 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 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 risk categories.

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The Group has taken into account, Circular to Banking Institutions No. 04-2017/BSD: IFRS 9 Adoption and Implementation Procedures which requires the Group to adopt a new model of classification and measurement of financial instruments. The guideline which was issued in the International Financial Reporting Standard (IFRS) 9 issued by the International Accounting Standards Board (IASB) in 2018. The Group has adopted IFRS 9 on a consolidated basis. The Group has identified its Financial Assets for impairment as Loans, Overdrafts, Leases, Bank Guarantees, and Letters of Credit and Financial Guarantees. The Group has taken into account, Circular to Banking Institutions No. 04-2017/BSD: IFRS 9 Adoption and Implementation Procedures which requires the Group to adopt a new model of classification and measurement of financial instruments. The guideline which was issued in the International Financial Reporting Standard (IFRS) 9 issued by the International Accounting Standards Board (IASB) in 2018. The Group has adopted IFRS 9 on a consolidated basis. The Group has identified its Financial Assets for impairment as Loans, Overdrafts, Leases, Bank Guarantees, and Letters of Credit and Financial Guarantees. The Group has taken into account, Circular to Banking Institutions No. 04-2017/BSD: IFRS 9 Adoption and Implementation Procedures which requires the Group to adopt a new model of classification and measurement of financial instruments. The guideline which was issued in the International Financial Reporting Standard (IFRS) 9 issued by the International Accounting Standards Board (IASB) in 2018. The Group has adopted IFRS 9 on a consolidated basis. The Group has identified its Financial Assets for impairment as Loans, Overdrafts, Leases, Bank Guarantees, and Letters of Credit and Financial Guarantees. The Group has taken into account, Circular to Banking Institutions No. 04-2017/BSD: IFRS 9 Adoption and Implementation Procedures which requires the Group to adopt a new model of classification and measurement of financial instruments. The guideline which was issued in the International Financial Reporting Standard (IFRS) 9 issued by the International Accounting Standards Board (IASB) in 2018. The Group has adopted IFRS 9 on a consolidated basis. The Group has identified its Financial Assets for impairment as Loans, Overdrafts, Leases, Bank Guarantees, and Letters of Credit and Financial Guarantees.
Stage 1: (Performing)
For loans or financial instruments which exist at original acquisition, the account is classified as performing if they
1. have not missed a single payment, and
2. have not had any significant increase in credit risk since origination.

Stage 2: (Underperforming)
For loans and financial instruments which are not classified as performing, the Group classifies it as underperforming if:
1. there has been a significant increase in credit risk since origination, or
2. the Group records an allowance for the loan.

Stage 3: (Credit Impaired)
For loans and financial instruments which are not classified as performing or underperforming, the Group classifies it as credit impaired if:
1. the modification in some instances resulted in change in PD, instalment and interest rate among other factors.
2. the Bank has had to modify the terms of the loan.
3. the borrower has had to pay interest.

Cure, Modification and Forbearance of Financial Assets
During the year under Review, some of the financial assets were cured, modified and forborne.

Curing
Cure is the reclassification of a performing asset or underperforming into performing status. To be reclassified and reclassified as performing asset to fulfill the general requirements for reclassifying increased credit risk, the Group needs to have:
1. a reduction in credit risk since last reviewed.
2. the payments have been made for a minimum of 3 months.
3. the borrower has not missed a single payment.

Modification and Forbearance
Modifications and forbearances are agreements between the customer and the Group to change the cash flows from that originally agreed or previously amended as well as contractual terms and conditions. When a contract was subject to some or all of the modifications and/or amendments, it was referred to as modification. It was also referred to as Rescheduling by the Group.

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, other than taking possession or to otherwise enforce collection of collateral. The Group considers a loan for modification when such modifications or modifications are provided as a result of the borrower's present or expected financial difficulties. The Group would not have agreed to amend it if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR calculated before the modification of terms. It is then the loan shall be derecognised.

Derecognition
Derecognition takes place when and only when:
1. the contractual rights to the cash flows from the financial asset expire, or
2. the loan is not expected to be collected.

In March 2019, the Group moved from stage 3 to stage 1, in the case of Mutila Bank. This has been as a result of the

Debt instruments measured at fair value through OCI
To measure the carrying amount of the financial assets, the slope of the credit risk cannot be measured in a consistent and reliable manner.

Cure, Modification and Forbearance of Financial Assets
During the year under Review, some of the financial assets were cured, modified and forborne.

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### 36.1.3.2 Reserve Bank Ratings

<table>
<thead>
<tr>
<th>Period</th>
<th>CAMELS RATING</th>
<th>Adequacy</th>
<th>Profitability</th>
<th>Liquidity</th>
<th>Asset Quality</th>
<th>Credit Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Dec 2017</td>
<td>C</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

*In line with exchange control directive R3/18, CBZ Bank reduced its liquidity debt with the Reserve Bank of Zimbabwe. Liability debt mix on 31 December 2017 compared to 31 December 2016 did not change significantly. The change in liquidity position and further commentary is discussed in the exchange rate adjustment section.*

### 36.3.2 Foreign currency position as at 30 June 2019

<table>
<thead>
<tr>
<th>Currency</th>
<th>USD</th>
<th>ZAR</th>
<th>GBP</th>
<th>EUR</th>
<th>Other Foreign currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance sheet as at 30 June 2019</td>
<td>34,936,018</td>
<td>4,542,005</td>
<td>3,589,026</td>
<td>2,454,779</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities as at 30 June 2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign currency position as at 30 June 2019</td>
<td>34,936,018</td>
<td>4,542,005</td>
<td>3,589,026</td>
<td>2,454,779</td>
<td>-</td>
</tr>
</tbody>
</table>

### 36.3.3 Core Financial Indicators

<table>
<thead>
<tr>
<th>Period</th>
<th>ZWL $</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*In line with exchange control directive R3/18, CBZ Bank reduced its liquidity debt with the Reserve Bank of Zimbabwe. Liability debt mix on 31 December 2017 compared to 31 December 2016 did not change significantly. The change in liquidity position and further commentary is discussed in the exchange rate adjustment section.*

### 36.4.2 Foreign currency position as at 30 December 2018

<table>
<thead>
<tr>
<th>Currency</th>
<th>USD</th>
<th>ZAR</th>
<th>GBP</th>
<th>EUR</th>
<th>Other Foreign currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance sheet as at 31 December 2018</td>
<td>2,966,063</td>
<td>349,947</td>
<td>285,160</td>
<td>183,533</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities as at 31 December 2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign currency position as at 31 December 2018</td>
<td>2,966,063</td>
<td>349,947</td>
<td>285,160</td>
<td>183,533</td>
<td>-</td>
</tr>
</tbody>
</table>

**Note:** The foreign currency position as of 30 June 2019 has been materially affected by the foreign exchange rate depreciation which occurred in the first half of 2019.
The following note highlights the impact on the Statement of Profit or Loss and Other Comprehensive Income and

• to recognise the gain partly through Profit & Loss and partly through Other Comprehensive Income in line

• to recognise the whole gain through Other Comprehensive Income and

• to recognise the whole gain through Profit & Loss

Given the non-prescriptive nature of IAS21 on the treatment of such a gain specifically resulting from a Change in

CBZ Bank Limited
Partners For Success

Total comprehensive income  586 946 245 586 946 245
Exchange gains on change of functional currency  - 87 682 562
Deferred income tax relating to components of
Other comprehensive income
Profit after taxation  391 045 568 303 363 006
Total income  507 149 513  419 466 951
Net non-interest income   199 117 597  199 117 597
Net interest income  47 916 435  47 916 435
Interest income   68 833 378   68 833 378

Adequacy of Risk Management Systems

Weak - risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution, resulting in exposure to significant inherent risk. Unmet risk exposure and therefore a failure of control, supervisory action, and the risk of a material impact of a capital shortfall. Irrespective of knowledge, risk management systems are not in place. The potential for a material impact of a capital shortfall is high.

Overall Composite Risk

Low - would be assigned to low inherent risk areas. Moderate risk areas may be assigned to 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 of the inherent 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 and risk management weaknesses to these have been recognised and are being addressed. Management information systems are generally adequate.

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

Inherent Risk

Low - indicates that the new exposure is of low significance. Lower inherent risk would have little negative impact on the profitability of the organization.

Moderate - indicates that the new exposure is of moderate significance. Moderate inherent risk would have moderate negative impact to the profitability of the organization.

High - indicates that the new exposure is of high significance. High inherent risk would have a high negative impact on the profitability of the organization.

Credit Risk

Moderate

Acceptable

Acceptable

Medium

Level of Inherent Risk

Low - indicates that the new exposure is of low significance. Lower inherent risk would have little negative impact on the profitability of the organization.

Moderate - indicates that the new exposure is of moderate significance. Moderate inherent risk would have moderate negative impact to the profitability of the organization.

High - indicates that the new exposure is of high significance. High inherent risk would have a high negative impact on the profitability of the organization.

Credit Risk

Moderate

Acceptable

Acceptable

Medium

Credit Risk

Moderate

Acceptable

Acceptable

Medium

Credit Risk

Moderate

Acceptable

Acceptable

Medium

Credit Risk

Moderate

Acceptable

Acceptable

Medium

Credit Risk

Moderate

Acceptable

Acceptable

Medium
COPRARE GOVERNANCE

The Group recognises the need to conduct the affairs of the company with integrity and in an open and fair corporate governance practice. In order to protect shareholders, 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 ongoing sustainability of the business, the creation of long term shareholder value and shareholder benefit from the Group’s ongoing success. The Board of Directors is responsible for ensuring that the Group has a clearly defined governance and compliance framework. The Board is not only accountable to shareholders, while also considering the interests of other stakeholders such as customers, employees, suppliers, regulators and the community. In an environment of increasing change and complexity of regulation, management aims to achieve a balance between the governance expectations of shareholders and other stakeholders, and the need to generate competitive financial returns.

GOVERNANCE STRUCTURE

THE BOARD OF DIRECTORS

This is the main decision-making body, setting the strategic direction of the Group and ensuring that the Group manages risk effectively. The Board is collectively responsible for the long term success of the company and is accountable to shareholders for financial and operational performance. In addition, the board is responsible for the overall stewardship of the Group and in particular for its long-term growth and profitability through implementation of agreed strategic policies and financial objectives. The Board comprises 8 directors being an Independent non-executive chairman, two executive directors and four non-executive directors.

Retirement and Appointment of New Directors

During the course of the half year, Irene Director, Mr. Governor Tapasira, Mrs Rosalie Nhoro and Mr Froud Dernawi were permanently retired from the Board having served for a period of ten years. A new Director, Dr. Patience Matshe was appointed at the beginning of the year to the CBZ Holdings Board as a Non-Executive Director.

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

The appointments define a management procedure and are subject to confirmation by shareholders at the Annual General Meeting. Before appointment, potential board appointees must undergo a fitness and probity assessment in line with the Reserve Bank of Zimbabwe (RBZ) Prudential Guidelines and the Banking Act.

Banking Amendment Act 2015

Since the promulgation of the banking amendment act, 2015 the Group has taken all the necessary steps to comply with its provisions.

BOARD COMMITTEES

The Board committee continues to play a crucial role in the company’s governance framework, undertaking their work comprehensively and effectively supporting the work of the board. The Board has established and delegated specific roles and responsibilities to these standing committees, to assist it in discharging its duties. Standing committees are: Audit and Finance Committee Risk Management and Compliance Committee and Human Resources and Corporate Governance Committee (also see as Namibian Committees).

The committees meet quarterly in accordance with their terms of reference and members of the executive committee and management attend meetings of the various committees by invitation.

The Boards of Directors of the various units as of 30 June 2019 were constituted as detailed below:

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

<table>
<thead>
<tr>
<th>NAME</th>
<th>COMMITTEE</th>
<th>MEETINGS HELD</th>
<th>MEETINGS ATTENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. B. Mudavanhu</td>
<td>AUDIT &amp; COMPLIANCE</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>J. Smith*</td>
<td>FINANCE</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>V. Masunda</td>
<td>HR &amp; FINANCE</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>M. Mudondo</td>
<td>MAIN BOARD</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>E.T Shangwa</td>
<td>TOTAL COMMITTEES</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
| CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER (JANUARY TO JUNE 2019)

<table>
<thead>
<tr>
<th>NAME</th>
<th>COMMITTEE</th>
<th>MEETINGS HELD</th>
<th>MEETINGS ATTENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. B. Mudavanhu</td>
<td>AUDIT &amp; COMPLIANCE</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>J. Smith*</td>
<td>FINANCE</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>V. Masunda</td>
<td>HR &amp; FINANCE</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>M. Mudondo</td>
<td>MAIN BOARD</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>E.T Shangwa</td>
<td>TOTAL COMMITTEES</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

STATEMENT OF COMPLIANCE

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

By order of the Board

07 August 2019

Pramlesh A. Nahari

GROUP LEGAL CORPORATE SECRETARY

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019

BANKING | INSURANCE | ASSET MANAGEMENT | PROPERTY INVESTMENT | MORTGAGE FINANCE
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2019

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

1. INCORPORATION CONCEPTS
The Bank is incorporated in Zimbabwe and registered in terms of the Companies Act (Chapter 24:03) and the Banking Act (Chapter 24:25). It offers banking, mortgage finance, commercial banking, investment banking, wealth management, insurance, leasing and custodial services.

2. ACCOUNTING POLICIES
The Bank has applied accounting policies that are consistent to those of the Group. Refer to Group accounting policies on page 3.

2.1 NET INTEREST INCOME

Interest income

<table>
<thead>
<tr>
<th>Source</th>
<th>30 June 2019</th>
<th>30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers</td>
<td>(99 661 546)</td>
<td>(13 650 637)</td>
</tr>
<tr>
<td>Liabilities settled in cash</td>
<td>137 259 618</td>
<td>291 485 145</td>
</tr>
<tr>
<td>Gains on property revaluations</td>
<td>124 868 373</td>
<td>373 201 620</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>(29 525 131)</td>
<td>147 927 871</td>
</tr>
</tbody>
</table>

3. NET NON-INTEREST INCOME

Fair value adjustment on investment property | 42.5 000 000 - |
Net income from foreign currency dealings | 12 530 935 2 371 652 |
Unrealised loss on foreign currency positions | (5 229 856) - |
Unrealised gain on foreign currency positions | - 24.5 |
Profit/(loss) on disposal of fixed assets | 57 169 (57 181) |
Deferred tax relating to components of other comprehensive income | 5.3 (32 298 605) - |
Other administrative expenses | 22 849 241 3 158 103 |
Current tax expense | 8 344 338 - |
Other comprehensive income | 6 363 312 150 545 |
Total operating income | 30 703 301 40 189 312 |

4. OPERATING EXPENSES

Staff costs | 23 771 742 6 012 199 |
Remuneration of directors / key management personnel | 24.1 94 812 47 359 |
Other administration expenses | 22 842 977 14 012 265 |
Current tax payable | 1 145 992 - |
Total operating expenses | 54 31 691 122 495 696 |

5. TAXATION

The Bank has a corporate tax rate of 25.0% on its taxable income.

6. EARNINGS PER SHARE

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

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

The notes of items 6.1, 6.2 and 6.3 reflect the respective earnings and share data used in the basic and diluted earnings per share computations.

Annualised earnings per share (US cents)

Basic earnings | 15.32 12.49 |
Diluted earnings | 15.32 12.49 |

EARNINGS

Basic earnings attributable to holders of parent | 39 215 663 31 965 431 |
Fully Diluted | 39 215 663 31 965 431 |

Number of shares used in calculations (weighted)

Fully Diluted | 511 871 881 511 871 881 |

EARNINGS FULLY DILUTED | 511 871 881 511 871 881 |
### 12. IMPAIRMENT ON FINANCIAL INSTRUMENTS

12.1 Expected credit loss (ECL)

The table below shows the ECL charges on financial instruments for the year reported in the loss or profit for the period.

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance carry-over</td>
<td>Expected credit loss - ECL</td>
<td>Expected credit loss - ECL</td>
<td>Expected credit loss - ECL</td>
</tr>
<tr>
<td>Balance carry-over from 2018</td>
<td>511 875 951</td>
<td>511 875 951</td>
<td>511 875 951</td>
</tr>
</tbody>
</table>

#### 12.2 Stage 1

<table>
<thead>
<tr>
<th>Impaired</th>
<th>Stage 1 impairment</th>
<th>Stage 1 expected credit loss</th>
<th>Stage 1 PD</th>
<th>Stage 1 LTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance carry-over</td>
<td>511 875 951</td>
<td>511 875 951</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### 12.3 Stage 2

<table>
<thead>
<tr>
<th>Impaired</th>
<th>Stage 2 impairment</th>
<th>Stage 2 expected credit loss</th>
<th>Stage 2 PD</th>
<th>Stage 2 LTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance carry-over</td>
<td>511 875 951</td>
<td>511 875 951</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### 12.4 Stage 3

<table>
<thead>
<tr>
<th>Impaired</th>
<th>Stage 3 impairment</th>
<th>Stage 3 expected credit loss</th>
<th>Stage 3 PD</th>
<th>Stage 3 LTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance carry-over</td>
<td>511 875 951</td>
<td>511 875 951</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### 12.5 Summary

- **Impairment on financial instruments** (ZWL$): 511 875 951
- **Stage 1 impairments** (ZWL$): 511 875 951
- **Stage 2 impairments** (ZWL$): 511 875 951
- **Stage 3 impairments** (ZWL$): 511 875 951
- **Total impairment on financial instruments** (ZWL$): 511 875 951

### 13. OTHER ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>10 582 695</td>
<td>10 803 584</td>
</tr>
<tr>
<td>Receivables</td>
<td>2 154 069</td>
<td>2 419 567</td>
</tr>
<tr>
<td>Stationary</td>
<td>1 430 595</td>
<td>1 544 067</td>
</tr>
</tbody>
</table>

#### 14. EQUITY INVESTMENTS

- **Equity investments** (ZWL$): 359 351 883
- **31 December 2018** (ZWL$): 359 351 883
- **30 June 2019** (ZWL$): 4 387 565
- Total: 4 387 565

### 15. CATEGORIES OF FINANCIAL ASSETS

#### 15.1 Stage 1

<table>
<thead>
<tr>
<th>Category</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to banks and cash</td>
<td>-</td>
<td>511 875 951</td>
</tr>
<tr>
<td>Money market investments</td>
<td>-</td>
<td>511 875 951</td>
</tr>
</tbody>
</table>

#### 15.2 Stage 2

<table>
<thead>
<tr>
<th>Category</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial securities</td>
<td>-</td>
<td>511 875 951</td>
</tr>
<tr>
<td>Loans &amp; advances to customers</td>
<td>-</td>
<td>511 875 951</td>
</tr>
<tr>
<td>Other monetary assets</td>
<td>-</td>
<td>511 875 951</td>
</tr>
</tbody>
</table>

#### 15.3 Stage 3

<table>
<thead>
<tr>
<th>Category</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans &amp; advances to customers</td>
<td>-</td>
<td>511 875 951</td>
</tr>
<tr>
<td>Other monetary assets</td>
<td>-</td>
<td>511 875 951</td>
</tr>
</tbody>
</table>

### 16. FAIR VALUE MEASUREMENT

#### 16.1 Definitions

- **Fair value adjustment** other comprehensive income: 724 991
- **Impairment on financial instruments** (ZWL$): 511 875 951
- **Impairment on financial instruments** (ZWL$): 4 387 565
- **Impairment on financial instruments** (ZWL$): 3 650 005

### 17. PROPERTY AND EQUIPMENT

#### 17.1 Property

- **Real estate** (ZWL$): 2 063 705 849
- **Property investment** (ZWL$): 2 063 705 849

### 17.2 Equipment

- **Machinery & equipment** (ZWL$): 2 063 705 849
- **Lease assets** (ZWL$): 2 063 705 849

### 17.3 Loans and advances

- **Loans and advances to customers** (ZWL$): 2 063 705 849
- **Total advances** (ZWL$): 2 063 705 849

### 17.4 Income

- **Net interest income** (ZWL$): 2 063 705 849
- **Other income** (ZWL$): 2 063 705 849

### 17.5 Profit before tax

- **Profit before tax** (ZWL$): 2 063 705 849
- **Income tax** (ZWL$): 2 063 705 849

### 17.6 Profit after tax

- **Profit after tax** (ZWL$): 2 063 705 849
- **Profit attributable to ordinary shareholders** (ZWL$): 2 063 705 849

### 17.7 Balance sheet

- **Share capital & reserves** (ZWL$): 2 063 705 849
- **Total shareholders’ funds** (ZWL$): 2 063 705 849
In determining the market values of the subject properties, the following was considered:

- Comparable market evidence which comprised complete transactions as well as transactions where offers had been made but the transactions had not been finalised.
- The Bank’s experience of the fact that properties in the transaction were not sold in comparable times-in terms of size, quality and location to the properties owned by the Bank.
- The reassessment of the market values of commercial properties on date, and the above factor, was assessed under reference to the properties in the transaction as well as the values per square metre of valuated sale for both the subject properties and comparables were analysed.

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

- Surveying and collection of similar past transactions.
- Analysis of the collected data, and
- Comparison of the analysis of the subject property with and then calculating the valuation of the subject property.

Adjustments were made to the following aspects:

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

<table>
<thead>
<tr>
<th>Buildings</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZWL</td>
<td>ZWL</td>
<td>ZWL</td>
</tr>
<tr>
<td>Opening balance</td>
<td>5,844,590</td>
<td>2,907,010</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>917,975</td>
<td>3,196,921</td>
</tr>
<tr>
<td>Closing balance</td>
<td>4,926,615</td>
<td>2,400,089</td>
</tr>
</tbody>
</table>

The carrying amount of buildings would have been ZWL$26,580,600 (December 2018: ZWL$25,980,600) had they been carried at cost. Property was tested for impairment through comparison with open market values determined by an independent valuer.

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

Below is the breakdown of the right of use assets:

<table>
<thead>
<tr>
<th>Buildings</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZWL</td>
<td>ZWL</td>
<td>ZWL</td>
</tr>
<tr>
<td>Opening balance</td>
<td>14,484,354</td>
<td>12,397,399</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>2,556,564</td>
<td>1,988,692</td>
</tr>
<tr>
<td>Closing balance</td>
<td>12,927,790</td>
<td>10,408,707</td>
</tr>
</tbody>
</table>

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

17.1. Right of Use Assets

17.1a. At cost

<table>
<thead>
<tr>
<th>Buildings</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZWL</td>
<td>ZWL</td>
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</tr>
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<td>3,196,921</td>
</tr>
<tr>
<td>Closing balance</td>
<td>4,926,615</td>
<td>2,400,089</td>
</tr>
</tbody>
</table>

The carrying amount of the investment properties is the fair value of the properties as determined by a registered valuer. This was determined following the sale or rental of the properties, and was confirmed by the subject valuer. A variety of valuations were undertaken from real market transactions for similar properties in the same location and category of the properties 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. Properties were revalued on an open market basis by an internal professional valuer, as at 30 June 2019 in accordance with the above manual.

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

- A valuation by directly comparing the subject property, which has been sold or rented out. The procedure was performed as follows:
  - Surveying and collection of similar past transactions.
  - Analysis of the collected data, and
  - Comparison of the analysis of the subject property with

17.1b. Lease liability maturity analysis

<table>
<thead>
<tr>
<th>Lease liability maturity analysis</th>
<th>Time period</th>
<th>ZWL</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than one year</td>
<td>3,545,827</td>
<td></td>
</tr>
<tr>
<td>one to five years</td>
<td>12,181,642</td>
<td></td>
</tr>
</tbody>
</table>

17.1c. Interest on lease liability

<table>
<thead>
<tr>
<th>Interest on lease liability</th>
<th>ZWL</th>
</tr>
</thead>
<tbody>
<tr>
<td>337,762</td>
<td></td>
</tr>
</tbody>
</table>

18. INVESTMENT PROPERTIES

18.1. Open market values

<table>
<thead>
<tr>
<th>Buildings</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZWL</td>
<td>ZWL</td>
<td>ZWL</td>
</tr>
<tr>
<td>Opening balance</td>
<td>7,010,000</td>
<td>6,077,000</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>10,515,000</td>
<td>8,234,700</td>
</tr>
<tr>
<td>Closing balance</td>
<td>4,595,000</td>
<td>1,843,300</td>
</tr>
</tbody>
</table>

The carrying amount of the investment properties is the fair value of the properties as determined by a registered independent professional valuer, having an appropriate recognised professional qualification and recent experience in 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. The valuations were performed having regard to recent market transactions for similar properties in the same location and category of the properties being valued.

- The reasonableness of the market values of commercial properties so determined, per the above bullet, was assessed by direct comparison with open market sales and, in cases where sales were not available, by reference to recent sales transactions involving comparable properties.
- The fair value adjustment had been 5% up or down, the Bank’s profit after tax would have been $1,444,831 higher or lower than the reported profit.
25. Risk Management

25.1 Risk overview

CBZ Bank Limited has continued to be guided by a desire to uphold a “High Risk Management and Compliance Culture” that involves the need to mitigate risk factors which is embedded under globally defined risk appetite in line with the existing risk management framework. The Bank regularly carries out risk analyses through value at risk (VAR) assessment, stress testing as well as stress testing of its exposure to extreme and drop in net capital, providing a risk-based assessment of the balance sheet.

The Bank’s risk management framework analyses the quantitative and qualitative risk profile of the Bank’s activities, to provide a risk-based assessment of its balance sheet.

25.2 Bank risk management framework

The Bank holds collateral against loans and advances to customers in the form of mortgage bonds over property, other assets including mortgage bonds over property, other assets including mortgage bonds over property, other assets and covered by accounts receivable from customers.

The Bank holds collateral against loans and advances to customers in the form of mortgage bonds over property, other assets including mortgage bonds over property, other assets and covered by accounts receivable from customers.

25.3 Credit risk

25.3.1 Credit risk exposure

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

<table>
<thead>
<tr>
<th>Component</th>
<th>Maximum Exposure (ZWL)</th>
<th>Maximum Exposure (ZWL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances</td>
<td>193,452,514</td>
<td>193,452,514</td>
</tr>
<tr>
<td>Advances to customers</td>
<td>506,340,228</td>
<td>506,340,228</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>509,978,696</td>
<td>369,079,119</td>
</tr>
<tr>
<td>Assets in guarantee</td>
<td>3,804,865</td>
<td>2,709,324</td>
</tr>
<tr>
<td>Non-performing advances to banks</td>
<td>1,307,650</td>
<td>1,307,650</td>
</tr>
<tr>
<td>Collateral analysis</td>
<td>3,133,933</td>
<td>3,133,933</td>
</tr>
<tr>
<td>Total</td>
<td>7,260,695</td>
<td>9,880,859</td>
</tr>
</tbody>
</table>

Where these amounts are recorded at fair value, the amount 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.

28.4 Risk-based capital

Risk-based capital is a comprehensive, consistent and systematic approach to risk management that results in a better and more risk-sensitive framework.

28.4.1 Tiering and capital adequacy

The Capital Adequacy Ratio (CAR) is a measure of the Bank’s ability to absorb unexpected losses. It is the ratio of tier 1 capital to risk-weighted assets and is expressed as a percentage. The minimum CAR requirement for banks is 12%.

28.5 Capital management

The Bank’s capital management framework enables limits that are risk-related benchmarks for wholesale funding, retail funding, loans to deposit ratios, counter-party exposures as well as prudential liquidity ratios.

The primary source of funding for 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 relies on the ability of the Asset and Liabilities Committee (A&LC) processes and procedures to maintain asset and liability development that meet the growth aspirations in deposits and adequate funding respectively.

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

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Gross Carrying Amount (ZWL)</th>
<th>ECL Allowance (ZWL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,241,633,562</td>
<td>1,169,084,485</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Gross Carrying Amount (ZWL)</th>
<th>ECL Allowance (ZWL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>326,664,473</td>
<td>326,664,473</td>
</tr>
</tbody>
</table>

The Bank has a Capital Adequacy Ratio (CAR) of 15.3% as at 30 June 2019, which is above the prescribed minimum of 12% for all financial institutions in the country.

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

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

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

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Financial and strategic risk profile is illustrated below:

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

- **Interest rate risk**
  - **Average for the period** 73.95
  - **At 30 June 2019** 74.98
  - **Details of the liquidity ratio for the Bank at the reporting date and during the reporting period were as follows:**

20. **Interest rate risk**

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

The Bank carries out static statement of financial position analysis to track statement of financial position growth drivers, the table above shows the Bank's non-derivative on and off balance sheet financial assets and liabilities on 30 June 2019.

The table above shows the cash flows of the Bank's non-derivative on and off balance sheet financial assets and liabilities on 30 June 2019.

The Bank carries out static statement of financial position analysis to track statement of financial position growth drivers, the major areas of intervention involve daily monitoring of costs of funds, monthly analysis of interest rate repricing gaps, monthly interest rate simulations to evaluate the Bank's ability to sustain a stressed interest rate environment and various interest rate 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 determines its credit facilities in the base currency, the ZWL, in order to minimise any cross currency interest rate risk. The Bank's interest rate risk profile is illustrated below:

### 20.1 Internal rate risk and gap analysis

<table>
<thead>
<tr>
<th></th>
<th>1 to 12 months</th>
<th>1 to 24 months</th>
<th>2 to 36 months</th>
<th>3 to 60 months</th>
<th>Over 60 months</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance with banks and cash</td>
<td>332 844 444</td>
<td>43 020 500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Money market assets</td>
<td>70 244 339</td>
<td>43 020 500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>116 302 844</td>
<td>43 020 500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other liquid assets</td>
<td>42 935 235</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity investments</td>
<td>5 112 556</td>
<td>3 427 456</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>2 315 223</td>
<td>183 224</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other foreign</td>
<td>7 010 000</td>
<td>7 010 000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2 207 889 932</td>
<td>2 197 511 705</td>
<td>2 979 530 183</td>
<td>8 122 664 308</td>
<td>9 058 825 493</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1 989 972 538</td>
<td>1 639 749 823</td>
<td>2 778 506 774</td>
<td>7 480 515 786</td>
<td>7 214 693 608</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>217 917 405</td>
<td>539 751 882</td>
<td>1 198 791 291</td>
<td>7 406 168 522</td>
<td>8 753 121 885</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2 207 889 932</td>
<td>2 197 511 705</td>
<td>2 979 530 183</td>
<td>8 122 664 308</td>
<td>9 058 825 493</td>
</tr>
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<td><strong>Total liabilities</strong></td>
<td>1 989 972 538</td>
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<td>7 480 515 786</td>
<td>7 214 693 608</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>217 917 405</td>
<td>539 751 882</td>
<td>1 198 791 291</td>
<td>7 406 168 522</td>
<td>8 753 121 885</td>
</tr>
</tbody>
</table>

The table above shows the cash flows of the Bank's non-derivative on and off balance sheet financial assets and liabilities on 30 June 2019.

The Bank carries out static statement of financial position analysis to track statement of financial position growth drivers, the table above shows the Bank's non-derivative on and off balance sheet financial assets and liabilities on 30 June 2019.

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

Throughout the adoption of the Zimbabwe Dollar (ZWL) as the functional currency and reporting currency, the Bank translated all Foreign Currency denominated balances to the ZWL as per the requirements of ‘International Accounting Standard (IAS) 21, ‘The Effects of Changes in Foreign Exchange Rates’. Application of IAS 21 resulted in the realisation of a Foreign Currency Translation gain of ZWL$1,856,961.

Given the non-prescriptive nature of IAS 21 on the treatment of such a gain specifically resulting from a Change in Functional Currency, the Bank decided to:

- to recognise the whole gain through Profit & Loss
- to recognise the whole gain through Other Comprehensive Income

### 34. Compliance matter

CBZ Bank Limited is cooperating in ongoing investigations by the Office of Foreign Asset Control (OFAC) regarding historical transactions involving a party that was subject to OFAC sanctions at the time of the transactions. These transactions involved the Bank and its subsidiaries, affiliates and representative offices. The matters under investigation include a possible violation of the United States sanctions against Zimbabwe, as well as the King Code which is an internationally respected benchmark in Corporate Governance.

### 35. Disclosure Policy

The Board is aware of the importance of balanced and understandable communication of the Bank’s activities to its stakeholders and strives to clearly present any matters material to a proper appreciation of the Bank’s position. The Board is committed to the full implementation of the King Code which is an internationally respected benchmark in Corporate Governance.

The Bank endorses the manner, through its regular public disclosure of operations and qualitative information that analysts estimate in line with the Bank’s own expectations. The Bank does not confirm or attempt to influence analyst opinions or conclusions and does not express comfort with analysts’ models and earnings estimates.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2019

Notes

<table>
<thead>
<tr>
<th>Description</th>
<th>UNAUDITED 30 JUNE 2019 ZWL</th>
<th>UNAUDITED 31 DEC 2018 ZWL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value adjustment on properties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealised gains/losses on financial instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit before changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non cash inflows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS FROM FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non cash inflows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non cash dividends and share issues</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

Notes

<table>
<thead>
<tr>
<th>Description</th>
<th>UNAUDITED 30 JUNE 2019 ZWL</th>
<th>UNAUDITED 31 DEC 2018 ZWL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Notes

<table>
<thead>
<tr>
<th>Description</th>
<th>UNAUDITED 30 JUNE 2019 ZWL</th>
<th>UNAUDITED 31 DEC 2018 ZWL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit before changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non cash inflows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Non cash dividends and share issues</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Notes

<table>
<thead>
<tr>
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<td></td>
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<tr>
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<td></td>
</tr>
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<td></td>
</tr>
<tr>
<td>Non cash inflows from financing activities</td>
<td></td>
<td></td>
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<tr>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

<table>
<thead>
<tr>
<th>Description</th>
<th>UNAUDITED</th>
<th>AUDITED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comprehensive income</strong></td>
<td><strong>ZWL</strong></td>
<td><strong>ZWL</strong></td>
</tr>
<tr>
<td><strong>Profit for the period after taxation</strong></td>
<td>2 085 940</td>
<td>2 085 940</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>(384 240)</td>
<td>(384 240)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>1 701 700</td>
<td>1 701 700</td>
</tr>
</tbody>
</table>

### STATEMENT OF CASH FLOWS

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

<table>
<thead>
<tr>
<th>Description</th>
<th>UNAUDITED</th>
<th>AUDITED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash outflow from operating activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash inflow from investing activities</strong></td>
<td>964 940</td>
<td>964 940</td>
</tr>
<tr>
<td><strong>Net cash outflow from financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>492 686</td>
<td>492 686</td>
</tr>
</tbody>
</table>

### STATEMENT OF FINANCIAL POSITION

**AS AT 30 JUNE 2019**

<table>
<thead>
<tr>
<th>Description</th>
<th>UNAUDITED</th>
<th>AUDITED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share capital</strong></td>
<td>63 005</td>
<td>63 005</td>
</tr>
<tr>
<td><strong>Share premium reserve</strong></td>
<td>1 924 944</td>
<td>1 924 944</td>
</tr>
<tr>
<td><strong>Revenue reserves</strong></td>
<td>8 691 602</td>
<td>8 691 602</td>
</tr>
<tr>
<td><strong>Foreign currency translation reserve</strong></td>
<td>2 740 547</td>
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<td>17 080 818</td>
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**UNAUDITED**

<table>
<thead>
<tr>
<th>Description</th>
<th><strong>ZWL</strong></th>
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<tr>
<td><strong>Share capital</strong></td>
<td>63 005</td>
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</tr>
<tr>
<td><strong>Share premium reserve</strong></td>
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</tr>
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**STATEMENT OF CASH FLOWS FROM OPERATING ACTIVITIES**

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<th>Description</th>
<th><strong>ZWL</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>8 516 641</td>
<td>8 516 641</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>9 637</td>
<td>9 637</td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td>1 275 859</td>
<td>1 275 859</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>555 624</td>
<td>555 624</td>
</tr>
</tbody>
</table>

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**STATEMENT OF CHANGES IN EQUITY**

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

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

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<th>Description</th>
<th><strong>ZWL</strong></th>
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<tbody>
<tr>
<td><strong>Net cash outflow from operating activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash inflow from investing activities</strong></td>
<td>964 940</td>
<td>964 940</td>
</tr>
<tr>
<td><strong>Net cash outflow from financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>492 686</td>
<td>492 686</td>
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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<tbody>
<tr>
<td><strong>Profits after taxation</strong></td>
<td>6 301 940</td>
<td>6 301 940</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>6 301 940</td>
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<tr>
<td><strong>Operating expenditure</strong></td>
<td>(2 105 628)</td>
<td>(2 105 628)</td>
</tr>
<tr>
<td><strong>Technical result</strong></td>
<td>2 927 724</td>
<td>2 927 724</td>
</tr>
<tr>
<td><strong>Net claims</strong></td>
<td>7 574 120</td>
<td>7 574 120</td>
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<td><strong>Net earned premium</strong></td>
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