

FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business



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CHAIRMAN'S STATEMENT

I am pleased to present the financial results for CBZ Holdings Limited and its subsidiaries for the year ended 31 December 2019.

Operating Environment

The operating environment presented a number of challenges during the period under review.

On the global scale, the International Monetary Fund "IMF" estimates global growth to have declined from 3.6% in 2018 to a revised 2.9% in 2019. Underpinning the slowdown in global activity was the combined effects of trade and geo-political tensions, Brexit related uncertainties and general weaknesses in emerging markets. However, these threats also allowed businesses to strengthen in existing markets and explore new global markets, as well as improve trade agreements and partnerships. This, in turn, sustained the demand for trade finance and related concisions.

In Zimbabwe, the Government forged ahead with the monetary and fiscal reforms that began during the last quarter of 2018. Major reforms and policy changes included liberalisation of the foreign currency market; floating of the local currency; effective February 2019; legislative changes, e.g. Statutory Instruments 133, 142 and 212 of 2019 to buttress the currency reforms; enhancement of the central bank overnight accommodation window; and the establishment of the Reserve Bank of Zimbabwe Monetary Policy Committee to strengthen policy conduct and oversight.

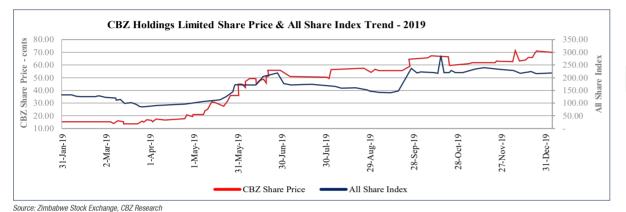
However, the lack of necessary interventions such as Balance of Payments and budgetary support to buttress the reform efforts evidently affected policy conduct during the period under review. This was reflected through foreign currency shortages, exchange rate weaknesses and inflationary pressures. Additionally, the supply of fuel, electricity and water also remained below optimal levels, thereby constraining investment and expansion of production.

Nevertheless, the authorities strived to balance the competing social, political and economic goals of the nation, using all available resources. This somewhat minimised the adverse impact of the challenges, and at the same time created new opportunities for business. The challenges revolved around cost escalations, while the trade, mining, agriculture and manufacturing sectors presented greater business opportunities

Meanwhile, all the Group's business segments remained adaptive and flexible enough to pursue tactics that minimised risks, while at the same time taking advantage of emerging opportunities to preserve and grow shareholder value.

Share Price Performance

The CBZH share price advanced by 349.7% to close at ZW 69.71c in 2019, outperforming the overall market, as shown 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 provides direction and sets targets for management while ensuring that an effective and robust governance structure is in place. There were significant changes that occurred to the governance structures within the Group and in particular, the Board of Directors. During the year, the following directors retired from the Board: Mrs Roseline Nhamo, Mr Givemore Taputaira and Mr Fouad Mokhtar Dernawi (5 June 2019); Mr Noah Matimba - Chairman (31 August 2019); Mr William John Annandale (31 October 2019); Mr Patience Matshe, Mrs Varaidzo Zifudzi, Mr Malcolm John Hollingworth and Mr John Matorofa (1 November 2019). I would like to thank them for their contribution towards the growth of the company over many years.

I would like to welcome the following directors, who were appointed on 1 November 2019: Mr Louis Charles Gerken, Mr Edward Ushemazoro Mashingaidze, Ms Rebecca Gaskin Gain and Mr Edward Elio Galante. Mr Tawanda Gumbo joined the company as the new Group Chief Finance Officer and Executive Director on 3 February 2020. The new directors bring a wealth of experience from a diverse range of disciplines. This will strengthen the company's position as the premier corporate finance and investment banking institution in Zimbabwe. I'm confident that under the leadership of the new board, we're in the best possible position to deliver the company's strategic vision.

Corporate Social Responsibility

As CBZ Holdings, we are committed to elevating the marginalized in the community under our Corporate Social Responsibility (CSR) initiatives. Our focus is to be involved in sustainable initiatives that are community driven. We strongly believe in establishing smart partnerships that are purpose driven. Our key focus areas involved the following in 2019: - Education, Human Welfare, Health Sporting Excellence, and Staff Volunteering. The major CSR initiatives for the period under review were made towards the Youth Entrepreneurial Programme, Tariro Trust, CBZ National Schools Debate, Cyclone Idai donations, Copota School for the Blind.

Overview of the Group's performance

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

	INFLATION	I ADJUSTED	HISTORICAL		
	AUDITED DECEMBER 2019			UNAUDITED DECEMBER 2018	
Key Financial Highlights	ZWL \$m	ZWL \$m	ZWL \$m	ZWL \$m	
Profit after taxation	312.5	448.3	925.0	72.2	
Total comprehensive income	883.6	467.3	1 733.3	75.2	
Total assets	17 832.2	15 217.8	16 960.0	2 449.9	
Total equity	2 818 .3	1 961.6	2 037.5	315.8	
Total deposits	13 065.0	12 914.7	13 065.0	2 079.2	

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL\$) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar, and each hundredth part of a BTGS dollar is equivalent to a Zimbabwean cent. The ZWL\$ has been adopted as the Functional and Reporting currency of the Group as at 31 December 2019.

Compliance with IFRS

The financial statements have been prepared to take account of the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. These financial statements are prepared in order to comply with International Financial Reporting in Hyperinflationary Economies. These financial Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as International Accounting Standards (IAS) and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions). The historic cost financial statements have been shown herein as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standards 29 (Financial Reporting in Hyperinflationary Economies). The Group's external auditors have therefore not expressed an opinion on this historic financial information

Pursuant to the recognition of the RTGS dollar as currency in Zimbabwe in February 2019 and as reported in these financial statements the Group adopted the change in functional currency translation guidelines prescribed by Statutory Instrument (S.I.) 33 which prescribed parity between the RTGS dollar and the US dollar for certain balances. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by Statutory Instrument (S.I.) 33 which prescribed and the US dollar for certain balances. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the consolidated financial statements for the year ended 31 December 2019 to comply with statutory requirements created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes in foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2019 Financial Statements being different from that which the Directors with JEPS. would have adopted if the Group had been able to fully comply with IFRSs.

Going concern

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Group to continue to operate as a going concern and to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

Responsibility

The Directors are responsible for preparing the Annual financial statements. The financial statements were prepared by CBZ Holdings Limited Finance Department under the direction and supervision of the Group Chief Finance Officer Mr Tawanda Gumbo, PAAB Number 0223.





AUDITOR'S STATEMENT

The condensed audited inflation adjusted financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2019, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse opinion has been issued thereon in respect of non-compliance with the requirements of International Accounting Standard 21 (IAS 21) "The Effects of Changes in Foreign Exchange Rates", as well as inappropriate application of International Accounting Standard 21 (IAS 8) "Accounting Policies, Changes in Accounting Estimates and Errors"; Valuation of investment properties, land inventory and owner-occupied properties classified under property and equipment; Exchange rates used after the date of change in functional currency (Non-compliance with IAS 21) and an emphasis of matter on settlement of legacy liabilities and nostro funding gap. The auditors' report on the inflation adjusted consolidated financial statements is available for inspection at the Company's registered office. The engagement partner on the audit is Fungai Kuipa (PAAB Number 335).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		INFLATION	ADJUSTED	HISTORICAL		
	Notes	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
Interest income Interest expense Net interest income Net non-interest income Net underwriting income Total income Operating expenditure Operating income Transfer to annuity reserve Credit loss expense & charge for impairment on insurance assets Monetary loss Profit before taxation Taxation Profit for the year after taxation	2 2 3 4 5 5 6.1	537 760 295 (155 496 637) 382 263 658 2 267 202 877 69 367 058 2 718 833 593 (1 091 008 333) 1 627 825 260 (1 664 428) (223 903 930) (520 557 356) 881 699 546 (569 165 515) 312 534 031	795 407 888 (285 545 159) 509 862 729 671 648 172 57 378 938 1 238 889 839 (739 524 555) 499 365 284 (195 824) 16 944 764 516 114 224 (67 820 281) 448 293 943	213 983 157 (62 172 927) 151 810 230 1 757 763 179 15 008 841 1 924 582 250 (574 209 538) 1 350 372 712 (1 664 428) (223 903 930) 1 124 804 354 (199 826 003) 924 978 351	128 054 100 (45 970 412) 82 083 688 108 129 808 9 237 535 199 451 031 (119 057 345) 80 393 686 (31 526) 2 727 967 83 090 127 (10 918 505) 72 171 622	
Other comprehensive income						
Items that will not be reclassified to profit or loss in subsequent periods Gains on property revaluation Exchange gains on change of functional currency Gains/(Loss) on equity instruments at FVOCI Deferred income tax relating to components of other comprehensive income	6.3	32 676 075 508 315 157 37 461 700 (7 230 875) 571 222 057	24 527 911 (1 181 967) (4 328 601) 19 017 343	674 369 147 92 148 662 164 623 538 (122 216 074) 808 925 273	3 948 791 (190 287) (696 869) 3 061 635	
Items that will be reclassified to profit or loss in subseque Exchange loss on translation of a foreign subsidiary	nt periods 30.9			(585 342)		

Other statistics Mode Mode					
Basic earnings per share (cents) 60.29 86.54 178.19 13.93 Non-interest income to total income (%) 83.4 54.2 91.3 54.2 Cost to income ratio (%) 40.1 59.7 29.8 59.7 Return on assets (%) 51.3 3.6 11.6 3.6 Return on equity (%) 13.1 23.1 78.6 23.1 Growth in deposits (YTD %) 1.2 12.2 528.4 12.2 Growth in advances (YTD %) (0.4) (48.3) 518.9 (48.3)	Total advances	3 013.9	3 025.0	3 013.9	487.0
Non-interest income to total income (%) 83.4 54.2 91.3 54.2 Cost to income ratio (%) 40.1 59.7 29.8 59.7 Return on assets (%) 5.3 3.6 11.6 3.6 Return on equity (%) 13.1 23.1 78.6 23.1 Growth in deposits (YTD %) 1.2 12.2 528.4 12.2 Growth in advances (YTD %) (0.4) (48.3) 518.9 (48.3)	Other statistics				
Cost to income ratio (%) 40.1 59.7 29.8 59.7 Return on assets (%) 5.3 3.6 11.6 3.6 Return on equity (%) 13.1 23.1 78.6 23.1 Growth in deposits (YTD %) 1.2 12.2 528.4 12.2 Growth in advances (YTD %) (0.4) (48.3) 518.9 (48.3)	Basic earnings per share (cents)	60.29	86.54	178.19	13.93
Return on assets (%) 5.3 3.6 11.6 3.6 Return on equity (%) 13.1 23.1 78.6 23.1 Growth in deposits (YTD %) 1.2 12.2 528.4 12.2 Growth in advances (YTD %) (0.4) (48.3) 518.9 (48.3)	Non-interest income to total income (%)	83.4	54.2	91.3	54.2
Return on equity (%) 13.1 23.1 78.6 23.1 Growth in deposits (YTD %) 1.2 12.2 528.4 12.2 Growth in advances (YTD %) (0.4) (48.3) 518.9 (48.3)	Cost to income ratio (%)	40.1	59.7	29.8	59.7
Growth in deposits (YTD %) 1.2 12.2 528.4 12.2 Growth in advances (YTD %) (0.4) (48.3) 518.9 (48.3)	Return on assets (%)	5.3	3.6	11.6	3.6
Growth in advances (YTD %) (0.4) (48.3) 518.9 (48.3)	Return on equity (%)	13.1	23.1	78.6	23.1
	Growth in deposits (YTD %)	1.2	12.2	528.4	12.2
Growth in PAT (YOY %) (30.3) 159.7 1 181.6 159.7	Growth in advances (YTD %)	(0.4)	(48.3)	518.9	(48.3)
	Growth in PAT (YOY %)	(30.3)	159.7	1 181.6	159.7

Dividend

e Board has proposed the declaration of a final dividend of ZWL\$120 000 000 or 22.99 cents per share. This declaration translates to a growth of 1766.1% on the comparative 2018 final dividend. A separate dividend announcement with entitlement dates will be published.

Outlook

he Coronavirus Disease (COVID-19), which started in December 2019, became more pronounced and disruptive during the first quarter of 2020. The World Health Organisation declared the disease a pandemic in March 2020, as more countries reported infections. It is too early to determine the potential full impact of the pandemic on global, regional and domestic economic and business activity. However, it is clear that the pandemic has already disrupted activity in the tourism, aviation, international trade, transport and remittances sectors. At the same time, the pandemic has resulted in emerging and increased opportunities in the healthcare and pharmaceuticals industry, with investors committing funds towards research and development of vaccines, manufacturing of medical sector products and development of healthcare infrastructure. Moreover, Government efforts to support industries and the vulnerable groups, as well as rebuild and reintegrate their economies beyond the pandemic, if handled effectively, will also create more business opportunities. The CBZ Group will continue to play its part in the fight against the COURD 10 enderging. The Organisation and complex and the pandemic properties and the properties the pandemic and provide adapting the market will be provide adapting the pandemic in the fight against the court of the provide adapting the pandemic in the fight against the provide adapting the pandemic in the provide adapting the provi the COVID-19 pandemic. The Group also remains financially and technically well prepared and positioned to play its part in both private sector led economic growth and public-private-partnerships.

Appreciation

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

more Hothman M Holtzman Group Chairman

24 June 2020

DIRECTORS' STATEMENT

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act Chapter (24:03). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The management report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Directors face.

The Group financial statements are required by Law and International Financial Reporting Standards (IFRS) to present fairly the financial position of the Group and its performance for that period. In preparation of the Group financial statements, the Directors are required to:

- state whether they have been prepared in accordance with IFRS; and
- prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business; select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent;

Compliance with Local Legislation

These financial statements comply with the Companies Act (Chapter 24.03), Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07); the Building Societies Act (Chapter 24:02), securities Act (Chapter 24:25), Asset Management Act (Chapter 24:26), and Statutory Instruments (SI 33/99, SI 62/99). Further, these financial statements have been prepared to comply with the Statutory Instrument 33 of 2019, issued on 22 February 2019 and the guidance issued by the Public Accountants and Auditors Board (PAAB) on 21 March 2019. Mainly, Statutory Instrument 33 of 2019 specified, among other things, that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars (other than assets and liabilities referred to in section 44C (2) of the Reserve Bank of Zimbabwe Act), shall on and after the effective date, (22 February 2019) be deemed to be valued in RTGS dollars at a rate of one-to-one to the United States Dollar.

Other comprehensive income for the period net of ta	x	571 019 865	19 017 343	808 339 931	3 061 635
Total comprehensive income for the year		883 553 896	467 311 286	1 733 318 282	75 233 257
Profit for the year attributable to: Equity holders of parent Non-controlling interests Profit for the year	30.7	312 954 364 (420 333) 312 534 031	448 238 934 55 009 448 293 943	924 895 986 82 365 924 978 351	72 162 766 8 856 72 171 622
Total comprehensive income attributable to: Equity holders of parent Non-controlling interests Total comprehensive income for the year	30.7	883 750 574 (196 678) 883 553 896	467 256 277 55 009 467 311 286	1 733 011 641 306 641 1 733 318 282	75 224 401 8 856 75 233 257
Earnings per share (cents): Basic Fully diluted Headline	7.1 7.1 7.1	60.29 60.29 58.23	86.54 84.74 85.99	178.19 178.19 111.23	13.93 13.64 13.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		INFLATION	ADJUSTED	HISTORICAL		
	Notes	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
ASSETS Balances with banks and cash Money market assets Financial securities Loans and advances to customers Insurance assets Equity investments Land inventory Other assets Current tax receivable Intangible assets Property and equipment Investment properties Deferred tax asset TOTAL ASSETS	9 10 11 12 13 17 16 15 22 20 21 23.1	$\begin{array}{c} 2 \ 400 \ 254 \ 233 \\ 224 \ 165 \ 206 \\ 1 \ 191 \ 754 \ 472 \\ 3 \ 013 \ 900 \ 929 \\ 76 \ 075 \ 439 \\ 212 \ 088 \ 704 \\ 736 \ 278 \ 645 \\ 8 \ 280 \ 130 \ 411 \\ 550 \ 023 \\ 10 \ 440 \ 774 \\ 1 \ 021 \ 934 \ 811 \\ 558 \ 585 \ 537 \\ 106 \ 066 \ 973 \\ 17832 \ 226 \ 148 \end{array}$	2 337 624 718 439 409 481 7 732 953 394 3 024 975 659 54 618 802 161 501 428 341 140 446 166 564 034 9 257 922 10 023 483 480 953 054 233 295 062 225 436 901 15 217 754 384	2 400 254 233 224 165 206 1 191 754 472 3 013 900 920 74 792 150 212 088 704 139 034 053 8 162 478 639 550 023 2 924 000 873 439 372 558 585 537 106 041 533 16 960 008 842	376 338 271 70 741 297 1 244 941 623 486 996 095 8 793 176 26 000 396 54 920 794 26 815 435 1 490 449 1 613 698 77 429 469 37 558 578 36 293 479 2 449 932 760	
LIABILITIES Deposits Insurance liabilities Other liabilities Current tax payable Life fund Life assurance investment contract liabilities Deferred tax liability Lease liability TOTAL LIABILITIES	24 25 26 27 28 23.2	13 065 038 880 59 198 356 1 456 656 498 103 025 439 3 934 884 3 409 051 318 626 534 4 000 187 15 013 889 839	12 914 671 236 56 153 931 233 489 699 662 480 9 898 676 14 866 750 26 416 976 13 256 159 748	13 065 038 880 59 198 356 1 423 998 444 103 025 439 3 934 894 3 409 051 259 951 917 4 000 187 14 922 557 168	2 079 155 395 9 040 319 37 589 913 106 655 1 593 605 2 393 424 4 252 915 2 134 132 226	
EQUITY Share capital Share premium Treasury shares Revaluation reserve Share option reserve Fair value reserve Retained earnings Foreign currency translation reserve Equity attributable to equity holders of the parent Non-controlling interests TOTAL EQUITY	30.1 30.2 30.3 30.4 30.5 30.8 30.6 30.9 30.7	37 317 479 228 045 378 27 240 344 86 312 859 1 930 986 515 507 889 310 2 817 791 885 544 24 2 818 336 309	42 670 664 248 602 901 (109 251 456) 7 228 981 50 646 303 1 720 939 801 	5 220 162 33 876 209 592 078 214 164 807 619 1 149 526 721 91 522 775 2 037 031 700 419 974 2 037 451 674	6 869 625 40 023 014 (17 588 582) 32 139 314 1 163 806 8 153 639 244 917 776 - 315 678 592 121 942 315 800 534	
TOTAL LIABILITIES AND EQUITY		17 832 226 148	15 217 754 384	16 960 008 842	2 449 932 760	



FOR THE YEAR ENDED 31 DECEMBER 2019

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- 592 078 214 164 807 619 91 522 775 1 149 526 721 2 037 031 700 419 974 2 037 451 674

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital ZWL\$	Share premium ZWL\$	Treasury shares ZWL\$	Share option reserve ZWL\$	Revaluation reserve ZWL\$	Fair value reserve ZWL\$	*FCTR ZWL\$	Retained earnings ZWL\$	Total equity attributable to parent ZWL\$	Non– controlling interests ZWL\$	Total ZWL\$
				I	NFLATION ADJU	ISTED					
Audited 31 Dec 2018											
Opening balance Impact of adopting IFRS 9 Restated balance at	42 665 509 _	248 545 346 _	(109 251 456) _	7 050 356 _	179 683 281 _	51 578 990		1 554 196 426 (456 493 662)	1 922 889 462 (404 914 672)	722 316	1 923 611 778 (404 914 672)
01 January 2018	42 665 509	248 545 346	(109 251 456)	7 050 356	179 683 281	51 578 990	-	1 097 702 764	1 517 974 790	722 316	1 518 697 106
Profit for the year Other comprehensive income	-	_	-	-	-	-	_	448 238 934	448 238 934	55 009	448 293 943
for the year	_	_	_	-	19 950 030	(932 687)	_	_	19 017 343	-	19 017 343
Employee share option expense Exercise of share options	5 155	57 555	-	195 886 (17 261)	-	-	-	-	195 886 45 449	-	195 886 45 449
Dividend paid	5 155	57 555	_	(17 201)	_	_	_	(24 635 208)	(24 635 208)	(19 883)	(24 655 091)
Effects of Applying IAS 29	40.670.664	249 602 001	(100.051.456)	7 000 001	(199 633 311)		-	199 633 311	1 000 007 104	757 440	1 061 504 626
Closing balance	42 670 664	248 602 901	(109 251 456)	7 228 981	-	50 646 303	-	1 720 939 801	1 960 837 194	757 442	1 961 594 636
Audited 31 Dec 2019 Opening balance	42 670 664	248 602 901	(109 251 456)	7 228 981	_	50 646 303	_	1 720 939 801	1 960 837 194	757 442	1 961 594 636
Profit for the year	_	_	(-	_	_	_	312 954 364	312 954 364	(420 333)	312 534 031
Other comprehensive income for Employee share option expense	the year –	_	_	66 202	27 240 344	35 666 556	507 889 310		570 796 210 66 202	223 655	571 019 865 66 202
Exercise of share options	47 035	524 683	_	(157 345)	_	_	_	_	414 373	_	414 373
Dividend paid Cancellation of share options	-	-	-	(7 137 838)	-	-	_	(27 276 458) 7 137 838	(27 276 458)	(16 340)	(27 292 798)
Treasury shares cancellation	(5 400 220)	(21 082 206)		(7 137 030)	_	_	_	(82 769 030)	_	_	_
Closing balance	37 317 479	228 045 378	-	-	27 240 344	86 312 859	507 889 310	1 930 986 515	2 817 791 885	544 424	2 818 336 309
					HISTORICA	L					
Unaudited 31 Dec 2018 Opening balance	6 868 795	40 013 748	(17 588 582)	1 135 049	28 927 524	_	_	250 212 784	309 569 318	116 287	309 685 605
Impact of adopting IFRS 9			(17 500 502)	-	- 20 321 324	8 303 794	_	(73 491 709)	(65 187 915)	-	(65 187 915)
Restated balance at 01 January 2018	6 868 795	40 013 748	(17 588 582)	1 135 049	28 927 524	8 303 794	-	176 721 075	244 381 403	116 287	244 497 690
Profit for the year	-	40 013 740	(17 300 302)	1 133 049	-	_	-	72 162 766	72 162 766		72 162 766
Other comprehensive income for	,	-	_	01 500	3 211 790	(150 155)	_	-	3 061 635	8 856	3 070 491
Employee share option expense Exercise of share options	830	9 266	_	31 536 (2 779)		_	_	_	31 536 7 317	_	31 536 7 317
Dividend paid	-	_	(47 500 500)	, ,	-	-	-	(3 966 065)	(3 966 065)	(3 201)	(3 969 266)
Closing balance	6 869 625	40 023 014	(17 588 582)	1 163 806	32 139 314	8 153 639	-	244 917 776	315 678 592	121 942	315 800 534
Uppudited 21 Dec 2010											
Unaudited 31 Dec 2019 Opening balance	6 869 625	40 023 014	(17 588 582)	1 163 806	32 139 314	8 153 639	_	244 917 776	315 678 592	121 942	315 800 534
Profit for the year	_	_	_	-	_	_	-	924 895 986	924 895 986	82 365	924 978 351
Other comprehensive income for Employee share option expense	the year –	_	_	56 799	559 938 900 _	156 653 980 _	91 522 775	_	808 115 655 56 799	224 276	808 339 931 56 799
Exercise of share options	40 357	450 161	-	(134 997)	-	-	-	-	355 521	-	355 521
Dividend paid Cancellation of share options	-	-	_	(1 085 608)	-	-	-	(12 070 853) 1 085 608	(12 070 853)	(8 609)	(12 079 462)
Treasury shares cancellation	(1 689 820)	(6 596 966)		(1003000)	_	_	_	(9 301 796)	_	_	_

* FCTR - Foreign Currency Translation Reserve

Closing balance

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

17 300 302

5 220 162 33 876 209

	INFLATION	INFLATION ADJUSTED		ORICAL
CASH FLOWS FROM OPERATING ACTIVITIES	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Profit before taxation	881 699 546	516 114 224	1 124 804 354	83 090 127
Non cash items: Monetary loss Depreciation Amortisation of intangible assets Write-offs and impairment of fixed assets Write-offs of other assets Fair value adjustments on properties Fair value adjustments on financial instruments Expected credit loss expense Impairment on insurance assets Unrealised loss on foreign currency position Exchange gains on change of functional currency Unearned premium reserve movement Provision for incurred but not reported claims (IBNR) Deferred commission movement Profit on sale of investment properties Loss on sale of property and equipment Employee share option expense Annuities reserve movement Interest on lease liability	$\begin{array}{c} 520\ 557\ 356\\ 58\ 551\ 399\\ 4\ 435\ 092\\ 11\ 972\ 283\\ 154\ 556\\ (27\ 358\ 110)\\ 51\ 934\ 213\\ 221\ 450\ 343\\ 2\ 453\ 587\\ (302\ 370\ 614)\\ (725\ 971\ 296)\\ 4\ 104\ 579\\ 2\ 349\ 536\\ 4\ 70\ 383\\ (265\ 763)\\ 1\ 309\ 659\\ 66\ 202\\ 1\ 664\ 428\\ 1\ 624\ 710\\ \end{array}$	53 749 447 7 937 252 3 443 897 15 544 015 (7 488 130) (7 853 173) (18 358 395) 1 413 631 4 142 287 - 4 076 439 852 056 (69 805) - 211 868 195 886 195 886	25 663 428 1 198 200 (93 299) 630 057 (461 632 493) (11 630 672) 221 450 343 2 453 587 (302 370 614) (131 787 231) 1 3 804 753 1 772 580 271 118 (428 310) 58 968 56 799 1 664 428 128 373	8 653 21 1 277 832 554 439 2 502 458 (1 205 527) (1 264 296) (2 955 550) 227 583 666 874 - 656 273 137 174 (11 238) - 34 109 31 536 31 526
Operating cash inflow before changes in operating assets and liabilities	708 832 089	574 107 323	486 014 369	92 426 537
Changes in operating assets and liabilities Deposits Loans and advances to customers Life assurance investment contract liabilities Money market assets Financial securities Insurance assets Insurance liabilities Land inventory Other assets Other liabilities	11 789 771 883 (8 455 138 959) 3 332 495 117 405 372 295 509 587 (60 616 682) 26 729 314 61 741 401 2 969 241 366 (3 345 026 040) 3 402 949 737	1 396 412 306 (88 399 585) 3 642 994 (154 815 775) 143 694 987 (20 783 159) 12 658 935 (24 087 627) (44 325 436) 180 463 596 1 404 461 236	3 593 107 198 (2 550 148 064) 1 015 627 35 781 021 90 068 927 (36 220 116) 2 418 936 9 120 615 (1 095 850 785) 1 318 123 221 1 367 416 580	224 810 847 (14 231 603) 586 492 (24 924 061) 23 133 706 (3 345 917) 2 037 984 (3 877 909) (7 136 029) 29 053 148 26 106 658
Corporate tax paid Net cash inflow from operating activities	(53 746 045) 4 058 035 781	(55 242 847) 1 923 325 712	(32 231 919) 1 821 199 030	(8 893 642) 309 639 553
CASH FLOWS FROM INVESTING ACTIVITIES Purchase of investments Proceeds on disposal of investments Purchase of investment properties Proceeds on disposal of investment property Proceeds on disposal of property and equipment Purchase of property and equipment Purchase of intangible assets Net cash outflow from investing activities	(18 455 010) 8 788 831 (17 899 004) 459 500 334 643 (115 932 914) (3 307 550) (146 011 504)	(38 274 945) 14 366 787 (22 472 731) 234 857 (71 180 919) (356 161) (117 683 112)	(5 026 980) 5 234 770 (5 828 923) 459 500 210 758 (61 565 954) (2 243 490) (68 760 319)	(6 161 950) 2 312 934 (3 617 924) 37 810 (11 459 540) (57 339) (18 946 009)
CASH FLOWS FROM FINANCING ACTIVITIES Employee share options Dividend paid Lease liability principal payment Interest on lease liability payment Net cash outflow from financing activities	414 373 (27 292 798) (1 703 489) (1 624 710) (30 206 624)	45 449 (24 655 091) - - (24 609 642)	355 521 (12 079 462) (729 896) (128 373) (12 582 210)	7 317 (3 969 266) - (3 961 949)
NET INCREASE IN BALANCES WITH BANKS AND CASH Balances with banks and cash at the beginning of the year Exchange gains on foreign cash balances Inflation effects on cash and cash equivalents	3 881 817 653 2 337 624 718 284 059 462 (4 103 247 600)	1 781 032 958 556 591 760	1 739 856 501 376 338 270 284 059 462	286 731 595 89 606 676
BALANCES WITH BANKS AND CASH AT END OF THE YEAR	2 400 254 233	2 337 624 718	2 400 254 233	376 338 271

hundredth part of a bond note unit and each hundredth part of a RTGS dollar is equivalent to a Zimbabwean cent

In this regard, these financial statements are therefore presented in ZWLbeing the currency of the primary economic environment in which the Group operates.

Basis of consolidation

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

Use of judgements and estimates

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

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

Changes in significant accounting policies

Except as described below, the accounting policies applied in these financial results are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2018. The changes in accounting policies are reflected in the Group's annual report for the year ending 31 December 2019.

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

1.1a) IFRS 16 Leases

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

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

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

Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019. Right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

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

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

The Group as a lessor

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

1.1b)Assets and liabilities linked to legacy liabilities and nostro gap accounts

The Group held foreign currency denominated legacy liabilities and nostro gap accounts amounting to U\$\$451 551 474 as at 31 December 2019. These debts relate to liabilities denominated in US Dollars. The liabilities were translated to the functional currency at the closing rate in line with IAS 21. On the asset side, the Group has recognised a Government grant asset and the related income in line with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) on the basis that it has complied with the conditions attaching to the grant. Further, it expects that the grant will be received and that the Reserve Bank of Zimbabwe has the intention and ability to settle, on a gradual basis, the outstanding amounts. During the period under review, amounts totalling US\$10,745,225 were settled through this arrangement whilst payments totalling US\$20,000 have been made subsequent to year end. As at year end, the Group was not able to reasonably estimate the timing and amount of the cash flows associated with the government grant receivable.

The Group has considered whether the grant receivable is impaired at year end and concluded that no impairment should be applied to the asset's carrying amount as estimates of PDs and LGDs are low due its sovereign nature.

1.1c) Estimation of fines and/ or penalties- Office of Foreign Assets Control (OFAC)

The Group is co-operating in ongoing investigations by the Office of Foreign Asset Control (OFAC) regarding historical transactions involving a party that was subject to

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GROUP ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

The Group's consolidated financial results have been prepared under policies consistent with the requirements of the Companies Act (Chapter 24.03), Banking Act (Chapter 24.20), Insurance Act (Chapter 24.07), the Building Society Act (Chapter 24.02) and the Securities Act (Chapter 24.25). The consolidated financial results have been restated take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (IFRS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC). Compliance with IFRS is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2018 and 2019 Financial Statements being different from that which the Directors would have adopted if the Group had been able to fully from that which the Directors would have adopted if the Group had been able to fully comply with IFRS.

- Change in functional currency
 In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:
 Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency and the multi-currency an
- Promulgated that RTGS dollars were to be used by all entities (including the

Government) and individuals in Zimbabwe for purposes of pricing of goods and

services, record debts, accounting and settlement of domestic transactions. Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis. •

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

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

Following the change in functional currency, the Group applied the translation procedures applicable to the new functional currency prospectively, in accordance with IAS 21 from 22 February 2019. The Group translated the Statement of Financial Position at a rate of 1 US dollar to 1 RTGS dollar (In compliance with Statutory Instrument 33 section 4(1) d) with the exception of certain currency denominated balances (In compliance with Statutory Instrument 33 section 4(1) b) that were translated at a rate of 1 US dollar to 2.5 RTGS dollars. For a detailed analysis of the Group's accounting methodology on the change in functional currency, kindly refer to the Group's accounting policies in the 2019 Annual report.

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

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reporting date for the Group to determine the terms on which the ongoing investigations will be resolved, or the timing of such resolution, or for the Group to estimate reliably the amounts or range of possible amounts of any fines and/or penalties which could be direiting the terms of terms of the terms of the terms of t significant

1.1d) Valuation of Properties

a) valuation of Properties The Group's Property valuations rely on available market evidence as input for calculating fair values. This includes transaction prices for comparable properties, rents and capitalisation rates. The market information available during the period under review was largely denominated in the US\$ currency. As such the valuers relied on US\$ based evidence and produced valuations which are denominated in that currency. The Group adopted the approach of converting the resultant US\$ valuations at the Inter-Bank rate on the date of valuation, to calculate ZWL property values which were then included in the 2019 Financial Statements.

1.2 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies) During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). The high year-on year inflation amongst other indicators outlined in IAS 29 resulted in a broad market consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

These results have been prepared in accordance with IAS 29 which requires that the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit. same measuring unit

The Group adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Dates	Indices	Conversion Factors
31 December 2019	551.625	1.000
31 December 2018	88.080	6.211

The procedures applied in the above restatement of transactions and balances are as

- All comparative figures as of and of the year ended 31 December 2018 were restated by applying the change in the index from 31 December 2018 to 31 December 2019. On 31 December 2018 any revaluation surplus that arose in previous periods was eliminated. Restated retained earnings was derived from all the other amounts in the restated statement of financial position Monetary assets and liabilities were not restated because they are already stated in terms of the monetary assets and inabilities were not restated because they are already stated in terms of the monetary assets and statement of financial position
- Non-monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at the reporting date. Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity were restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2019. Property and equipment is restated by applying the change in the index from the date of transaction to 31 December 2019.
- Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. Depreciation and amortisation amounts are based on the restated costs or
- Income statement items/transactions, except for depreciation and amortisation charges explained above, are restated by applying the monthly index for the year ended 31 December 2019.

- Charges explained above, are restated by applying the montiny index for the year ended 31 December 2019. Opening deferred tax was calculated for temporary differences between tax bases of assets and liabilities and their carrying amounts expressed in the purchasing power at the opening balance sheet date. The calculated tax was then inflated to the purchasing power at the reporting date. The closing deferred tax position was calculated based on the applicable temporary differences between the tax base and the IAS 29-adjusted IFRS balance sheet (i.e. expressed in the measuring unit current at the reporting date). Current tax expense was restated using the increase in the general price index from the related month until the reporting date. Gains and losses arising from the net monetary position are included in the statement of profit or loss and in the statement of cash flows as non-cash items. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. The inflation effects on cash and cash equivalents were shown separately in the reconciliation of cash and cash equivalents. The Group considered the broad objectives of IAS 29 and IAS 7 to appropriately present and disclose the effects of inflation on cash and cash equivalents. inflation on cash and cash equivalents

IAS 29 discourages publication of historical financial statements as a supplement to inflation adjusted accounts. However, Historical financial statements have been published to allow comparability during the transitional phase in applying the standard.



FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

7.1

9

10.

Sectoral analysis Private Agriculture Mining Manufacturing Distribution Construction Transport Communication Services Financial organisations

Maturity analysis Less than 1 month Between 1 and 3 months

More than 5 years

3

Between 3 and 6 months Between 6 months and 1 year Between 1 year and 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

INCORPORATION AND ACTIVITIES 1.

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The consolidated financial results of the Group for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 24 June 2020. The Group offers commercial banking, mortgage finance, asset management, short term insurance, life assurance, agro business and other financial services and is incorporated in Zimbabwe.

	INFLATION ADJUSTED		HISTO	7.2	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	1.2
INTEREST					
Interest Income					
Bankers acceptances	360 339	1 849 505	111 098	297 755	
Dverdrafts	99 539 809	138 765 324	38 805 262	22 340 071	
oans	117 333 421	153 383 621	65 859 854	24 693 496	
lortgage interest	46 082 444	61 592 986	17 320 276	9 915 962	7.3
Staff Toans	10 272 906	20 373 343	3 168 278	3 279 940	
Securities investments	251 391 199	412 297 159	83 136 763	66 376 437	
Other investments	12 780 177	7 145 950	5 581 626	1 150 439	
	537 760 295	795 407 888	213 983 157	128 054 100	
nterest expense			100.000	005 70 /	
all deposits	2 028 038	4 135 517	493 980	665 784	
avings deposits	36 182 971	126 658 231	14 375 443	20 390 929	
loney market deposits	89 405 959	130 769 212	34 155 185	21 052 763	
Other offshore deposits ease liability	26 254 959 1 624 710	23 982 199	13 019 946 128 373	3 860 936	7.4
lease hability	155 496 637	285 545 159	62 172 927	45 970 412	
	100 490 007	205 545 159	02 172 927	45 970 412	
NET INTEREST INCOME	382 263 658	509 862 729	151 810 230	82 083 688	
NET NON-INTEREST INCOME					
Vet income from trading securities	4 839 066	(104 428)	3 532 356	(16 812)	
air value adjustments on financial instruments	(51 934 213)	7 853 173	11 630 672	1 264 296	8.
air value adjustments on investment properties	27 358 110	7 488 130	461 632 493	1 205 527	5.
let income from foreign currency dealings	130 702 712	24 408 849	65 452 258	3 929 623	
Inrealised loss on foreign currency position	302 370 614	(4 142 287)	302 370 614	(666 874)	
xchange gains on change of functional currency	725 971 296	-	131 787 231 274 891 079	-	
			//4 891 0/9	74 829 393	
	579 567 814	464 802 685			
Agro business income	465 504 732	-	463 928 053	-	
agro business income .oss on sale of assets	465 504 732 (1 309 659)	(211 868)	463 928 053 (58 968)	- (34 109) 4 322 572	
Agro business income .oss on sale of assets Bad debts recovered	465 504 732 (1 309 659) 26 028 548	(211 868) 26 849 651	463 928 053 (58 968) 14 161 973	4 322 572	
Agro business income oss on sale of assets Bad debts recovered Property sales	465 504 732 (1 309 659) 26 028 548 35 478 235	(211 868) 26 849 651 71 422 913	463 928 053 (58 968) 14 161 973 15 184 216	4 322 572 11 498 499	
Commission and fee income Agro business income Joss on sale of assets Bad debts recovered Property sales Rental income Difter income	465 504 732 (1 309 659) 26 028 548	(211 868) 26 849 651	463 928 053 (58 968) 14 161 973	4 322 572	

Included in non-interest income is Government Grant income of ZWL\$7 574 053 486. This income relates to the assistance to be received from the Reserve Bank of Zimbabwe (RBZ) in the settlement of legacy liabilities and nostro gap accounts. The RBZ will provide foreign currency to the Bank for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. The income was set-off against an unrealised revaluation loss of ZWL\$7 122 502 012 which arose as a result of translating the legacy liabilities and nostro gap accounts into the reporting currency using the closing interbank exchange rate and ZWL\$451 551 474 relating to funding of the obligation related to the government grant from the RBZ which was settled post year end. See notes 15 and 37.4 for further details on largery liabilities and postro gap accounts. legacy liabilities and nostro gap accounts.

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
NET UNDERWRITING INCOME					
Gross premium insurance Reinsurance Net written premium	199 015 292 (96 639 978) 102 375 314	148 360 605 (41 899 038) 106 461 567	90 828 710 (49 707 407) 41 121 303	23 884 832 (6 745 399) 17 139 433	
Unearned premium	(4 104 579)	(4 076 439)	(13 804 753)	(656 273)	
Net earned premium	98 270 735	102 385 128	27 316 550	16 483 160	
Net commission (a) Net claims (b)	(2 659 998) (26 243 679)	(5 063 588 (39 942 602)	(549 851) (11 757 858)	(815 196) (6 430 429)	
	69 367 058	57 378 938	15 008 841	9 237 535	
(a) Net commission	04.000.701	10,005,004		1 750 500	
Commission received Commissions paid	24 808 761 (26 998 376)	10 885 894 (16 019 287)	12 508 951 (12 787 684)	1 752 539 (2 578 973)	
Deferred acquisition costs	(470 383)	69 805	(271 118)	11 238	
Net commission	(2 659 998)	(5 063 588)	(549 851)	(815 196)	
(b) Net claims					
Gross claims incurred	60 059 288	51 266 674	25 301 283	8 253 511	
Reinsurance claims	(37 585 277)	(20 715 852)	(17 057 953)	(3 335 081	
Incurred but not yet reported claims Gross outstanding claims	2 349 536 2 384 716	852 056 14 727 749	1 772 580 2 706 532	137 174 2 371 046	
Reinsurance share of outstanding claims	(964 584)	(6 188 025)	(964 584)	(996 221	
5	26 243 679	39 942 602	11 757 858	6 430 429	
OPERATING EXPENDITURE					
Staff costs	408 942 198	325 037 936	160 241 955	52 328 423	
Administration expenses	579 165 455	271 220 505	373 410 186	43 664 261	
Audit fees	8 067 941 58 551 399	4 232 857 53 749 447	4 523 623 25 663 428	681 455 8 653 217	
Depreciation Amortisation of intangible assets	4 435 092	53 749 447 7 937 252	25 663 428	1 277 832	
Property cost of sales	19 719 409	58 358 646	8 635 388	9 395 260	
Write offs of other assets	154 556	15 544 015	630 057	2 502 458	
Write offs and impairment of fixed assets	11 972 283 1 091 008 333	3 443 897 739 524 555	(93 299) 574 209 538	554 439 119 057 345	
Remuneration of directors / key management personnel (included in staff costs)					
Fees for services as directors	1 903 929	3 165 063	746 148	509 549	
Pension and retirement benefits for past and present directors	2 241 779	4 437 054	878 551	714 329	
Salaries and other benefits	52 212 544 56 358 252	43 897 060 51 499 177	20 462 058 22 086 757	7 067 064 8 290 942	
Operating leases The following is an analysis of expenses related to operating				0 200 0 12	
leases:Non cancellable lease rentals are payable as follows:					
		11.070.001		1 007 710	
Less than 1 year	-	11 973 981	-	1927712	
Less than 1 year Between 1 and 5 years More than 5 years	-	3 313 983	-	1 927 712 533 524	

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

INELATION AD HISTED

	INFLATION ADJUSTED		HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
Annualised earnings per share (ZWL cents) Basic Fully diluted Headline	60.29 60.29 58.23	86.54 84.74 85.99	178.19 178.19 111.23	13.93 13.64 13.84	
Earnings Basic earnings (earnings attributable to holders of parent) Fully diluted Headline	312 954 364 312 954 364 302 221 021	448 238 934 448 238 934 445 393 403	924 895 986 924 895 986 577 353 555	72 162 766 72 162 766 71 704 659	
Number of shares used in calculations (weighted)	Shares	Shares	Shares	Shares	
Basic earnings per share (weighted) Fully diluted earnings per share (weighted)	519 041 880 519 041 880	517 953 389 528 934 178	519 041 880 519 041 880	517 953 389 528 934 178	
Reconciliation of denominators used for calculating basic and diluted earnings per share: Weighted average number of shares before adjustment for treasury shares Less: Treasury shares held Weighted average number of shares used for basic EPS Potentially dilutive shares (Employee Share Options)	519 041 880 519 041 880	686 935 236 (168 981 847) 517 953 389 10 980 789	519 041 880 519 041 880	686 935 236 (168 981 847) 517 953 389 10 980 789	
Weighted average number of shares used for diluted EPS	519 041 880	528 934 178	519 041 880	528 934 178	
Headline Earnings Profit attributable to ordinary shareholders Adjusted for excluded re-measurements Impairment on property and equipment Disposal loss on property and equipment Gains on Investment properties valuation	312 954 364 11 972 283 1 309 659 (27 358 110) (27 358 120)	448 238 934 3 443 897 211 868 (7 488 130)	924 895 986 (93 299) 58 968 (461 632 493)	72 162 766 554 439 34 109 (1 205 527)	
Tax relating to remeasurements Headline earnings	3 342 825 302 221 021	986 834 445 393 403	114 124 393 577 353 555	158 872 71 704 659	
DIVIDENDS					
Cash dividends on ordinary shares declared and paid: Interim paid Final dividend paid Interim divided paid per share (cents)	6 486 737 20 789 720 27 276 457 1.25	16 280 643 8 354 565 24 635 208 2.37	5 565 409 6 505 443 12 070 851 1.07	2 621 049 1 345 016 3 966 065 0.50	
Final dividend paid per share (cents)	3.03	1.22	0.95	0.26	
Dividends are paid on shares held at the record date net of treasury shares held on the same date.					
Proposed dividends on ordinary shares: Final dividend Final dividend per share (cents)	120 000 000 22.99	39 943 701 5.81	120 000 000 22.99	6 430 606 1.24	
Proposed dividends on ordinary shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at 31 December 2019.					
BALANCES WITH BANKS AND CASH					
Cash Nostro accounts Balances with the Reserve Bank of Zimbabwe RBZ Statutory reserve	285 631 016 898 484 062 1 046 277 029 169 862 126 2 400 254 233	197 849 908 236 457 162 1 481 040 859 422 276 789 2 337 624 718	285 631 016 898 484 062 1 046 277 029 169 862 126 2 400 254 233	31 852 201 38 067 650 238 435 345 67 983 075 376 338 271	

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

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
MONEY MARKET ASSETS					
Money market assets are non-credit financial assets with an original maturity of 1 year or less. AMA bills Interbank Placements RBZ Savings bond Bankers acceptances Aftrades bond ZETDC bond Accrued interest Total gross money market assets Expected credit loss Total net money market assets	223 156 126 900 000 297 225 224 353 351 (188 145) 224 165 206	269 643 032 141 880 708 3 105 768 9 136 736 925 495 7 126 527 439 427 352 (17 871) 439 409 481	223 156 126 900 000 - 297 225 224 353 351 (188 145) 224 165 206	43 410 301 22 841 622 1 225 000 500 003 1 470 939 148 997 1 147 312 70 744 174 (2 877) 70 741 297	

The Group leases a number of buildings from which its branches operate. On 1 January 2019, the Group intially applied IFRS 16 (Leases) recognised interest on lease liability and depreciation expense as detailed under note 20. For 2018, the Group recognised ZWL\$15 943 896 as rent expense in the Statement of Profit or Loss and Other Comprehensive Income under IAS 17.

TAXATION 6.

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

		INFLATION	ADJUSTED	HIST	ORICAL	
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$'00	
	Analysis of tax charge in respect of the profit for the year Current income tax charge Deferred income tax Income tax expense	164 816 903 404 348 612 569 165 515	50 398 431 17 421 850 67 820 281	136 091 129 63 734 874 199 826 003	8 113 731 2 804 774 10 918 505	12.1
6.2	Tax rate reconciliationNotional taxAids levyNon deductible expensesExempt incomeTax creditEffect of change in tax rate on deffered taxEffective tax rate	% 25.00 0.75 64.99 (21.69) (0.06) (4.44) 64.55	% 25.00 0.75 20.08 (32.38) (0.31) 13.14	% 25.00 0.75 24.06 (27.39) (0.09) (4.74) 17.77	% 25.00 0.75 20.08 (32.38) (0.31) - 13.14	
6.3	The following constitutes the major components of deferred income tax expense recognised in the Statement of Other Comprehensive Income.					
	Revaluation of property and equipment Unlisted equities	5 435 731 1 795 144 7 230 875	4 577 881 (249 280) 4 328 601	114 246 516 7 969 558 122 216 074	737 001 (40 132) 696 869	12.2

EARNINGS PER SHARE 7.

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

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

10.1 Maturity analysis

11.	The maturity analysis of money market assets is shown below: Between 0 and 3 months Between 3 and 6 months Between 6 months and 12 months FINANCIAL SECURITIES	221 924 485 915 534 1 513 332 224 353 351	131 285 307 10 823 723 297 318 322 439 427 352	221 924 485 915 534 1 513 332 224 353 351	21 135 850 1 742 530 47 865 794 70 744 174
	Treasury bills Savings bond Aftrades bond Accrued interest Total gross Financial Securities Expected credit loss Total net Financial Securities	1 161 571 133 200 000 30 061 611 1 191 832 744 (78 272) 1 191 754 472	7 564 311 432 1 242 300 372 690 167 365 586 7 733 292 008 (338 614) 7 732 953 394	1 161 571 133 200 000 30 061 611 1 191 832 744 (78 272) 1 191 754 472	1 217 791 660 200 000 60 000 26 944 477 1 244 996 137 (54 514) 1 244 941 623
11.1	Maturity analysis The maturity analsis of financial securities is shown below: Between 0 and 3 months Between 3 and 6 months Between 6 and 12 months Between 1 and 5 years Above 5 years	68 048 997 11 557 717 36 133 650 151 222 118 924 870 262 1 191 832 744	390 179 415 263 750 420 172 085 624 1 269 201 413 5 638 075 136 7 733 292 008	68 048 997 11 557 717 36 133 650 151 222 118 924 870 262 1 191 832 744	62 815 663 42 461 639 27 704 364 204 330 944 907 683 527 1 244 996 137
12.	LOANS AND ADVANCES TO CUSTOMERS				
	Overdrafts Loans Staff Ioans Mortgage advances Agro Ioans Interest accrued Total gross Ioans and advances to customers Allowance for Expected Credit Loss (ECL) Total net Ioans and advances to customers	491 916 385 462 784 959 57 286 225 132 121 848 2 113 236 582 35 734 926 3 293 080 925 (279 180 005) 3 013 900 920	1 937 308 099 821 797 329 318 355 072 603 153 031 - - 38 209 979 3 718 823 510 (693 847 851) 3 024 975 659	491 916 385 462 784 959 57 286 225 132 121 848 2 113 236 582 35 734 926 3 293 080 925 (279 180 005) 3 013 900 920	311 890 602 132 302 582 51 252 537 97 102 656 6 151 491 598 699 868 (111 703 773) 486 996 095

INFLAT	TION A	DJUSTED			HISTOP	RICAL	
AUDITED 31 DEC 2019 ZWL\$	%	AUDITED 31 DEC 2018 ZWL\$	%	UNAUDITED 31 DEC 2019 ZWL\$	%	UNAUDITED 31 DEC 2018 ZWL\$	%
183 798 057	6	1 067 471 517	29	183 798 057	6	171 854 097	29
2 266 049 616	69	902 129 245	24	2 266 049 616	69	145 235 357	24
123 549 611	4	121 003 960	3	123 549 611	4	19 480 638	3
133 163 224	4	297 918 030	8	133 163 224	4	47 962 342	8
307 818 706	9	612 833 844	17	307 818 706	9	98 661 187	17
8 223 225	-	57 509 174	2	8 223 225	-	9 258 502	2
12 302 168	-	45 705 742	1	12 302 168	-	7 358 247	1
1 005 208	-	9 560 112	-	1 005 208	-	1 539 099	-
239 663 331	7	520 988 437	14	239 663 331	7	83 874 835	14
17 507 779	1	83 703 449	2	17 507 779	1	13 475 564	2
3 293 080 925	100	3 718 823 510	100	3 293 080 925	100	598 699 868	100

II	FLATION	ADJUSTED	HISTORICAL				
	JDITED C 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$			
16 9 37 8 2 652 8 239 9	11 580 86 230	1 500 604 527 237 822 065 191 385 825 367 582 771 606 367 227 815 061 095 3 718 823 510	181 523 441 16 974 985 37 879 119 2 652 805 570 239 911 580 163 986 230 3 293 080 925	241 584 934 38 287 388 30 811 537 59 177 790 97 620 115 131 218 104 598 699 868			

Maturity analysis is based on the remaining period from 31 December 2019 to contractual maturity.



FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

17.1

17.2

18. 1

HISTORICAL

				INGIGINOAL		
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
12.3	Loans to directors and key management Included in advances are loans to Executive Directors and key management:- Opening balance Advances made during the year Monetary adjustment Repayments during the year Closing balance	52 387104 28 211 887 (62 512 699) (1 516 627) 16 569 665	51 285 818 3 570 233 (2 468 947) 52 387 104	8 433 891 8 597 989 (462 215) 16 569 665	8 256 593 574 778 (397 480) 8 433 891	
	Loans to employees Included in advances are loans to employees:					
	Opening balance Advances made during the year Monetary adjustment Repayments during the year Closing balance	265 967 993 25 113 474 (218 354 018) (32 010 889) 40 716 560	287 561 996 13 500 270 (35 094 273) 265 967 993	42 818 650 7 653 702 (9 755 792) 40 716 560	46 295 106 2 173 432 (5 649 888) 42 818 650	
12.4	Allowance for Expected Credit Loss (ECL) Opening balance Impact of IFRS 9	693 847 851	488 378 789 581 530 101	111 703 773	78 624 951 93 621 543	
	Adjusted opening balance Credit loss expense on loans and advances Interest in suspense Monetary adjustment Amounts written off during the year	693 847 851 180 758 386 5 726 031 (538 782 246) (62 370 017)	1 069 908 890 (14 368 496) 40 375 811 - (402 068 354)	111 703 773 180 758 386 5 726 031 (19 008 185)	172 246 494 (2 313 209) 6 500 172 (64 729 684)	
	Closing balance	279 180 005	693 847 851	279 180 005	111 703 773	
12.5	Collateral Government guarantee Cash cover Mortgage bonds Notarial general covering bonds	2 113 236 582 3 282 008 885 559 741 1 643 664 406 4 645 742 737	45 993 565 3 583 596 032 1 152 057 341 4 781 646 938	2 113 236 582 3 282 008 885 559 741 1 643 664 406 4 645 742 737	7 404 584 576 929 361 185 471 716 769 805 661	
13.	INSURANCE ASSETS					
	Reinsurance unearned premium reserve Reinsurance receivables Deferred acquisition cost Insurance premium receivables Suspended premium Impairment provision	27 950 327 8 432 562 8 183 357 35 088 108 (75 727) (3 503 188) 76 075 439	12 600 528 12 724 100 4 801 265 31 107 136 (266 889) (6 347 338) 54 618 802	27 744 295 8 432 562 7 106 100 35 088 108 (75 727) (3 503 188) 74 792 150	2 028 581 2 048 475 772 964 5 007 992 (42 967) (1 021 869) (1 021 869)	
13.1	Reinsurance unearned premium reserve Unearned premiums at the beginning of the year Written premiums Premiums earned during the year	12 600 528 49 710 358 (34 360 559) 27 950 327	8 390 120 41 343 220 (37 132 812) 12 600 528	2 028 581 49 378 909 (23 663 195) 27 744 295	8 793 176 1 350 739 6 655 917 (5 978 075) 2 028 581	
13.2	Impairment on insurance assets Opening balance Charge for impairment on insurance receivables Monetary adjustment Amounts written off	6 673 796 2 453 587 (5 599 370) (24 825)	5 268 357 1 405 439	1 074 426 2 453 587 (24 825)	848 162 226 264	
	Closing balance	3 503 188	6 673 796	3 503 188	1 074 426	

INFLATION ADJUSTED

IMPAIRMENT ON INSURANCE ASSETS AND EXPECTED CREDIT LOSSES ON FINANCIAL INSTRUMENTS 14.

The table below shows the ECL charges on financial instruments and charge for impairment on insurance assets for the year recorded in the Statement of Profit or Loss:

	AUDITED INFLATION ADJUSTED							
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3	ZWL\$	Total ZWL\$	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Money market assets	185 304	(775 506)	-	-	-	-	185 304	(775 506)
Financial securities	23 758	73 656	-	-	-	-	23 758	73 656
Loans and advances to customers	173 707 216	(70 165 531)	(9 476 406)	(209 016 369)	16 527 577	264 813 406	180 758 386	(14 368 494)
Financial guarantees	793 840	(501 989)	-	-	(1 498)	-	792 342	(501 989)
Letters of credit for customers	-	6 764	-	-	-	-	-	6 764
Other commitments	38 893 862	(1 377 835)	-	-	-	1 287 134	38 893 862	(90 701)
Lease receivables	129	12 224	3 774	44 878	792 789	(2 758 607)	796 691	(2 701 505)
	213 604 109	(72 728 217)	(9 472 632)	(208 971 491)	17 318 868	263 341 933	221 450 343	(18 357 775)
Insurance assets impairment charge	2 453 587	1 413 011	-	-	-	-	2 453 587	1 413 011
Total	216 057 696	(71 315 206)	(9 472 632)	(208 971 491)	17 318 868	263 341 933	223 903 930	(16 944 764)

		31 DEC	2019 ZWL\$		DEC 20 ZW)18	31 DE		9
Investments in equities Unlisted investments Listed investments		191 167 20 92 ⁻ 212 088	1 510	64	039 9 461 4 501 4	56	191 1 20 9 212 0	21 510)
Equity investments designated at fair value through or loss Equity investments designated at fair value through o comprehensive income	other	20 92 ⁻ 191 167 212 088	7 194	97	461 4 039 9 501 4)72	20 93 191 10 212 0 3		1
	INFLA	TION A	DJUSTE	כ			ŀ	IISTOR	ICAL
	AUDITED 31 DEC 2019 ZWL\$	%		JDITED C 2018 ZWL\$	%		AUDITED DEC 2019 ZWL\$	%	UNAU 31 DE
Investment in subsidiaries CBZ Bank Limited CBZ Asset Management (Private) Limited	135 658 457 12 348 146	100 100		58 457 48 146	100 100		1 839 891 1 987 950	100 100	21 8 1 9

	20069	/0	20069		/0
Investment in subsidiaries					
CBZ Bank Limited	135 658 457	100	135 658 457 10	21 839 891	100
CBZ Asset Management (Private) Limited	12 348 146	100	12 348 146 10	1 987 950	100
CBZ Building Society	118 732 737	100	118 732 737 10	19 114 990	100
CBZ Insurance (Private) Limited	14 036 981	98.4	14 036 981 98	.4 2 259 839	98.4
CBZ Properties (Private) Limited	29 685 647	100	29 685 647 10	4 779 144	100
CBZ Life Assurance (Private) Limited	8 621 649	100	8 621 649 10	1 388 014	100
CBZ Asset Management - Mauritius	552 264	100	552 264 10	88 909	100
CBZ Risk Advisory (Private) Limited	8 354 963	100	8 354 963 10	1 345 080	100
Redsphere (Private) Limited	3 231 532	100	3 231 532 10	520 250	100
CBZ Agroyield (Private) Limited	1 369 078	100	- 10	1 000 000	100
	332 591 454		331 222 376	54 324 067	

INFLATION ADJUSTED

AUDITED

INFLATION ADJUSTED

AUDITED

HISTORICAL

UNAUDITED 31 DEC 2018 ZWL\$

15 622 634 10 377 762

26 000 396

10 377 762

15 622 634

26 000 396

UNAUDITED 31 DEC 2018 ZWL\$

21 839 891 100

1 987 950 100

19 114 990 100

2 259 839 98.4

4 779 144 100 1 388 014 100 88 909 100

1 345 080 100

53 324 067

520 250 100

100

UNAUDITED

During the year the Group invested 100% in CBZ Agro Yield (Private) Limited which offers Contract loans to both individual and commercial farmers

18.	CATEGORIES OF FINANCIAL ASSETS
10.	CALEGORIES OF FINANCIAL ASSETS

Audited 31 Dec 2019	At fair value through profit or loss ZWL\$	At fair value through OCI ZWL\$	At amortised cost ZWL\$	Total carrying amount ZWL\$
Balances with banks and cash	-	_	2 400 254 233	2 400 254 233
Money market assets	_	-	224 165 206	224 165 206
Financial securities	-	-	1 191 754 472	1 191 754 472
Loans and advances to customers	-	-	3 013 900 920	3 013 900 920
Equity investments	20 921 510	191 167 194		212 088 704
Other assets		-	7 559 138 173	7 559 138 173
Total	20 921 510	191 167 194	14 389 213 004	14 601 301 708

Audited 31 Dec 2018

Balances with banks and cash	-	-	2 337 624 718	2 337 624 718
Money Market assets	-	-	439 409 481	439 409 481
Financial securities	-	-	7 732 953 394	7 732 953 394
Loans and advances to customers	-	-	3 024 975 659	3 024 975 659
Equity investments	97 039 972	64 461 456	-	161 501 428
Other assets	-	-	507 704 488	507 704 488
Total	97 039 972	64 461 456	14 042 667 740	14 204 169 168

		HISTORICAL		
Inaudited 31 Dec 2019	At fair value through profit or loss ZWL\$	At fair value through OCI ZWL\$	At amortised cost ZWL\$	Total carrying amount ZWL\$
maddited 51 Dec 2019				
alances with banks and cash	-	-	2 400 254 233	2 400 254 233
loney market assets	-	-	224 165 206	224 165 206
inancial securities	-	-	1 191 754 472	1 191 754 472
pans and advances to customers	-	-	3 013 900 920	3 013 900 920
quity investments	20 921 510	191 167 194	-	212 088 704
ther assets	-		7 559 138 173	7 559 138 173
tal	20 921 510	191 167 194	14 389 213 004	14 601 301 708

-	-	376 338 271	376 338 271
-	-	70 741 297	70 741 297
-	-	1 244 941 623	1 244 941 623
-	-	486 996 095	486 996 095
15 622 634	10 377 762	-	26 000 396
-	-	81 736 229	81 736 229
15 622 634	10 377 762	2 260 753 515	2 286 753 911
	-	15 622 634 10 377 762	70 741 297 - 1 244 941 623 - 486 996 095 15 622 634 10 377 762 - - 81 736 229

	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	
Money market assets	185 304	(124 850)	-	-	-	-	185 304	(124 850)	
Financial securities	23 758	11 858	-	-	-	-	23 758	11 858	
Loans and advances to customers	173 707 216	(11 296 071)	(9 476 406)	(33 649 909)	16 527 577	42 632 771	180 758 386	(2 313 209)	
Financial guarantees	793 840	(80 816)	-	-	(1 498)	-	792 342	(80 816)	
Letters of credit for customers	-	1 089	-	-	-	-	-	1 089	
Other commitments	38 893 862	(221 820)	-	-	-	207 218	38 893 862	(14 602)	
Lease receivables	129	1 968	3 774	7 225	792 789	(444 113)	796 691	(434 920)	
	213 604 109	(11 708 642)	(9 472 632)	(33 642 684)	17 318 868	42 395 876	221 450 343	(2 955 450)	
Insurance assets impair- ment charge	2 453 587	227 483	-	-	-	-	2 453 587	227 483	
Total	216 057 696	(11 481 159)	(9 472 632)	(33 642 684)	17 318 868	42 395 876	223 903 930	(2 727 967)	

UNAUDITED HISTORICAL

tage 2 ZWL\$

		INFLATION	ADJUSTED	HISTORICAL		
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
15.	OTHER ASSETS					
	Work in progress Prepayments and deposits Other receivables*	465 000 720 527 238 7 559 138 173 8 280 130 411	11 957 800 154 606 234 166 564 034	465 000 602 875 466 7 559 138 173 8 162 478 639	1 925 107 24 890 328 26 815 435	

*Included in other receivables is an amount of ZWL\$7 574 053 486 which relates to the government grant receivable from the Reserve Bank of Zimbabwe (RBZ). RBZ will provide foreign currency to the Group for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. The Group has already complied with the conditions necessary for the provision of the assistance namely registration of the legacy liabilities and nostro gap accounts.

The government grant receivable is denominated in US Dollars and has been translated to ZWL using the closing exchange rate in line with the treatment of monetary assets denominated in foreign currencies prescribed in IAS 21.

The government grant receivable asset is classified as and measured at amortised cost. At initial recognition, fair value was determined by reference to the liability that is linked to the asset. The asset will be used to settle any payment obligations that may accrue in the future related to the legacy liabilities and nostro gap accounts and as such its value at year end was derived from the maximum value of the liability as at the same date.

of the hability as at the same date.	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	t c
LAND INVENTORY MOVEMENT					- i
Opening balance Additions Foreign currency translation movement Land Inventory sales Write offs Impairment loss Closing balance	341 140 446 48 852 284 442 662 793 (51 884 357) (44 492 521) 736 278 645	391 237 035 43 708 531 (56 829 292) (23 166 003) (13 809 825) 341 140 446	54 920 794 19 522 597 80 890 089 (8 402 868) (7 421 485) (475 074) 139 034 053	62 985 931 7 036 713 (9 149 047) (3 729 535) (2 223 268) 54 920 794	
EQUITY INVESTMENTS					
Opening balance Impact of IFRS 9 fair value adjustment Investments in equities during the year Investments disposed of during the year Foreign currency translation movement Fair value adjustments through Profit or Loss Fair value adjustments through other Comprehensive Income	161 501 428 18 455 010 (8 788 831) 55 393 609 (51 934 213) 37 461 701 212 088 704	66 385 642 64 536 423 38 274 945 (14 366 787) 7 853 173 (1 181 968) 161 501 428	26 000 396 5 026 980 (5 234 770) 10 041 888 11 630 672 164 623 538 212 088 704	10 687 540 10 389 831 6 161 950 (2 312 934) 1 264 296 (190 287) 26 000 396	

16.

17.

FAIR VALUE MEASUREMENT 19.

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

INFLATION ADJUSTED											
	Level 1 Level 2			el 2	Lev	el 3	Total carrying amount				
	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$			
Equity investments	20 921 510	64 461 456	-	-	191 167 194	97 039 972	212 088 704	161 501 428			
Land and Buildings	-	-	653 573 572	337 808 523	-	-	653 573 572	337 808 523			
Investment properties	-	-	558 585 537	233 295 062	-	-	558 585 537	233 295 062			
Total assets at fair value	20 921 510	64 461 456	1 212 159 109	571 103 585	191 167 194	97 039 972	1 424 247 813	732 605 013			

Level 2 valuation techniques are highlighted on note 20 for Property and Equipment and note 21 for Investment property

HISTORICAL											
	Leve	el 1	Lev	el 2	Lev	el 3	Total carrying amount				
	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$			
Equity investments	20 921 510	10 377 762	-	-	191 167 194	15 622 634	212 088 704	26 000 396			
Land and Buildings	-	-	653 573 572	54 384 382	-	-	653 573 572	54 384 382			
Investment properties	-	-	558 585 537	37 558 578	-	-	558 585 537	37 558 578			
Total assets at fair value	20 921 510	10 377 762	1 212 159 109	91 942 960	191 167 194	15 622 634	1 424 247 813	117 943 356			

The fair values of the non-listed equities which have been classified as level 3 investments.

Fair values were derived using a combination of income and market approaches depending on the appropriateness of the methodologies to the type of equity instruments held. The valuation took into account certain assumptions about the model inputs, including but not limited to liquidity discounts, country factor, inflation, credit risk and volatility. A range of probabilities were also applied to these inputs and the fair values derived therefrom were deemed to be within acceptable fair values ranges of the equities.

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

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

If the fair value adjustment had been 5% up or down, the Group's other comprehensive income would be ZWL\$1 410 058 and the Statement of Financial Position would be ZWL\$ 1 873 085 higher or lower than the reported position.



FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

20. **PROPERTY AND EQUIPMENT**

				INFLAT	ION ADJUSTED)				
	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computer ZWL\$	Equipment ZWL\$	Furniture & Fittings ZWL\$	Work in progress ZWL\$	Total ZWL\$	
Audited 31 Dec 2019 Opening balance Right of use assets Foreign currency	52 838 425 _	284 970 073 15 376 579	6 264 290 _	40 470 759 _	172 794 343 _	77 380 871 _	46 277 113 _	21 486 140 _	702 482 014 15 376 579	
translation movement Additions Revaluation gain	70 386 399 _ 17 436 868	382 535 164 7 961 844 (7 884 199)	4 824 588 _	_ 2 319 585 _	23 789 186 	9 287 206 _	_ 8 925 137 _	58 825 368 	452 921 563 115 932 914 9 552 669	
Impairments Disposals Transfers to intangible assets		(12 598 909́) 		(1 815 395) 	(6 435) (4 900 445) 	(1 241 888)	(1 848 721) 	 (1 544 833)	(12 605 344) (9 806 449) (1 544 833)	
Transfers to other assets Transfers to investment properti Write offs	_	(1 801 335)			(86 622)	(131 360)	(22 043)	(411 220)	(411 220) (1 801 335) (240 025)	
Transfers (PPE Intercategories) Closing balance	140 661 692	216 561 668 775 778	11 088 878	40 974 949	2 071 520 193 661 547	868 127 86 162 956	1 885 549 55 217 035	(5 041 757) 73 313 698	1 269 856 533	
Accumulated depreciation & i Opening balance Right of use assets	mpairment 	_ 2 527 126	3 734 657	32 258 897	99 731 936	58 648 847	27 154 625	_	221 528 962 2 527 126	
Charge for the period Disposals Write offs	-	23 778 342	728 636	2 667 480 (1 654 128)	20 172 358 (4 387 737) (77 959)	4 695 728 (1 100 601) (118 224)	3 981 729 (1 019 681) (19 168)	-	56 024 273 (8 162 147) (215 351)	
Revaluation Impairments Closing balance	-	(23 123 406) (654 936) 2 527 126	4 463 293	33 272 249	(2 799) 115 435 799	62 125 750	30 097 505	-	(23 123 406) (657 735) 247 921 722	
Net Book Value	140 661 692	666 248 652	6 625 585	7 702 700	78 225 748	24 037 206	25 119 530	73 313 698	1 021 934 811	
Audited 31 Dec 2018										
Cost Opening balance Additions	_	269 147 665 16 094 459	5 401 358 680 762	40 104 337 1 771 600	146 198 519 24 923 167	72 733 185 5 064 993	45 301 902 1 528 252	23 338 332 21 117 686	634 838 530 71 180 919	
Revaluation surplus Impairments Disposals Transfers to intangible assets	20 225 193 	(14 602 283) (1 334 913) –	-	 (1 405 178)	 (1 420 365)	 (432 215)	- - (538 481) -	(303 916) 230 298 (1 888 985)	5 622 910 (1 638 829) (3 565 941) (1 888 985)	
Writeoffs Transfers (PPE Intercategories) Closing balance	 52 838 425	15 665 145 284 970 073		40 470 759	(150 057) 3 243 079 172 794 343	(12 423) 27 331 77 380 871	(38 859) 24 299 46 277 113	(1 865 251) (19 142 024) 21 486 140	(2 066 590) 702 482 014	
Accumulated depreciation & in	npairment		0 171 417	00 100 001	04 461 040	50 405 515	01 007 500		100.050.001	
Opening balance Charge for the year Disposals Writeoffs	-	19 001 341 	3 171 417 563 240 	28 193 981 5 250 679 (1 185 763)	84 461 240 16 659 488 (1 253 468) (135 324)	52 405 515 6 600 941 (346 428) (11 181)	21 827 528 5 673 758 (333 557) (13 106)		190 059 681 53 749 447 (3 119 216) (159 611)	
Revaluation Impairments Closing balance		(18 899 417) (101 924) –	 3 734 657	32 258 897	99 731 936	58 648 847	27 154 623	-	(188 899 417) (101 924) 221 528 960	
Net Book Value	52 838 425	284 970 073	2 529 633	8 211 862	73 062 407	18 732 024	19 122 490	21 486 140	480 953 054	

				HIS	STORICAL				
	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computer ZWL\$	Equipment ZWL\$	Furniture & Fittings ZWL\$	Work in progress ZWL\$	Total ZWL\$
Unaudited 31 Dec 2019 Opening balance Right of use assets	8 506 550 _	45 877 828 4 730 082	1 008 499 _	6 515 458 _	27 818 462 _	12 457 681 _	7 450 233 _	3 459 091 _	113 093 802 4 730 082
Foreign currency translation movement Additions Revaluation gain	12 759 825 	69 346 947 2 088 332 536 515 600	2 578 832 _	 1 310 073 	 15 270 661 	3 954 817 _	4 398 317 _	31 964 922 	82 106 772 61 565 954 655 910 917
Disposals Transfers to intangible assets Transfers to other assets Transfers to Investment Propertie:	- - -	 (290 000)		(292 264)	(788 931) 	(199 934) 	(297 608) 	(265 012) (367 183)	(1 578 737) (265 012) (367 183) (290 000)
Write offs Transfers(PPE Intercategories) Closing balance		34 865 658 303 654	3 587 331	7 533 267		(21 148) 139 761 16 331 177	(3 551) 303 558 11 850 949	 (811 682) 33 980 136	(39 680) – 914 866 915
Accumulated depreciation Opening balance Right of use assets Charge for the period Disposals Write offs Revaluation		1 182 286 18 556 086 (18 556 086)	601 249 152 901 	5 193 416 	16 056 018 	9 441 980 887 478 (177 187) (19 033)	4 371 670 715 469 (161 691) (3 086)		35 664 333 1 182 286 24 481 142 (1 309 011) (35 121) (18 556 086)
Closing balance	-	1 182 286	754 150	5 415 402	19 020 105	10 133 238	4 922 362	-	41 427 543
Net Book Value Unaudited 31 Dec 2018 Cost Opening balance Additions Revaluation Impairments Disposals Transfers to intangible assets Write offs Transfers (PPE Intercategories) Closing balance	5 250 461 3 256 089 	43 330 551 2 591 075 (2 350 847) (214 910) 	2 833 181 869 574 109 597 - - - 29 328 1 008 499	2 117 865 6 456 467 285 213 (226 222) 6 515 458	23 598 604 23 536 754 4 012 424 (228 667) (24 158) 522 109 27 818 462	6 197 939 11 709 442 815 422 (69 583) (2 000) 4 400 12 457 681	6 928 587 7 293 232 246 036 (86 691) (6 256) 3 912 7 450 233	3 980 136 3 757 279 3 399 773 (48 928) 3 7 076 (304 111) (300 290) (3 081 708) 3 459 091	873 439 372 102 203 760 11 459 540 905 242 (263 838) (574 087) (304 111) (332 704)
Accumulated depreciation Opening balance Charge for the year Disposals Write offs Revaluation Impairments Closing balance	-	3 059 059 - (3 042 650) (16 409)	510 572 90 677 - - - 601 249	4 538 998 845 316 (190 898) 5 193 416	13 597 562 2 682 040 (201 798) (21 786) – – 16 056 018	8 436 855 1 062 697 (55 772) (1 800) 	3 514 052 913 428 (53 700) (2 110) 		30 598 039 8 653 217 (502 168) (25 696) (3 042 650) (16 409) 35 664 333
Net Book Value	8 506 550	45 877 828	407 250	1 322 042	11 762 444	3 015 701	3 078 563	3 459 091	77 429 469

		INFLATION	ADJUSTED	HISTORICAL		
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
20.1b	Lease liability Impact of IFRS 16 Interest Repayment Monetary adjustment	15 376 579 1 624 710 (3 328 199) (9 672 903)	-	4 730 082 128 373 (858 269)	:	
		4 000 187	-	4 000 187	-	
20.1c	Lease liability maturity analysis Less than one month One to three months Three months to six months Six months to one year One to five years	146 236 391 333 435 713 833 913 2 732 013 4 539 208	-	146 236 391 333 435 713 833 913 2 732 013 4 539 208		
20.1d	Amounts recognised in Statement of Profit or Loss for the year ended 31 December 2019					
	Interest on lease liabilities Expenses relating to short term leases Expenses relating to leases of low value assets	1 624 710 1 598 551 76 950 3 300 211	-	128 373 963 130 25 912 1 117 415	-	
20.1e	Amounts recognised in statement of cash flow					
	Total cash outflow for leases	3 328 199	-	858 269	-	
21.	INVESTMENT PROPERTIES					
	Opening balance Additions Transfer from property and equipment Disposals Foreign currency translation movement Transfer to land inventory Fair valuation gain Closing balance	233 295 062 17 899 004 1 801 335 (193 737) 278 425 763 27 358 11 558 585 537	210 882 583 22 472 731 (7 548 381) 7 488 129 233 295 062	37 558 578 8 661 922 290 000 (31 190) 50 473 734 - - 461 632 493 558 585 537	33 950 354 3 617 924 - (1 215 227) 1 205 527 37 558 578	

The carrying amount of the investment properties is the fair value of the properties as determined by a registered internal appraise having, an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties and also in reference to the rental yeilds applicable to similar property. The properties were valued as at 31 December 2019.

The rental income derived from investment properties amounted to ZWL\$8 548 984 (December 2018:ZWL\$16 021 794) and direct operating expenses amounted to ZWL\$482 268 (December 2018: ZWL\$695 029).

If the fair value adustment had been 5% up or down, the Group's profit would have been \$1 029 759 higher or lower the reported position.

	INFLATION	ADJUSTED	HISTORICAL		
INTANGIBLE ASSETS	AUDITED	AUDITED	UNAUDITED	UNAUDITED	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	
Computer software	49 253 404	44 450 535	9 664 673	7 156 169	
At cost	(38 812 630)	(34 427 052)	(6 740 673)	(5 542 471)	
Accumulated amortisation	10 440 774	10 023 483	2 924 000	1 613 698	
Movement in intangible assets: Opening balance Additions Transfer from property and equipment Amortisation charge Closing balance	10 023 483 3 307 550 1 544 833 (4 435 092) 10 440 774	15 715 589 356 161 1 888 985 (7 937 252) 10 023 483	1 613 698 2 243 490 265 012 (1 198 200) 2 924 000	2 530 080 57 339 304 111 (1 277 832) 1 613 698	

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

23. DEFERRED TAXATION

22.

23.1

23.2

24.

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

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

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
Equity investments Assessed loss Credit loss & Impairment provisions Intangible assets Property and equipment Prepayments Tax claimable impairments Investment properties Other Closing balance	3 797 116 75 571 499 - 26 698 358 - - - - - - - - - - - - - - - - - - -	(4 595 956) 225 378 142 805 960 178 382 (36 200 652) (18 647) 114 011 408 243 981 8 787 047 225 436 901	3 608 007 75 735 168 - 26 698 358 - - 106 041 533	(739 911) 36 284 22 990 580 28 718 (5 828 006) (3 002) 18 354 895 39 279 1 414 642 36 293 479	

Properties were revalued on an open market basis by an internal professional valuer, as at 31 December 2019 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards using the methodology noted below

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 judgment was exercised to take cognisance of the fact that properties in the transactions were not exactly comparable in
- terms of size, quality and location to the properties owned by the Group. The reasonableness of the market values of commercial properties so determined, per above bullet, was assessed by reference to the
- The values per square metre of lettable spaces for both the subject properties and comparables were analysed. With regards to the market values for residential properties, the comparison method was used. This method entails carrying out a valuation by directly comparing the subject property, which has been sold or rented out. The procedure was performed as follows: i. Surveys and data collection on similar past transactions.
- 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:

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

The carrying amount of buildings would have been ZWL\$183 172 916 (December 2018: ZWL\$182 590 611) had they been carried at cost

Further details on fair valuation hierachy are provided in the Group's annual report for the year ended 31 December 2019.

If the fair value adustment had been 5% up or down, the Group's other Comprehensive Income would have been \$1 229 927 higher or lower the reported position

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

Included in property and equipment are amounts relating to Right of use assets for buildings that are leased by the Group for periods more than one year. The buildings are used by the Group for its various branches and operations.

The information about the leases for which the Group is a lessee is presented below

		INFLATION ADJUSTED		HISTORICAL		24.3
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
20.1a	Right of Use Assets At cost Depreciation	15 376 579 (2 527 126) 12 849 453	-	4 730 082 (1 182 286) 3 547 796	-	
		12 010 100		0011100		

2	Deferred tax liability				
	Deferred tax liability represents the amount of income taxe payable in future years in respect of taxable temporary difference of taxable temporary difference of the taxable temporary difference of taxable temporary differ				
	The deferred tax liability balances included in the statement of financial position are comprised of:				
	impairment and provisions Intangible assets Prepayments Equity investments Property and equipment Investment properties Other	174 221 447 548 115 918 9 652 574 127 598 704 65 439 204 115 198 365	4 149 8 363 765 1 834 964 16 214 098	174 221 88 894 9 167 9 652 574 100 837 387 65 439 204 83 750 380	668 1 346 497 295 414 2 610 336
	Closing balance	318 626 534	26 416 976	259 951 917	4 252 915
	DEPOSITS				
	Call deposits Savings and other deposits Wholesale deposits Money market deposits Lines of credit Accrued interest	12 363 610 6 671 459 722 5 321 823 466 875 479 019 167 915 642 15 997 421	347 174 600 9 470 427 813 - 2 911 846 289 162 087 639 23 134 895	12 363 610 6 671 459 722 5 321 823 466 875 479 019 167 915 642 15 997 421	55 892 243 1 524 660 653 - 468 783 201 26 094 771 3 724 527
		13 065 038 880	12 914 671 236	13 065 038 880	2 079 155 395
1	Deposits by type Retail Corporate Money market	856 033 236 11 154 108 150 886 940 635	1 840 690 397 7 983 401 914 2 926 322 138	856 033 236 11 154 108 150 886 940 635	296 335 950 1 285 261 766 471 113 693
	Lines of credit	167 956 859 13 065 038 880	164 256 787 12 914 671 236	167 956 859 13 065 038 880	26 443 986 2 079 155 395
					100 000

Lines of credit relate to borrowings from foreign banks or financial institutions. These have an average tenure of 2.8 years with an average interest rate of 9.2% and are secured by a variety of instruments which include lien over bank accounts, guarantees treasury bills and sub borrower securities.

24.2 Settlement of legacy liabilities and nostro gap accounts

Sectoral Analysis Private Agriculture Mining Manufacturing Distribution

Construction Transport Communication Services Financial organisations Financial and investme

Included in the deposits balance above, are amounts that are denominated in USD amounting to US\$451 551 474 (being legacy liabilities of US\$318 062 662 and nostro gap of US\$133 488 811) which are shown at ZWL\$ 7 574 053 486. These foreign denominated liabilities, which are payable on demand, are subject to a special settlement arrangement with the Reserve Bank of Zimbabwe (RBZ) as detailed in Note 16 to the financial statements wherein the RBZ will provide foreign currency gradually to the Bank for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. Subsequent to year end, the Bank transferred the ZWL equivalent of the said balances to the RBZ at a rate of 1:1. We note that to date USD10 965 225 has been made available under this arrangement, demonstrating the willingness and capability of the RBZ to honour the settlement arrangement.

The Group has however identified key risks attendant to the legacy liabilities and nostro gap accounts, which risks and respective mitigating strategies are described in detail in note 25 to the Inflation Adjusted Consolidated Financial Statements, which are available for inspection at the Company's Registered Offices.

	INFLATIO	N ADJI	USTED		HIS	STORIC/	AL.	
	AUDITED 31 DEC 2019 ZWL\$	%	AUDITED 31 DEC 2018 ZWL\$	%	UNAUDITED 31 DEC 2019 ZWL\$	%	UNAUDITED 31 DEC 2018 ZWL\$	%
s ents	488 915 231 216 610 650 73 363 158 610 305 385 4 605 017 987 153 301 786 105 206 083 44 761 876 5 071 206 379 1 671 078 263 25 272 082 13 065 038 880	4 2 1 5 34 1 1 39 13	814 301 503 455 211 509 138 345 806 1 162 440 178 2 466 617 373 320 788 396 229 785 758 473 693 781 4 744 593 627 1 573 729 869 535 163 436 12 914 671 236	6 4 19 2 2 4 37 12 4 100	488 915 231 216 610 650 73 363 158 610 305 385 4 605 017 987 153 301 786 105 206 083 44 761 876 5 071 206 379 1 671 078 263 25 272 082 13 065 038 880	4 2 1 5 34 1 1 39 13	131 095 816 73 285 293 22 272 532 187 143 267 397 105 023 51 644 282 36 993 609 76 260 786 763 840 384 253 357 510 86 156 893 2 079 155 395	6 4 1 9 19 2 2 4 37 12 4 100



FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

		INFLATION	ADJUSTED	HIST	ORICAL	30.
04.0	Matuita analusia	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	30.1
24.3	Maturity analysis Less than 1 month Between 1 and 3 months Between 3 and 6 months Between 6 months and 1 year Between 1 and 5 years More than 5 years	12 281 476 302 143 024 326 31 635 810 428 996 629 175 407 722 4 498 091 13 065 038 880	10 595 806 947 1 685 029 504 186 373 444 139 493 908 193 473 721 114 493 712 12 914 671 236	12 281 476 302 143 024 326 31 635 810 428 996 629 175 407 722 4 498 091 13 065 038 880	1 705 837 398 271 275 832 30 004 585 22 457 367 31 147 671 18 432 542 2 079 155 395	30.1
	Maturity analysis is based on the remaining period from 3	1 December 2019 t	o contractual matu	rity.		
25.	INSURANCE LIABILITIES					
	Reinsurance payables (a) Gross outstanding claims (b) Gross unearned premium reserve (c) Deferred reinsurance acquisition revenue (d)	17 358 569 6 148 693 28 558 819 7 132 275 59 198 356	8 228 219 17 829 230 26 816 680 3 279 802 56 153 931	17 358 569 6 148 693 28 558 819 7 132 275 59 198 356	1 324 675 2 870 359 4 317 264 528 021 9 040 319	
25.1	Insurance contract provisions	55 150 050	50 100 301	55 150 050	3 040 013	
	(a) Reinsurance payables Opening balance Premiums ceded during the year Reinsurance paid Monetary adjustment Closing balance	8 228 219 95 368 390 (52 660 530) (33 577 510) 17 358 569	4 642 246 39 781 960 (36 195 987) 8 228 219	1 324 675 49 296 292 (33 262 398) 17 358 569	747 363 6 404 567 (5 827 255) 1 324 675	
	(b) Gross outstanding claims provision Opening balance Claims incurred Incurred but not reported claims provision (IBNR) Claims paid Monetary adjustment Closing balance	17 829 232 24 622 001 2 157 968 (22 927 650) (15 532 858) 6 148 693	7 523 733 46 493 224 1 232 541 (37 420 268) 17 829 230	2 870 359 24 622 001 1 583 983 (22 927 650) - 6 148 693	1 211 259 7 485 025 198 429 (6 024 354) - 2 870 359	30.2
	(c) Gross premium reserve Opening balance Written premiums Premiums earned during the year Closing balance	26 816 680 153 471 218 (151 729 079) 28 558 819	19 517 442 81 706 881 (74 407 643) 26 816 680	4 317 264 65 493 243 (41 251 688) 28 558 819	3 142 147 13 154 133 (11 979 016) 4 317 264	30.3
	(d) Deferred reinsurance acquisition revenue		-	NFLATION ADJUSTED)	30.4
			Unearned commissions ZWL\$	NFLATION ADJUSTED Deferred acquisition ZWL\$	Net ZWL\$	30.4
	(d) Deferred reinsurance acquisition revenue Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance		Unearned commissions	Deferred acquisition	Net	30.4 30.5
	Audited 31 December 2019 Opening balance Written premiums Earned during the Year		Unearned commissions ZWL\$ 3 279 802 24 562 551 (20 710 078)	Deferred acquisition ZWL\$ 3 542 064 23 893 623 (20 609 035)	Net ZWL\$ (262 262) 668 928 (101 043)	
	Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Written premiums Earned during the year		Unearned commissions ZWL\$ 3 279 802 24 562 551 (20 710 078) 7 132 275 2 193 181 10 261 059 (9 174 438) 3 279 802	Deferred acquisition ZVU.\$ 3 542 064 23 893 623 (20 609 035) 6 826 652 2 540 261 10 640 322 (9 638 519) 3 542 064 HISTORICAL	Net ZWL\$ (262 262) 668 928 (101 043) 305 623 (347 080) (379 263) 464 081	
	Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Written premiums Earned during the year		Unearned commissions ZWL\$ 3 279 802 24 562 551 (20 710 078) 7 132 275 2 193 181 10 261 059 (9 174 438)	Deferred acquisition ZWL\$ 3 542 064 23 893 623 (20 609 035) 6 826 652 2 540 261 10 640 322 (9 638 519) 3 542 064 HISTORICAL Deferred acquisition	Net ZWLS (262 262) 668 928 (101 043) 305 623 (347 080) (379 263) 464 081 (262 262) Net	
	Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Written premiums Earned during the year		Unearned commissions ZWL\$ 3 279 802 24 562 551 (20 710 078) 7 132 275 2 193 181 10 261 059 (9 174 438) 3 279 802 Unearned commissions	Deferred acquisition ZWL\$ 3 542 064 23 893 623 (20 609 035) 6 826 652 2 540 261 10 640 322 (9 638 519) 3 542 064 HISTORICAL Deferred	Net ZWLS (262 262) 668 928 (101 043) 305 623 (347 080) (379 263) 464 081 (262 262)	
	Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Written premiums Earned during the year Closing balance Audited 31 December 2019 Opening balance Written premiums Earned during the Year		Unearned commissions ZWL\$ 3 279 802 24 562 551 (20 710 078) 7 132 275 2 193 181 10 261 059 (9 174 438) 3 279 802 Unearned commissions ZWL\$ 528 021 12 414 703 (5 810 449)	Deferred acquisition ZWL\$ 3 542 064 23 893 623 (20 609 035) 6 826 652 2 540 261 10 640 322 (9 638 519) 3 542 064 HISTORICAL Deferred acquisition ZWL\$ 570 243 11 790 329	Net ZWLS (262 262) 668 928 (101 043) 305 623 (347 080) (379 263) 464 081 (262 262) Net ZWLS (42 024) 624 374 (276 529)	
	Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Written premiums Earned during the year Closing balance Mudited 31 December 2019 Opening balance Earned during the Year Closing balance Mritten premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Earned during the Year Closing balance		Unearned commissions ZWL\$ 3 279 802 24 562 551 (20 710 078) 7 132 275 2 193 181 10 261 059 (9 174 438) 3 279 802 Unearned commissions ZWL\$ 528 021 12 414 703 (5 180 449) 7 132 275 353 083 1 651 945 (1 477 007) 528 021 14 77 007) 528 021	Deferred acquisition ZWL\$ 3 542 064 23 893 623 (20 609 035) 6 826 652 2 540 261 10 640 322 (9 638 519) 3 542 064 HISTORICAL Deferred acquisition ZWL\$ 570 243 11 790 329 (5 533 920) 6 826 652 408 961 1 713 004 (1 551 722) 570 243	Net ZWLS (262 262) 668 928 (101 043) 305 623 (347 080) (379 263) 464 081 (262 262) Net ZWLS (42 222) 624 374 (276 529) 305 623 (55 878) (61 059) 74 715 (42 222)	
	Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Written premiums Earned during the year Closing balance Mudited 31 December 2019 Opening balance Earned during the Year Closing balance Mritten premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Earned during the Year Closing balance	AUDITED 31 DEC 2019	Unearned commissions ZWLS 3 279 802 24 562 551 (20 710 078) 7 132 275 2 193 181 10 261 059 (9 174 438) 3 279 802 Unearned commissions ZWLS 528 021 12 414 703 (5 810 449) 7 132 275 353 083 1 651 945 (1 477 007) 528 021 ADJUSTED AUDITED 31 DEC 2018	Deferred acquisition ZWL\$ 3 542 064 23 893 623 (20 609 035) 6 826 652 2 540 261 10 640 322 (9 638 519) 3 542 064 HISTORICAL Deferred acquisition ZWL\$ 570 243 11 790 329 (5 533 920) 6 826 652 408 961 1 713 004 (1 551 722) 570 243 HIST(UNAUDITED 31 DEC 2019	Net ZWLS (262 262) 668 928 (101 043) 305 623 (347 080) (379 263) 464 081 (262 262) 624 374 (276 529) 305 623 (55 878) (61 059) 74 715 (42 222) 051 059) 74 715 (12 222) 031 DEC 2018	
26.	Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Written premiums Earned during the year Closing balance Mudited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Mudited 31 December 2018 Opening balance Closing balance Mudited 31 December 2018 Opening balance Closing balance Mudited 31 December 2018 Opening balance Mudited 31 December 2018 Opening balance	AUDITED 31 DEC 2019 ZWL\$	Unearned commissions ZWLS 3 279 802 24 562 551 (20 710 078) 7 132 275 2 193 181 10 261 059 (9 174 438) 3 279 802 Unearned commissions ZWLS 528 021 12 414 703 (5 810 449) 7 132 275 353 083 1 651 945 (1 477 007) 528 021 ADJUSTED AUDITED 31 DEC 2018 ZWLS	Deferred acquisition ZWL\$ 3 542 064 23 893 623 (20 609 035) 6 826 652 2 540 261 10 640 322 (9 638 519) 3 542 064 HISTORICAL Deferred acquisition ZWL\$ 570 243 11 790 329 (5 533 920) 6 826 652 408 961 1 713 004 (1 551 722) 570 243 HIST(UNAUDITED 31 DEC 2019 ZWL\$	Net ZWLS (262 262) 668 928 (101 043) 305 623 (347 080) (379 263) 464 081 (262 262) 624 374 (276 529) 305 623 (55 878) (61 059) 74 715 (42 222) 31 DEC 2018 ZWL\$	
26.	Audited 31 December 2019 Opening balance Written premiums Earned during the Year Closing balance Audited 31 December 2018 Opening balance Written premiums Earned during the year Closing balance Written premiums Earned during the Year Closing balance Written premiums Earned during the Year Closing balance Mudited 31 December 2018 Opening balance Written premiums Earned during the Year Closing balance Written premiums Earned during the Year Closing balance	AUDITED 31 DEC 2019	Unearned commissions ZWLS 3 279 802 24 562 551 (20 710 078) 7 132 275 2 193 181 10 261 059 (9 174 438) 3 279 802 Unearned commissions ZWLS 528 021 12 414 703 (5 810 449) 7 132 275 353 083 1 651 945 (1 477 007) 528 021 ADJUSTED AUDITED 31 DEC 2018	Deferred acquisition ZWL\$ 3 542 064 23 893 623 (20 609 035) 6 826 652 2 540 261 10 640 322 (9 638 519) 3 542 064 HISTORICAL Deferred acquisition ZWL\$ 570 243 11 790 329 (5 533 920) 6 826 652 408 961 1 713 004 (1 551 722) 570 243 HIST(UNAUDITED 31 DEC 2019	Net ZWLS (262 262) 668 928 (101 043) 305 623 (347 080) (379 263) 464 081 (262 262) 624 374 (276 529) 305 623 (55 878) (61 059) 74 715 (42 222) 051 059) 74 715 (12 222) 031 DEC 2018	

27.

27.	LIFE FUNDS		INFLATION A	DJUSTED	
27.1	Movement in Life Fund	Unearned Premium Reserve ZWL\$	Incurred But Not Reported ZWL\$	Annuities Reserve ZWL\$	Total ZWL\$
	Audited 31 December 2018 Opening balance Transfer to income Closing balance	5 833 063 977 727 6 810 790	3 272 547 (380 485) 2 892 062	195 823 195 823	9 105 610 793 065 9 898 675
	Audited 31 December 2019 Opening balance Transfer to income Monetary adjustment Closing balance	6 810 790 2 738 464 (7 964 507) 1 584 747	2 892 062 165 837 (2 403 706) 654 193	195 823 1 664 428 (164 298) 1 695 953	9 898 675 4 568 729 (10 532 511) 3 934 894
			HISTORI	CAL	
		Unearned Premium Reserve ZWL\$	Incurred But Not Reported ZWL\$	Annuities Reserve ZWL\$	Total ZWL\$
	Audited 31 December 2018 Opening balance Transfer to income Closing balance	939 075 157 406 1 096 481	526 853 (61 255) 465 598	31 526 31 526	1 465 928 127 677 1 593 605
	Audited 31 December 2019 Opening balance Transfer to income Closing balance	1 096 481 488 266 1 584 747	465 598 188 595 654 193	31 526 1 664 428 1 695 954	1 593 605 2 341 289 3 934 894
		INFLATION	ADJUSTED	HISTO	RICAL
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
27.2	Life funds liabilities as supported by the following net assets Money market assets Prescribed assets Investment property Listed equity investment	662 606 713 292 1 784 600 774 396 3 934 894	3 164 262 1 870 903 2 780 416 2 083 095 9 898 676	662 606 713 292 1 784 600 774 396 3 934 894	509 420 301 200 447 624 335 361 1 593 605
28.	LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES				
28.1	Life assurance investment contract liabilities movement Opening balance Interest on GEP fund Fund Management expenses GEP Investment GEP Withdrawals Monetary adjustment Closing balance	14 866 750 1 416 250 (109 924) 13 663 180 (11 637 011) (14 790 194) 3 409 051	11 223 768 477 726 (255 988) 6 611 544 (3 190 300) - 14 866 750	2 393 424 425 631 (33 501) 4 170 048 (3 546 551) - 3 409 051	1 806 934 76 910 (41 212) 1 064 404 (513 612) 2 393 424
28.2	Life assurance investment contract liabilities are supported by the following net assets Money market assets Cash Prescribed assets Listed equity investment	280 814 265 875 511 303 2 351 059 3 409 051	8 205 601 869 219 4 400 188 1 391 742 14 866 750	280 814 265 875 511 303 2 351 059 3 409 051	1 321 034 139 937 708 394 224 059 2 393 424
29.	CATEGORIES OF FINANCIAL LIABILITIES The Group's financial liabilities are carried at amortised cos	t aro as follows:			
	The Group's financial nabilities are carried at arrior(ISed Cos	are as ionows:			
	Deposits Other liabilities Lease liability Total	13 144 195 659 808 138 177 4 000 187 13 956 334 023	12 914 671 236 214 687 095 13 129 358 331	13 144 195 659 808 138 177 4 000 187 13 956 334 023	2 079 155 395 34 562 849 2 113 718 244

EQUITY AND RESERVES

Issued and fully paid

Closing balance

Reconciliation of number of shares

Opening balance Employee share options Cancellation of treasury shares

0.1	Share car	oital

Authorised 1 000 000 000 ordinary shares of ZWL\$ 0.01each

INFLATION	INFLATION ADJUSTED		ORICAL
AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
10 000 000	10 000 000	10 000 000	10 000 000

INFLATION ADJUSTED		HISTORICAL	
AUDITED 31 DEC 2019 SHARES	UNAUDITED 31 DEC 2018 SHARES	UNAUDITED 31 DEC 2019 SHARES	UNAUDITED 31 DEC 2018 SHARES
686 962 567 4 035 388 (168 981 847) 522 016 108	686 879 495 83 072 686 962 567	686 962 567 4 035 388 (168 981 847) 522 016 108	686 879 495 83 072 686 962 567

	INFLATION	INFLATION ADJUSTED		RICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Opening balance Cancellation of treasury shares Exercise of share options	42 670 664 (5 400 220) 47 035	42 665 509 5 155	6 869 625 (1 689 820) 40 357	6 868 795 830
Closing balance	37 317 479	42 670 664	5 220 162	6 869 625
Share premium Opening balance Cancellation of treasury shares Exercise of Share option reserve	248 602 901 (21 082 206) 524 683	248 545 346 57 555	40 023 014 (6 596 966) 450 161	40 013 748 9 266
Closing balance	228 045 378	248 602 901	33 876 209	40 023 014
Treasury shares Opening balance Cancellation Closing balance	109 251 456 (109 251 456) -	109 251 456 109 251 456	17 588 582 (17 588 582) -	17 588 582 17 588 582
Revaluation reserve Opening balance Net revaluation gain Effects of applying IAS 29 Closing balance	27 240 344 27 240 344	179 683 281 19 950 030 (199 633 311) -	32 139 314 559 938 900 592 078 214	28 927 524 3 211 790 - 32 139 314
Employee share option reserve Opening balance Share options to employees Cancellation	7 228 981 (91 143) (7 137 838)	7 050 356 178 625 7 228 981	1 163 806 (78 198) (1 085 608)	1 135 049 28 757 1 163 806
Closing balance	-	/ 228 981	-	1 103 806

During the year 4 035 388 shares were exercised after vesting and ZWL\$355 521 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 31 December 2019 were as follows:

	Subscription price	Number of Shares
Granted 1 June 2012	ZWL\$0.0881	40 000 000
	AUDITED 31 DEC 2019 SHARES	AUDITED 31 DEC 2018 SHARES
Movement for the year Balance at the beginning of the year Options exercised Options cancelled	37 197 797 (4 035 388) (33 162 409)	37 280 869 (83 072) -
Balance at the end of the year	-	37 197 797

During the year the Group cancelled 33 162 409 share options and no payments were made to employees in respect of outstanding share options

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

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

Valuation inputs:

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

Expected volatility

* Included in other liabilities is a payable to the Reserve Bank of Zimbabwe of ZWL\$451 551 474 in relation to legacy liabilities and nostro gap accounts and other payables ZWL\$351 568 332 to various service providers.

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

6

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.

		INFLATION	ADJUSTED	HISTORICAL		
	Bellind environ	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
30.6	Retained earnings Opening balance Impact of adopting IFRS 9 (Note 30.6.1) Restated retained earnings Profit for the year Cancellation of treasury shares Cancellation of share options Effects of applying IAS 29 Dividend paid	1 720 939 801 1 720 939 801 312 954 654 (82 769 030) 7 137 838 (27 276 458) 1 930 986 515	1 554 196 426 (456 493 662) 1 097 702 764 448 238 934 - - - - - - - - - - - - - - - - - - -	244 917 776 924 895 986 (9 301 796) 1 085 608 12 070 853 1 149 526 721	250 212 784 (73 491 709) 176 721 075 72 162 766 (3 966 065) 244 917 776	
30.6.1	The revenue reserve comprises: Holding company Subsidiary companies Effect of consolidation journals Retained earnings	123 853 960 1 834 345 428 (27 212 873) 1 930 986 515	76 791 437 1 473 409 852 170 738 492 1 720 939 781	44 596 037 1 108 583 967 (3 653 283) 1 149 526 721	12 362 787 237 206 816 (4 651 827) 244 917 776	
	The impact of transition to IFRS 9 on retained earnings is, as follows: Recognition of expected credit losses under IFRS 9 for financial assets Deferred tax in relation to the above Total change in equity due to	-	(565 034 274) 108 540 612	-	(90 965 851) 17 474 142	
	adopting IFRS 9 (01 Jan 2018)	-	(456 493 662)	-	(73 491 709)	
30.7	Non-controlling interests Reconciliation of Non-controlling Interests: Opening balance Profit for the year Other comprehensive income Dividend paid Closing balance	757 442 (420 333) 223 655 (16 340) 544 424	722 316 55 009 (19 883) 757 442	121 942 82 365 224 276 (8 609) 419 974	116 287 8 856 (3 201) 121 942	
30.8	Fair value reserve Opening balance Impact of adopting IFRS 9 (Note 30.8.1) Other comprehensive income for the year	50 646 303 35 666 556 86 312 859	51 578 990 (932 687) 50 646 303	8 153 639 - 156 653 980 164 807 619	8 303 794 (150 155) 8 153 639	
30.8.1	Fair value reserve The impact of transition to IFRS 9 on fair value reserve is, as follows:					
	Recognition of fair value gain for unquoted equities on adopting IFRS 9 Deferred tax in relation to the above Total change in equity due to adopting IFRS 9 (01 Janaury 2018)		64 536 422 (12 957 416) 51 579 006	:	10 389 831 (2 086 037) 8 303 794	
30.9	Foreign currency translation reserve					
00.0	Opening balance Gross exchange gain on change of functional currency NCI portion on change of functional currency Exchange gain on translation of a foreign subsidiary Closing balance	508 315 157 (223 655) (202 192) 507 889 310	-	92 148 662 (40 545) (585 342) 91 522 775	- - - -	



FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

CAPITAL MANAGEMENT 31.

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

CONTINGENCIES AND COMMITMENT 32.

32.1 Compliance matter

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

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED	AUDITED	UNAUDITED	UNAUDITED	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	
Guarantees Letters of credit	83 491 221 83 491 221	65 183 021 157 695 674 222 878 695	83 491 221 83 491 221	10 493 928 25 387 701 35 881 629	
Capital commitments	16 654 281	15 884 175	16 654 281	2 557 221	
Authorised and contracted for	353 360	5 115 399	353 360	823 537	
Authorised but not yet contracted for	17 007 641	20 999 574	17 007 641	3 380 758	

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

FUNDS UNDER MANAGEMENT 33.

Pensions	1 015 974 861	2 095 158 521	1 015 974 861	337 303 216	36.
Institutional and individual clients - equities	206 023 806	207 183 940	206 023 806	33 354 903	
Institutional and individual clients - fixed income	624 916	46 597 124	624 916	7 501 752	
Unit trusts	2 199 491	7 060 505	2 199 491	1 136 683	
	1 224 823 074	2 356 000 090	1 224 823 074	379 296 554	

34. **OPERATING SEGMENTS**

The Group is comprised of the following operating segments:

BANKING OPERATIONS	Mortagage Finance	ASSET MANAGEMENT	INSURANCE OPERATIONS	PROPERTY INVESTMENTS	AGRO BUSINESS OPERATIONS	OTHER OPERATIONS
		\mathbf{Q}	4			ţ.
Provides commercial banking products through retail banking corporate and merchant banking and investing portfolios through the treasury function.	Provides mortgage financing to its clients for both finance and commecial purposes.	Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.	Provides short term insurance and long term insurance. The Group also provides Risk Advisory Services to its clients as part of its insurance operations function.	Property investment arm of the Group.	Provides contract farming loans to farmers both individual and commercial	Other operations provided by the Group include microfinancing package by Redsphere Finances and the equity investment by the Holdings Company.

The table below shows the segment operational results for the year ended 31 December 2019:

Segment operational results 34.1

		INFL	ATION ADJU	STED					
	Commercial banking ZWL\$	Mortgage finance ZWL\$	Asset management ZWL\$	Insurance operations ZWL\$	Property investment ZWL\$	Agro business ZWL\$	Other operations ZWL\$	Elimination of intersegment amounts ZWL\$	Consolidated
ICOME otal income for the year ended 31 Dec 2019 otal income for the year ended 31 Dec 2018	1 837 551 575 965 263 358	247 496 602 176 481 743	30 363 951 24 664 763	96 795 411 70 286 451	101 234 200 19 359 745	441 327 864 _	132 895 842 72 661 423	(168 831 852) (89 827 644)	
et underwriting income for the ear ended 31 Dec 2019 et underwriting income for the ear ended 31 Dec 2018	-	-	-	79 017 389 58 346 241	-	-	-	(9 650 331) (967 303)	69 367 058 57 378 938
epreciation & Armortisation for the ear ended 31 Dec 2019 epreciation & Armortisation for the	50 888 193	9 680 003	574 081	3 987 756	145 830	191 023	2 637 447	(5 117 842)	62 986 491
ear ended 31 Dec 2018 npairment of assets for the pairment of assets for the are ended 31 Dec 2018	49 486 818 26 887 686 (7 242 073)	8 395 381 (1 185 550) 9 636 761	239 465 3 636 (640 542)	2 279 422 14 555 109 (2 335 846)	265 349 –	_ 195 608 538	576 576 161 350 (1 461 448)	443 688 –	61 686 699 236 030 769 (2 043 148)
ESULTS of the before taxation for the are ended 31 Dec 2019 of it before taxation for the	666 134 118	(140 224 346)	2 735 136	(52 351 921)		 254 510 590	149 508 483	(114 014 794)	881 699 546
ar ended 31 Dec 2018 ASH FLOWS: enerated from operating activities for the	455 376 583	28 506 251	10 730 929		11 820 097	_	20 980 058	(40 972 887)	516 114 224
ear ended 31 Dec 2019 enerated from in operating activities for the ear ended 31 Dec 2018	4 125 380 322 1 766 103 858	49 766 906 36 470 238	6 285 906 14 396 894		130 180 351 (13 559 696)	-	161 198 331 (18 739 197)	(455 693 152) 142 775 547	4 058 035 781 1 923 325 712
sed in investing activities for the sar ended 31 Dec 2019 sed in investing activities for the ear ended 31 Dec 2018	(77 406 774) (37 635 521)	(1 553 256) (1 958 976)	(5 362 302) (10 843 059)	(44 967 051) _	_ (2 057 056)	-	(10 096 035) (5 102 100)	(6 626 086) (60 086 400)	
sed in financing activities for the ear ended 31 Dec 2019 sed in financing activities for the ear ended 31 Dec 2018	(103 604 090) (33 790 550)	(404 493) _	(836 824) (381 367)	(4 819 837) _	(42 341) _	-	(27 500 137) (24 589 752)	107 001 098 34 152 027	(30 206 624) (24 609 642)
DTAL ASSETS AND LIABILITIES eportable segment liabilities for the sar ended 31 Dec 2019 sportable segment liabilities for the ar ended 31 Dec 2018	13 735 423 974 12 523 811 810	467 820 254 658 878 747	11 488 258 3 421 834	105 310 077 98 164 223	44 935 906 53 260 236	931 224 446 _	12 839 854 48 714 698	. ,	15 013 889 839 13 256 159 748
tal segment assets for the year ded 31 Dec 2019 tal segment assets for the ar ended 31 Dec 2018	15 330 207 714 13 714 305 654		34 596 216 31 051 935	250 411 986 282 010 592		1 119 850 307 _	486 172 729 332 777 352	. ,	17 832 226 148 15 217 754 384
	Commercial banking ZWL\$	Mortgage finance ZWL\$	HISTORICA Asset management ZWL\$	Insurance operations ZWL\$	Property investment ZWL\$	Agro business ZWL\$	Other operations ZWL\$	Elimination of intersegment amounts ZWL\$	
ICOME otal income for the year ended 31 Dec 2019 otal income for the year ended 31 Dec 2018	1 006 539 380 155 399 428	212 366 469 28 412 103	30 638 800 3 970 823	96 319 988 11 315 538	128 586 207 3 116 759	441 787 675 _	81 347 690 11 697 889	(73 003 959) (14 461 509)	
et underwriting income for the ear ended 31 Dec 2019 et underwriting income for the ear ended 31 Dec 2018	-	-	-	18 241 642 9 393 263	-	-	-	(3 232 801) (155 728)	15 008 841 9 237 535
epreciation and Armotisation for the ear ended 31 Dec 2019 epreciation and Armotisation for the	17 867 777	6 715 917	127 328	1 192 266	46 527	161 194	548 395	202 224	26 861 628
ear ended 31 Dec 2018 npairment of assets for the ear ended 31 Dec 2019 npairment of assets for the	7 966 969 27 349 496	1 351 587 (1 192 562)	38 552 585	366 968 2 513 280	42 719	_ 195 608 538	92 824 161 351	71 430	9 931 049 224 440 688
ear ended 31 Dec 2018 ESULTS rofit before taxation for the ear ended 31 Dec 2019	(1 165 914) 617 186 197	1 551 439 140 608 221	(103 122) 22 081 515	(376 052) 69 010 704	- 123 981 653	- 150 722 792	(235 281) 51 301 098	- (50 087 826)	(328 930) 1 124 804 354
ofit after taxation for the ar ended 31 Dec 2018 ASH FLOWS: enerated from in operating activities for the	73 311 869	4 589 271	1 727 591	4 777 139	1 902 938	-	3 377 616	(6 596 297)	83 090 127
ear ended 31 Dec 2019 enerated from in operating activities for the ear ended 31 Dec 2018	1 787 457 603 284 328 135	20 065 519 5 871 407	1 100 743 2 317 781	21 357 605 (663 597)	5 259 801 (2 182 999)	(1 565 277 387 _	7) 35 390 252 (3 016 856)	1 515 844 894 22 985 682	1 821 199 030 309 639 553
ed in investing activities for the ar ended 31 Dec 2019 ed in investing activities for the ar ended 31 Dec 2018	(45 106 366) (6 059 008)	(1 117 143) (315 379)	(1 277 344) (1 745 643)	(5 975 215) _	(629 495) (331 169)	(3 831 317) _	(5 601 987) (821 396)	(5 221 452) (9 673 414)	(68 760 319) (18 946 009)
ed in financing activities for the ar ended 31 Dec 2019 ed in financing activities for the ar ended 31 Dec 2018	(51 740 049) (5 440 000)	(143 654) _	(422 646) (61 397)	(1 950 750)	(55 450)	967 500 _	(12 010 627) (3 958 747)	52 773 466 5 498 195	(12 582 210) (3 961 949)
ITAL ASSETS AND LIABILITIES portable segment liabilities for the ar ended 31 Dec 2019	,	407 000 054	11 343 399	102 052 055	3// /36 311	905 487 918	11 809 751		14 922 557 168
portable segment liabilities for the	13 683 775 514	467 820 254	11 040 000	103 853 855	54 450 511			(200 000 00 .)	
portable segment liabilities for the ar ended 31 Dec 2018 tal segment assets for the ar ended 31 Dec 2019 tal segment assets for the ar ended 31 Dec 2018	13 683 775 514 2 016 230 256 16 689 788 306	467 820 254 106 074 036 958 983 256	550 887 31 004 181	15 803 629	8 574 458		7 842 664	(20 943 704)	2 134 132 226 16 960 008 842

RELATED PARTIES 35.

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

Loans and advances to Directors' companies

AUDITED INFLATION ADJUSTED									
	Gross limi	ts ZWL\$	Utilised lim	nits ZWL\$	Value of security ZWL\$				
	31 DEC 2019 31 DEC 2018		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Loans to directors' companies	-	12 569 936	-	12 486 268	-	11 957 135			

UNAUDITED HISTORICAL								
	Gross lim	its ZWL\$	Utilised lir	nits ZWL\$	Value of security ZWL\$			
	31 DEC 2019 31 DEC 2018		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Loans to directors' companies	-	2 023 569	-	2 010 186	-	1 925 000		

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

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
Transactions with Directors' companies Interest income Commission and fee income	1 494 1 494	1 887 022 16 970 1 903 992	577 577	303 795 2 732 306 527	
CLOSING EXCHANGE RATES					
USA ZAR GBP EUR	16.7734 0.8424 21.9983 18.7963	1.0000 14.4194 1.2687 1.143	16.7734 0.8424 21.9983 18.7963	1.0000 14.4194 1.2687 1.143	

37. **RISK MANAGEMENT**

Risk overview 37.1

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.

37.2 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 or the adequacy and effectiveness of the deployed risk management processes.

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

consists of Non - Executive Directors of the Group:

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

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

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

Credit risk

37.3

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

37.3. (a) Credit risk exposure

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

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED	AUDITED	UNAUDITED	UNAUDITED	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	
Balances with banks	2 114 623 217	2 232 934 061	2 114 623 217	359 483 940	
Money market assets	224 165 206	439 409 481	224 165 206	70 741 297	
Financial securities	1 191 754 472	7 732 953 394	1 191 754 472	1 244 941 623	
Loans and advances to customers	3 013 900 920	3 024 975 659	3 013 900 920	486 996 095	
Other assets	8 279 665 412	166 564 030	8 162 013 640	26 815 433	
Total	14 824 109 227	13 596 836 625	14 706 457 455	2 188 978 388	
Capital commitments Guarantees	17 007 641 83 491 221 100 498 862	65 183 021 20 999 574 86 182 595	17 007 641 83 491 221 100 498 862	3 380 758 10 493 928 13 874 686	

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

The Group held cash equivalents of ZWL\$2 114 623 217 (excluding notes and coins) as at 31 December 2019, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

		INFLATION A	DJUSTED			HISTORIC	AL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)
Private Agriculture Mining Manufacturing Distribution Construction Transport Communication Services Financial organisations	183 798 057 2 266 049 616 123 549 611 133 163 224 307 818 706 8 223 225 12 302 168 1 005 208 239 663 331 17 507 779	54 414 126 16 076 611 6 310 585 16 648 111 16 122 471 126 280 162 694 69 276 19 638 036 1 569 837 179	1 067 471 517 902 129 245 121 003 960 297 918 030 612 833 844 57 509 174 45 705 742 9 560 112 520 988 437 83 703 449	305 524 109 118 417 199 3 582 923 59 469 660 74 338 441 4 535 376 6 121 519 	183 798 057 2 266 049 616 123 549 611 133 163 224 307 818 706 8 223 225 12 302 168 1 005 208 239 663 331 17 507 779	54 414 126 16 076 611 6 310 585 16 648 111 16 122 471 126 280 162 694 69 276 19 638 036 1 569 837 179	171 854 097 145 235 357 19 480 638 47 962 342 98 661 187 9 258 502 7 358 247 1 539 099 83 874 835 13 475 564	49 186 858 19 064 191 576 821 9 574 124 11 967 875 730 158 985 514
Total	3 293 080 925	1 699 405 367	3 718 823 510	590 587 231	3 293 080 925	1 699 405 367	598 699 868	95 079 666



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INFLATION ADJUSTED HISTORICAL

		AB000TEB	moromone		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
Collateral					
Government guarantee	2 113 236 582	-	2 113 236 582	-	
Cash cover	3 282 008	45 993 565	3 282 008	7 404 584	
Mortgage bonds	885 559 741	3 583 596 032	885 559 741	576 929 361	
Notarial general covering bonds	1 643 664 406	1 152 057 341	1 643 664 406	185 471 716	
3	4 645 742 737	4 781 646 938	4 645 742 737	769 805 661	

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

37.3 (c) Impairment allowance on financial assets

a. Loans and advances to customers

(i) The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Group's internal grading system are explained in Note 37.3.1

AUDITED INFLATION ADJUSTED											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Internal rating grade											
Performing	"1 – 3c"	3 086 044 765	2 169 451 183	33 565 478	136 293 713	-	-	3 119 610 243	2 305 744 896		
Special mention	"4a – 7c"	20 130 845	59 829 355	48 435 386	731 290 431	-	-	68 566 231	791 119 786		
Non– performing	"8 – 10"	-	-	-	-	104 904 451	621 958 828	104 904 451	621 958 828		
Total		3 106 175 610	2 229 280 538	82 000 864	867 584 144	104 904 451	621 958 828	3 293 080 925	3 718 823 510		

UNAUDITED HISTORICAL SRS Stage 3 ZWL\$ Stage 1 ZWL\$ Stage 2 ZWL\$ Total ZWL\$ 31 DEC 2019 31 DEC 2018 31 DEC 2019 31 DEC 2018 31 DEC 2018 31 DEC 2018 31 DEC 2018 Internal rating grade Performing "1 – 3c" 3 086 044 765 349 263 721 33 565 478 21 942 162 3 119 610 243 371 205 883 _ Special "4a – 7c" 9 632 032 117 731 719 127 363 751 20 130 845 48 435 386 68 566 231 mention Non-"8 – 10" 104 904 451 100 130 234 104 904 451 100 130 234 performing Total 3 106 175 610 358 895 753 82 000 864 139 673 881 104 904 451 100 130 234 3 293 080 925 598 699 868

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

GROSS CARRYING AMOU	GROSS CARRYING AMOUNT AUDITED INFLATION ADJUSTED								
	Stage '	I ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$		
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	
Opening balance	2 229 280 538	3 318 922 459	867 584 144	1 569 112 545	621 958 828	1 447 899 084	3 718 823 510	6 335 934 088	
New assets originated or purchased (excluding write offs)	7 873 444 891	1 040 161 464	297 309 614	181 349 832	829 687	7 901 815	8 171 584 192	1 229 413 111	
Transfers from Stage 1	(73 975 657)	(468 556 467)	71 441 217	432 501 481	2 534 440	36 054 986	-	-	
Transfers from Stage 2	115 570 935	183 425 982	(167 080 754)	(1 520 673 936)	51 509 819	1 337 247 954	-	-	
Transfers from Stage 3	1 823 704	198 656 931	2 567 057	709 816 398	(4 390 761)	(908 473 329)	-	-	
Repayments during the year	(190 786 253)	(2 043 329 831)	(184 276 140)	(504 522 176)	(85 691 800)	(963 530 892)	(460 754 193)	(3 511 382 899)	
Amounts written off	-	-	-	-	(62 396 639)	(335 140 790)	(62 396 639)	(335 140 790)	
Monetary adjustment	(6 849 182 548)	-	(805 544 274)	-	(419 449 123)	-	(8 074 175 945)	-	
Gross loans and advances to customers	3 106 175 610	2 229 280 538	82 000 864	867 584 144	104 904 451	621 958 828	3 293 080 925	3 718 823 510	
ECL allowance	(190 826 889)	(106 338 822)	(21 060 916)	(189 682 545)	(67 292 200)	(397 826 484)	(279 180 005)	(693 847 851)	
Net loans and advances to customers	2 915 348 721	2 122 941 716	60 939 948	677 901 599	37 612 251	224 132 344	3 013 900 920	3 024 975 659	

ECL RECONCILIATION			UNAUDITED	HISTORICAL				
	Stage 1	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		WL\$
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Opening balance	17 119 672	41 684 590	30 537 323	1 899 247	64 046 778	128 662 657	111 703 773	172 246 494
New assets originated or purchased	200 423 071	19 594 788	18 500 622	8 626 092	2 379 353	587 921	221 303 046	28 808 801
Transfers from Stage 1	(29 253 387)	(28 129 560)	27 250 532	24 309 572	2 002 855	3 819 988	-	-
Transfers from Stage 2	8 827 746	3 626 123	(44 485 604)	(68 096 852)	35 657 858	64 470 729	-	-
Transfers from Stage 3	157 651	2 009 117	1 159 593	81 095 251	(1 317 244)	(83 104 368)	-	-
Amounts written off	(2 866 785)	-	(860 598)	-	(16 929 175)	(33 752 896)	(20 656 558)	(33 752 896)
Amounts paid off	(3 581 079)	(21 665 386)	(11 040 952)	(17 295 987)	(18 548 225)	(16 637 253)	(33 170 256)	(55 598 626)
Closing balance	190 826 889	17 119 672	21 060 916	30 537 323.00	67 292 200	64 046 778	279 180 005	111 703 773

b. Financial Securities

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Group's internal grading system are explained in Note 37.3.1

	AUDITED INFLATION ADJUSTED											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$				
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Internal rating grade												
Performing	"1 – 3c"	1 191 832 744	7 733 292 008	-	-		-	1 191 832 744	7 733 292 008			
Total		1 191 832 744	7 733 292 008	-	-	-	-	1 191 832 744	7 733 292 008			

	UNAUDITED HISTORICAL											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$				
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Internal rating grade												
Performing	"1 – 3c"	1 191 832 744	1 244 996 137	-	-	-	-	1 191 832 744	1 244 996 137			
Total		1 191 832 744	1 244 996 137	-	-	-	-	1 191 832 744	1 244 996 137			

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

AUDITED INFLATION ADJUSTED										
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3	ZWL\$	Total ZWL\$			
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Opening balance	7 733 292 008	5 589 493 110	-	-	-	-	7 733 292 008	5 589 493 110		
New assets originated or purchased (excluding write offs)	83 183 834	2 704 753 466	-	-	-	-	83 183 834	2 704 753 466		
Monetary Adjustement	(6 488 295 870)	-	-	-	-	-	(6 488 295 870)	-		
Maturities during the year	(136 347 230)	(560 954 568)	-	-	-	-	(136 347 230)	(560 954 568)		
Gross loans and advances to customers	1 191 832 744	7 733 292 008	-	-	-	-	1 191 832 744	7 733 292 008		
ECL allowance	(78 272)	(338 614)	-	-	-	-	(78 272)	(338 614)		
Closing balance	1 191 754 472	7 732 953 394	-	-	-	-	1 191 754 472	7 732 953 394		

UNAUDITED HISTORICAL										
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Opening balance	1 244 996 138	899 862 222	-	-	-	-	1 244 996 138	899 862 222		
New assets originated or purchased (excluding write offs)	83 183 834	435 442 967	-	-	-	-	83 183 834	435 442 967		
Maturities during the year	(136 347 230)	(90 309 052)	-	-	-	-	(136 347 230)	(90 309 052)		
Gross loans and advances to customers	1 191 832 744	1 244 996 137	-	-	-	-	1 191 832 745	1 244 996 137		
ECL allowance	(78 272)	(54 514)	-	-	-	-	(78 272)	(54 514)		
Closing balance	1 191 754 472	1 244 941 623	-	-	-	-	1 191 754 472	1 244 941 623		

GROSS CARRYING AMOU	NT		1	UNAUDITED HISTO				
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Opening balance	358 895 753	534 319 102	139 673 881	252 614 159	100 130 234	233 099 793	598 699 868	1 020 033 054
New assets originated or purchased (excluding write offs)	2 762 005 807	167 457 404	91 560 340	29 195 825	252 859	1 272 127	2 853 819 006	197 925 356
Transfers from Stage 1	(73 975 657)	(75 433 721)	71 441 217	69 629 166	2 534 440	5 804 555	-	-
Transfers from Stage 2	115 570 935	29 530 068	(167 080 754)	(244 815 943)	51 509 819	215 285 875	-	-
Transfers from Stage 3	1 823 704	31 982 125	2 567 057	114 274 577	(4 390 761)	(146 256 702)	-	-
Repayments during the year	(58 144 932)	(328 959 225)	(56 160 877)	(81 223 903)	(26 115 841)	(155 120 515)	(140 421 650)	(565 303 643)
Amounts written off	-	-	-	-	(19 016 299)	(53 954 899)	(19 016 299)	(53 954 899)
Gross loans and advances to customers	3 106 175 610	358 895 753	82 000 864	139 673 881	104 904 451	100 130 234	3 293 080 925	598 699 868
ECL allowance	(190 826 889)	(17 119 672)	(21 060 916)	(30 537 323)	(67 292 200)	(64 046 778)	(279 180 005)	(111 703 773)
Net loans and advances to customers	2 915 348 721	341 776 081	60 939 948	109 136 558	37 612 251	36 083 456	3 013 900 920	486 996 095

ECL RECONCILIATION			AU	DITED INFLATION	ADJUSTED			
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Opening balance	106 338 841	258 923 780	189 682 545	11 797 170	397 826 465	799 187 958	693 847 851	1 069 908 908
New assets originated or purchased	291 630 836	121 713 002	60 336 520	53 580 960	7 092 308	3 651 871	359 059 664	178 945 833
Transfers from Stage 1	(29 253 387)	(174 726 728)	27 250 532	150 998 877	2 002 855	23 727 851	-	-
Transfers from Stage 2	8 827 746	22 523 659	(44 485 604)	(422 983 514)	35 657 858	400 459 856	-	-
Transfers from Stage 3	157 651	12 479 628	1 159 593	503 723 054	(1 317 244)	(516 202 682)	-	-
Amounts written off	(9 406 549)	-	(2 823 811)	-	(55 548 327)	(209 656 093)	(67 778 687)	(209 656 093)
Monetary adjustment	(165 717 946)	-	(173 831 077)	-	(257 560 923)	-	(597 109 946)	-
Amounts paid off	(11 750 303)	(134 574 519)	(36 227 784)	(107 434 002)	(60 860 972)	(103 342 277)	(108 838 877)	(345 350 797)
Closing balance	190 826 889	106 338 822	21 060 916	189 682 545	67 292 200	397 826 484	279 180 005	693 847 851

c. Money market

8

(i) The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Group's internal grading system are explained in Note 37.3.1

AUDITED INFLATION ADJUSTED											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Internal rating grade											
Performing	"1 – 3c"	224 353 351	439 427 352	-	-	-	-	224 353 351	439 427 352		
Total		224 353 351	439 427 352	-	-	-	-	224 353 351	439 427 352		

UNAUDITED HISTORICAL											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Internal rating grade											
Performing	"1 – 3c"	224 353 351	70 744 174	-	-	-	-	224 353 351	70 744 174		
Total		224 353 351	70 744 174	-	-	-	-	224 353 351	70 744 174		

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

AUDITED INFLATION ADJUSTED										
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Opening balance	439 427 352	284 611 354	-	-	-	-	439 427 352	284 611 354		
New assets originated or purchased (excluding write offs)	238 465 259	349 982 160	-	-	-	-	238 465 259	349 982 160		
Maturities during the year	(84 546 607)	(195 166 162)	-	-	-	-	(84 546 607)	(195 166 162)		
Monetary adjustment	(368 992 653)	-	-	-	-	-	(368 992 653)	-		
Gross loans and advances to customers	224 353 351	439 427 352	-	-	-	-	224 353 351	439 427 352		
ECL allowance	(188 145)	(17 871)	-	-	-	-	(188 145)	(17 871)		
Closing balance	224 165 206	439 409 481	-	-	-	-	224 165 206	439 409 481		



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ECL RECONCILIATION		UNAUDITED HISTORICAL									
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total 2	ZWL\$			
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Opening balance	70 744 174	45 820 077	-	-	-	-	70 744 174	45 820 077			
New assets originated or purchased (excluding write offs)	239 586 417	56 344 237	-	-	-	-	239 586 417	56 344 237			
Maturities during the year	(85 977 240)	(31 420 140)	-	-	-	-	(85 977 240)	(31 420 140)			
Gross loans and advances to customers	224 353 351	70 744 174	-	-	-	-	224 353 351	70 744 174			
ECL allowance	(188 145)	(2 877)	-	-	-	-	(188 145)	(2 877)			
Closing balance	224 165 206	70 741 297	-	-	-	-	224 165 206	70 741 297			

d. Financial guarantees

(i) The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment "allowances. Details of the Group's internal grading system are explained in Note 37.3.1

	AUDITED INFLATION ADJUSTED												
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$					
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018				
Internal rating grade													
Performing	"1 – 3c"	83 491 221	65 183 021	-	-	-	-	83 491 221	65 183 021				
Total		83 491 221	65 183 021	-	-	-	-	83 491 221	65 183 021				

	UNAUDITED HISTORICAL												
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$					
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018				
Internal rating grade													
Performing	"1 – 3c"	83 491 221	10 493 928	-	-	-	-	83 491 221	10 493 928				
Total		83 491 221	10 493 928	-	-	-	-	83 491 221	10 493 928				

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

	AUDITED INFLATION ADJUSTED											
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$					
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018				
Opening balance	64 541 922	52 355 164	-	-	-	-	64 541 922	52 355 164				
New assets originated or purchased (excluding write offs)	83 491 221	63 315 857	-	-	-	-	83 491 221	63 315 857				
Monetary adjustment	(54 047 994)	-	-	-	-	-	(54 047 994)	-				
Guarantees Expired	(10 493 928)	(50 488 000)	-	-	-	-	(10 493 928)	(50 488 000)				
Gross loans and advances to customers	83 491 221	65 183 021	-	-	-	-	83 491 221	65 183 021				
ECL allowance	(898 156)	(501 989)	-	-	-	-	(898 156)	(501 989)				
Closing balance	82 593 065	64 681 032	-	-	-	-	82 593 065	64 681 032				

UNAUDITED HISTORICAL											
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$				
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Opening balance	10 493 928	8 428 749	-	-	-	-	10 493 928	8 428 749			
New assets originated or purchased (excluding write offs)	83 491 221	10 193 330	-	-	-	-	83 491 221	10 193 330			
Guarantees expired during the year	(10 493 928)	(8 128 151)	-	-	-	-	(10 493 928)	(8 128 151)			
Gross loans and advances to customers	83 491 221	10 493 928	-	-	-	-	83 491 221	10 493 928			
ECL allowance	(898 156)	(80 816)	-	-	-	-	(898 156)	(80 816)			
Closing balance	82 593 065	10 413 112	-	-	-	-	82 593 065	10 413 112			

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

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

Stage 1: (Performing)

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

Stage 2: (Underperforming)

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

Stage 3: (Credit Impaired)

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

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

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

Purchased or originated credit impaired (POCI)

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

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

Debt instruments measured at fair value through OCI

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

Cure, Modification and Forbearance of Financial Assets

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

Curina

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

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

Cure constituted the following in each of the respective impairment stages

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

Modification and Forbearance

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

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions ns are provided as a result of the borrower's present or expected financial difficulties and the Group would or modific to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

The Financial Assets that were impaired under IFRS 9 were Loans, Overdrafts, Leases, Bank Guarantees, and Letters of Credit, Credit Cards Facilities, Money Market Placements and Treasury Bills. Expected Credit Losses of these assets were calculated as at 31 December 2019. Expected Credit Losses is determined through a combination of expected credit exposures (Exposure-at-Default), likelihood of default occurring (Probability of Default) and anticipated Loss in the event of Default (Loss-Given-Default)

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

The Probability of Default (PD)

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

The Exposure at Default (EAD)

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

The Loss Given Default (LGD)

This is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum year for which the credit losses are determined is the contractual life of a financial instrument, unless the Group has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

Significant increase in credit risk and Stage Recognition

The CBZ Group has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

A significant increase in credit risk is defined as a significant increase in the probability of a default occurring since initial recognition. Credit risk has increased significantly when contractual payments are more than 30 days past due.

Key consideration for a significant change in credit risk under a financial asset include the following;

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

Beginning 1 January 2018, any loan that has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum six months' probation year. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

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

Derecognition

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

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

Write-offs

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

37.3.2 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

37.3.3 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.

37.4 Liquidity risk

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

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

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

The Group's liquidity risk management framework ensures that limits are set under respective Group Strategic Business Units relating to limits such as levels of wholesale funding, retail funding, loans to deposit ratio, counter-party exposures, liqudity coverage ratio, net stable funding ratio as well as prudential liquidity ratio.

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



FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

37.4.1 Contractual Gap analysis

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2019

		INF	LATION ADJUSTED				
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets							
Balances with banks and cash	2 400 254 233	-	-	-	-	-	2 400 254 233
Money market assets	116 814 788	105 957 308	-	1 393 110	-	-	224 165 206
Financial securities	33 881 309	34 114 197	11 557 716	36 108 867	151 222 118	924 870 265	1 191 754 472
oans and advances to customers	108 069 246	16 283 382	36 015 852	2 470 769 130	228 037 874	154 725 436	3 013 900 920
nsurance assets	349 492	-	_	2 712 799	-	-	3 062 291
inancial guarantees	321 160	11 919 739	1 066 323	6 581 823	63 602 176	_	83 491 221
Current tax receivable	-	152 175	10 405	-	-	-	162 580
)ther liquid assets	7 574 177 849	277 022 543	20 350	_	-	-	7 851 220 742
otal assets	10 233 868 077	445 449 344	48 670 646	2 517 565 729	442 862 168	1 079 595 701	14 768 011 665
iabilities							
)eposits	12 281 476 302	143 024 326	31 635 810	428 996 629	175 407 722	4 498 091	13 065 038 880
surance liabilities	3 990 726	_	17 358 570			_	21 349 296
Ither liabilities	8 534 764	855 246 109	815 078 528	4 409 218	10 854 172	_	1 694 122 791
urrent tax payable	-	101 497 754	-	1 527 684		_	103 025 438
ife Fund	654 192	_	_	_	_	_	654 192
ease liability	175 586	517 365	537 295	962 612	1 807 329	_	4 000 187
vestment contract liabilities	295 546	3 113 505	_	_	_	_	3 409 051
inancial guarantees	321 160	11 919 739	1 066 323	6 581 823	63 602 176	_	83 491 221
apital Commitments	_	16 654 281	_	_	_	_	16 654 281
otal liabilities	12 295 448 276	1 131 973 079	865 676 526	442 477 966	251 671 399	4 498 091	14 991 745 337
iquidity gap	(2 061 580 199)	(686 523 735)	(817 005 880)	2 075 087 763	191 190 769	1 075 097 610	(223 733 672)
umulative liquidity gap	(2 061 580 199)	(2 748 103 934)	(3 565 109 814)	(1 490 022 051)	(1 298 831 282)	(223 733 672)	(223 733 672)

*Included in cash balances and in financial securities above is a ring-fenced amount of ZWL 451 551 474 which will be required as payment to effect the transfer of the USD equivalent of legacy liabilities and nostro gap accounts at an exchange rate of 1:1. This amount has been included as a payable in other liabilities and was subsequently paid post year end.

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2018

		INFL	ATION ADJUSTED				
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets							
Balances with banks and cash	2 337 624 718	-	-	_	-	-	2 337 624 718
Money market assets	126 369 843	4 897 680	10 823 853	297 318 104	-	-	439 409 481
Financial securities	-	389 840 808	263 750 420	172 085 624	1 269 201 413	5 638 075 130	7 732 953 394
Loans and advances to customers	3 1 082 997 189	193 463 876	155 809 590	302 982 619	531 796 650	757 925 735	3 024 975 659
Insurance assets	5 678 478	22 186 641	-	1 084 366	-	-	28 949 485
Financial guarantees	243 242	44 475 425	5 658 526	14 805 828	-	-	65 183 021
Current tax receivable	-	5 560 602	-	2 448 343	-	-	8 008 945
Other liquid assets	4 177 755	162 386 288	-	-	-	-	166 564 042
Total assets	3 557 091 225	822 811 320	436 042 389	790 724 884	1 800 998 063	6 396 000 865	13 803 668 746
Liabilities							
Deposits	10 595 806 947	1 685 029 504	186 373 444	139 493 908	193 473 721	114 493 712	
Insurance liabilities	-	17 829 231	8 228 217	-	-	-	26 057 449
Other liabilities	11 172 163	217 793 031	2 837 481	1 687 037	-	-	233 489 712
Current tax payable	662 487	-	-	-	-	-	662 487
Life Fund	3 087 885	-	-	_	-	-	3 087 885
Investment contract liabilities	14 866 750	-	-	-	-	-	14 866 750
Financial guarantees	243 242	44 475 425	5 658 526	14 805 828	-	-	65 183 021
Capital Commitments	-	18 289 789	-	33 871	-	-	18 323 661
Total liabilities	10 625 839 474	1 983 416 980	203 097 668	156 020 644	193 473 721	114 493 712	13 276 342 201
Liquidity gap	(7 068 748 249)	(1 160 605 660)	232 944 721	634 704 240	1 607 524 342	6 281 507 153	527 326 546
Cumulative liquidity gap	(7 068 748 249)	(8 229 353 909)	(7 996 409 188)	(7 361 704 948)	(5 754 180 607)	527 326 546	527 326 546

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2019

HISTORICAL										
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$			
Assets										
Balances with banks and cash	2 400 254 233	-	-	_	_	_	2 400 254 233			
Money market assets	116 814 788	105 957 308	-	1 393 110	_	_	224 165 206			
Financial securities	33 881 309	34 114 197	11 557 716	36 108 867	151 222 118	924 870 265	1 101 754 472			

strategies to manage these liquidity gaps through funding gap limits. Additionally, the Group models asset and liability behaviours to measure liquidity risk from a behavioural perspective.

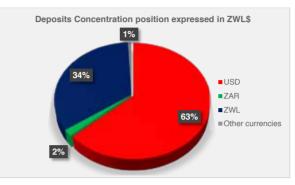
Details of the liquidity ratios for the relevant Group SBUs as at the reporting date and during the reporting year were as follows:

	CBZ Bank Limited %
At 31 December 2019	52.56
At 31 December 2018	64.24
Average for the year	73.12
Maximum for the year	87.74
Minimum for the year	52.26

37.4.2 Concentration & Counterparty Risk

Concentration risk describes the level of risk in the Group's liabilities when they are concentrated in few counterparties. Given concentrated liability positions, the impact on the Group's liquidity is significant if any one of the counterparties makes a call on the liabilities.

The risk associated with significant liability concentrations in specific foreign currencies is that if the exchange rate moves against the Group, assuming no adequate monetary assets denominated in the same currency, significant exchange loses will be incurred and significant cash flow will be required to expunge the associated liabilities. An analysis of the concentration of the Group's deposits is shown below;



Included in the USD deposits, are legacy liabilities and nostro gap accounts amounting to USD451.55 million. These liabilities contribute 59.72% of the Group total deposits.

The Group's significant counterparty risk encompasses risk on legacy liabilities and nostro Gap accounts. The Group's deposits are held with various counterparties; the 3 largest ones which are legacy liabilities and nostro gap accounts counterparties which hold approximately 34.3%, 5.4% and 5.2%, respectively.

For mitigants against the above mentioned risk, refer to note 25 (Settlement of legacy liabilities and nostro gap accounts) of the Group's annual report which is available at the Company's registered offices.

37.5 Interest rate risk

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

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

At 31 December 2019, if interest rates (both earning and paying rates) at that date had been 15 basis points higher or lower with all other variables held constant, post tax profit would have been ZWL\$ 3 044 227 lower or higher respectively than the reported position. This arises as a result of the sensitivity of the net interest assets in the movement in the interest rates.

37.5.1 Interest rate repricing

37.5.1 Interest rate repric	ing							
				ADJUSTED				
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non– interest bearing ZWL\$	Total ZWL\$
Audited 31 Dec 2019								
Assets	b 000 404 000						1 501 770 171	0 400 05 4 000
Balances with banks and cas Money market assets	116 814 788	105 957 308	_	 1 393 110	-	_	1 501 770 171 _	2 400 254 233 224 165 206
Financial securities Loans and advances to custom	33 881 309 ers 108 069 246	34 114 197 16 283 382	11 557 716 36 015 852	36 108 867 2 470 769 130	151 222 118 228 037 874	924 870 265 154 725 436	_	1 191 754 472 3 013 900 920
Insurance assets Equity investments	-	-	_	-	_	_	76 075 439 212 088 704	76 075 439 212 088 704
Land inventory Other assets	-	_	_	_	-	-	736 278 645 8 280 130 411	736 278 645
Current tax receivable	-	_	_	-	-	-	550 023	8 280 130 411 550 023
Intangible assets Investment properties	_	_	_		-	_	10 440 774 558 585 537	10 440 774 558 585 537
Property and equipment Deferred taxation	-	_	-	-	-	-	1 021 934 811 106 066 973	1 021 934 811 106 066 973
Total assets	1 157 249 405	156 354 887	47 573 568	2 508 271 107	379 259 992	1 079 595 701	12 503 921 488	
Equity & Liabilities	10 001 470 000	140,004,000	01 005 010	400,000,000	175 407 700	4 400 001		10.005.000.000
Deposits Insurance liabilities	12 281 476 302 _	143 024 326 _	31 635 810 _	428 996 629 _	175 407 722 _	4 498 091 _	59 198 356	13 065 038 880 59 198 356
Other liabilities Current tax payable		_	_	_		_	1 456 656 498 103 025 439	1 456 656 498 103 025 439
Life Fund Investment contract liabilities	_	_	_	_	_	_	3 934 894 3 409 051	3 934 894 3 409 051
Deferred taxation	-	-	-	-	1 007 000	-	318 626 534	318 626 534
Lease liability Equity	175 586	517 365	537 295	962 612	1 807 329	_	2 818 336 309	4 000 187 2 818 336 309
Total liabilities and equity		143 541 691	32 173 105	429 959 241	177 215 051	4 498 091		17 832 226 148
Interest rate repricing gap	(11 124 402 483)	12 813 196	15 400 463	2 078 311 866	202 044 941	1 075 097 610	7 740 734 407	-
Cumulative gap	(11 124 402 483)	(11 111 589 287)	(11 096 188 824)	(9 017 876 958)	(8 815 832 017)	(7 740 734 407)	-	-
			INFLATION	ADJUSTED				
	Less than	1 to 3	3 to	6 to 12	1 to	5 years	Non– interest	
	1 month ZWL\$	months ZWL\$	6 months ZWL\$	months ZWL\$	5 years ZWL\$	and above ZWL\$	bearing ZWL\$	Total ZWL\$
Audited 31 Dec 2018	224	224	2	224	20124	2	220	2.1124
Assets								
Balances with banks and cash Money market assets	335 931 825 126 369 843	4 897 680	10 823 853	 297 318 105	_	_	2 001 692 893	2 337 624 718 439 409 481
Financial securities Loans and advances to custom	 1 082 007 180	389 840 808 193 463 876	263 750 420 155 809 590	172 085 624 302 982 619	1 269 201 413 531 796 650	5 638 075 129 757 925 735	_	7 732 953 394 3 024 975 659
Insurance assets	_	-	-	-	-	-	54 618 802	54 618 802
Equity investments Other assets	-	_	_	-	_	_	161 501 428 166 564 034	161 501 428 166 564 034
Land inventory Current tax receivable	-	-	_	-	_	_	341 140 446 9 257 922	341 140 446 9 257 922
Intangible assets Investment properties	-	_	_	-	_	_	10 023 483 233 295 062	10 023 483 233 295 062
Property and equipment	-	_	_	-	-	_	480 953 054	480 953 054
Deferred taxation Total assets	1 545 298 857	588 202 364	430 383 863	772 386 348	1 800 998 063	6 396 000 864	225 436 901 3 684 484 025	225 436 90 1 15 217 754 384
Equity & Liabilities								
Deposits Insurance liabilities	10 595 806 947	1 685 029 504	186 373 444	139 493 908	193 473 721	114 493 712		12 914 671 236 56 153 931
Other liabilities	-	-	-	-	-	-	233 489 699	233 489 699 662 480
Current tax payable Life Fund	-	_	_	-	-	_	662 480 9 898 676	9 898 676
Investment contract liabilities Deferred taxation	-		_	-	-	_	14 866 750 26 416 976	14 866 750 26 416 976
Equity Total liabilities and equity	10 595 806 947	1 685 029 504	186 373 444	139 493 908	193 473 721	114 493 712	1 961 594 636 2 303 083 148	1 961 594 636 15 217 754 384
Interest rate repricing gap	(9 050 508 090)	(1 096 827 140)	244 010 419	632 892 440	1 607 524 342	6 281 507 152	1 381 400 877	10211104004
	. ,	· · · · · · · · · · · · · · · · · · ·					1 301 400 077	-
Cumulative gap	(9 090 508 090)	(10 147 335 230)	(9 903 324 811)	(9 270 432 371)	(7 062 908 029)	(1 381 400 877)	-	-
			HISTO	RICAL				
	Less than	1 to 3	3 to	6 to 12	1 to	5 years	Non– interest	
	1 month ZWL\$	months ZWL\$	6 months ZWL\$	months ZWL\$	5 years ZWL\$	and above ZWL\$	bearing ZWL\$	Total ZWL\$
Unaudited 31 Dec 2019 Assets								
Balances with banks and cas		105 057 000	-	-	-	-	1 501 770 171	2 400 254 233
Money market assets Financial securities	116 814 788 33 881 309	105 957 308 34 114 197		1 393 110 36 108 867				224 165 206 1 191 754 472
Loans and advances to custo Insurance assets	mers 108 069 246	16 283 382	36 015 852	2 470 769 130	228 037 874	154 725 436	74 792 150	3 013 900 920 74 792 150
Equity investments	-	-	-	-	-	-	212 088 704	212 088 704
Land inventory Other assets	-	-	-	-	-	-	139 034 053 8 162 478 639	139 034 053 8 162 478 639
Current tax receivable Intangible assets	-	-		-	-		550 023 2 924 000	550 023 2 924 000
Investment properties Property and equipment	-	-		-	-		558 585 537 873 439 372	558 585 537 873 439 372
Deferred taxation Total assets	1 157 249 405	156 354 887	47 573 568	2 508 271 107	379 259 992	–X 1 079 595 701	106 041 533 11 631 704 182	106 041 533
				2030211101	0.0 200 00E		1. 301 104 102	
Equity & Liabilities Deposits	12 281 476 302	143 024 326	31 635 810	428 996 629	175 407 722	4 498 091	-	13 065 038 880
Insurance liabilities Other liabilities		-	-		-		59 198 356 1 423 998 444	59 198 356 1 423 998 444
Current tax payable Life Fund	-	-	-	-	-	-	103 025 439 3 934 894	103 025 439 3 934 894
Investment contract liabilities	-	-	-	-	-	-	3 409 051	3 409 051
Deferred taxation Lease liability	 175 586				1 807 329		259 951 917	259 951 917 4 000 187
Equity Total liabilities and equity	12 281 651 888	143 541 691		429 959 241	177 215 051	4 498 091	2 037 451 674 3 890 969 775	2 037 451 674 16 960 008 842
Interest rate repricing gap	(11 124 402 483)	12 813 196	15 400 463	2 078 311 866	202 044 941	1 075 097 610	7 740 734 407	-
Cumulative gap	(11 124 402 483)	(11 111 589 287)	(11 096 188 824)	(9 017 876 958)	(8 815 832 017)	(7 740 734 407)	-	-

Loans and advances to custome	rs 108 069 246	16 283 382	36 015 852	2 470 769 130	228 037 874	154 725 436	3 013 900 920	
Insurance assets	349 492	_	_	2 712 799	-	-	3 062 291	
Financial guarantees	321 160	11 919 739	1 066 323	6 581 823	63 602 176	_	83 491 221	
Current tax receivable	-	152 175	10 405	-	-	_	162 580	
Other liquid assets	7 574 177 849	277 022 543	20 350	_	-	-	7 851 220 742	
Total assets	10 233 868 077	445 449 344	48 670 646	2 517 565 729	442 862 168	1 079 595 701	14 768 011 665	
Liabilities								
Deposits	12 281 476 302	143 024 326	31 635 810	428 996 629	175 407 722	4 498 091	13 065 038 880	
Insurance liabilities	3 990 726	_	17 358 570		_	_	21 349 296	
Other liabilities	8 534 764	855 246 109	815 078 528	4 409 218	10 854 172	_	1 694 122 791	
Current tax payable	-	101 497 754	_	1 527 684	-	-	103 025 438	
Life Fund	654 192	_	_	-	-	-	654 192	
Lease liability	175 586	517 365	537 295	962 612	1 807 329	_	4 000 187	
Investment contract liabilities	295 546	3 113 505	_	_	-	-	3 409 051	
Financial guarantees	321 160	11 919 739	1 066 323	6 581 823	63 602 176	_	83 491 221	
Capital Commitments	-	16 654 281	_	-	-	_	16 654 281	
Total liabilities	12 295 448 276	1 131 973 079	865 676 526	442 477 966	251 671 399	4 498 091	14 991 745 337	
Liquidity gap	(2 061 580 199)	(686 523 735)	(817 005 880)	2 075 087 763	191 190 769	1 075 097 610	(223 733 672)	
Cumulative liquidity gap	(2 061 580 199)	(2 748 103 934)	(3 565 109 814)	(1 490 022 051)	(1 298 831 282)	(223 733 672)	(223 733 672)	

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2018

			HISTORICAL				
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets							
Balances with banks and cash	376 338 271	_	-	-	-	_	376 338 271
Money market assets	20 344 501	788 486	1 742 551	47 865 759	-	_	70 741 297
Financial securities	-	62 761 150	42 461 639	27 704 364	204 330 944	907 683 526	1 244 941 623
Loans and advances to customer	s 174 353 602	31 146 086	25 084 057	48 777 699	85 614 868	122 019 783	486 996 095
Insurance assets	914 188	3 571 866	-	174 574	-	-	4 660 628
Financial guarantees	39 160	7 160 176	910 976	2 383 616	-	-	10 493 928
Current tax receivable	-	895 211	-	394 163	-	-	1 289 374
Other liquid assets	672 584	26 142 851	-	_	-	-	26 815 435
Total assets	572 662 306	132 465 826	70 199 223	127 300 175	289 945 812	1 029 703 309	2 222 276 651
Liabilities							
Deposits	1 705 837 398	271 275 832	30 004 585	22 457 367	31 147 671	18 432 542	2 079 155 395
Insurance liabilities	1703 037 390	2 870 359	1 324 675	22 437 307	51 147 071	10 432 342	4 195 034
Other liabilities	1 798 626	35 062 879	456 811	271 599	_	_	37 589 915
Current tax payable	106 655	55 002 019	400 011	271 335	_	_	106 655
Life Fund	497 124	_	_	_	_	_	497 124
Investment contract liabilities	2 393 424	_	_	_	_	_	2 393 424
Financial guarantees	39 160	7 160 176	910 976	2 383 616	_	_	10 493 928
Capital Commitments	-	2 944 505	-	5 453	_	_	2 949 958
Total liabilities	1 710 672 387	319 313 751	32 697 047	25 118 035	31 147 671	18 432 542	2 137 381 433
Liquidity gap	(1 138 010 081)	(186 847 925)	37 502 176	102 182 140	258 798 141	1 011 270 767	84 895 218
Cumulative liquidity gap	(1 138 010 081)	(1 324 858 006)	(1 287 355 830)	(1 185 173 690)	(926 375 549)	84 895 218	84 895 218

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

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



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37.5.1 Interest rate repricing (continued)

	HISTORICAL							
	Less than 1 month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non- interest bearing ZWL\$	Total ZWL\$
Unaudited 31 Dec 2018								
Assets								
Balances with banks and ca				_	-	-	322 256 022	376 338 271
Money market assets	20 344 501	788 486	1 742 551	47 865 759	_	-	-	70 741 297
Financial securities	-	62 761 150	42 461 639	27 704 364	204 330 944	907 683 526	-	1 244 941 623
Loans and advances								
to customers	174 353 602	31 146 086	25 084 057	48 777 699	85 614 868	122 019 783		486 996 095
Insurance assets	-	_	-	-	-	-	8 793 176	8 793 176
Equity investments	-	_	-	-	-	-	26 000 396	26 000 396
Other assets	-	-	-	-	-	-	81 736 229	81 736 229
Current tax receivable	-	-	-	-	-	-	1 490 449	1 490 449
Intangible assets	-	-	-	-	-	-	1 613 698	1 613 698
Investment properties	-	-	-	-	-	-	37 558 578	37 558 578
Property and equipment	-	-	-	-	-	-	77 429 469	77 429 469
Deferred taxation	-	_			-	-	36 293 479	36 293 479
Total assets	248 780 352	94 695 722	69 288 247	124 347 822	289 945 812	1 029 703 309	593 171 496	2 449 932 760
Equity & Liabilities	1 705 007 000	071 075 000	00 004 505	00 457 007	01 147 071	10 400 540		0.070 155 005
Deposits	1 705 837 398	271 275 832	30 004 585	22 457 367	31 147 671	18 432 542	-	2 079 155 395
Insurance liabilities Other liabilities	_	-	_	-	-	_	9 040 319 37 589 913	9 040 319 37 589 913
	_	-	-	-	-	_		
Current tax payable Life Fund	-	-	-	-	-	-	106 655 1 593 605	106 655 1 593 605
Investment contract	-	-	_	-	-	_	1 293 602	1 283 602
liabilities (Long term Insuran							2 393 424	2 393 424
Deferred taxation	ice) –	-	_	_	_	_	4 252 915	4 252 915
	_	-	-	-	-	-	4 252 915	4 252 915 315 800 534
Equity Total liabilities and equity	-	-	-	-	-	_	313 000 534	313 000 334
and reserves	1 705 837 398	271 275 832	30 004 585	22 457 367	31 147 671	18 432 542	370 777 365	2 449 932 760
and reserves	1703 037 330	211 213 032	30 004 303	22 437 307	51 147 071	10 452 542	310 111 303	2 449 932 700
Interest rate repricing gap	(1 457 057 046)	(176 580 110)	39 283 662	101 890 455	258 798 141	1 011 270 767	222 394 131	-
Cumulative gap	(1 457 057 046)	(1 633 637 156) (1	594 353 494)	(1 492 463 039) (1 233 664 898)	(222 394 131)	-	-

37.6 Exchange rate risk

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

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

At 31 December 2019, if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant, post tax profit for the year would have been ZWLS21 516 028 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 31 December 2019 is as below:

Foreign currency position as at 31 December 2019

		INFLAT	TION ADJUSTED				
Postion expressed in ZWL\$	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	2 400 254 233	2 098 186 005	194 220 701	74 829 210	2 951 760	21 777 913	8 288 644
Money market assets	224 165 206	22 768 033	201 397 173	-	_	_	_
Financial securities	1 191 754 472	1 191 754 472	-	-	-	-	-
Loans and advances to customers	3 013 900 920	2 791 003 287	131 850 018	5 563 147	277 366	85 207 102	-
Insurance assets	76 075 439	76 075 439	-	-	-	_	-
Equity investments	212 088 704	206 153 934	-	-	-	5 934 770	-
Land inventory	736 278 645	736 278 645	-	-	-	-	-
Other assets	8 280 130 411	793 787 626	7 483 185 143	2 468 740	131 412	557 490	-
Current tax receivable	550 023	550 023	-	-	-	_	-
Intangible assets	10 440 774	10 440 774	-	-	-	-	-
Investment properties	558 585 537 1 021 934 811	558 585 537 1 007 782 649	1 474 512		-	-	-
Property and equipment Deferred taxation	106 066 973	106 066 973	14/4 512	12 077 030	_	_	_
	17 832 226 148	9 599 433 397	8 012 127 547	95 538 747	3 360 538	113 477 275	8 288 644
Equity & Liabilities	17 032 220 140	9 399 433 391	0012121341	55 550 747	3 300 330	1134/12/3	0 200 044
Deposits	13 065 038 880	4 448 688 008	8 281 297 906	233 047 458	2 712 133	93 086 784	6 206 591
Insurance liabilities	59 198 356	59 198 356	-			_	
Other liabilities	1 456 656 491	1 427 169 749	28 090 998	70 642	1 216 427	105 418	3 257
Current tax payable	103 025 439	103 025 439	_	_	_	_	_
Life Fund	3 934 894	3 934 894	_	_	_	_	_
Investment contract liabilities	3 409 051	3 409 051	_	_	-	_	_
Deferred taxation	318 626 534	318 626 534	_	-	_	_	_
Lease liability	4 000 187	4 000 187	_	-	_	_	_
Equity	2 818 336 316	2 818 336 316	-	-	_	-	_
Total equity and liabilities	17 832 226 148	9 186 388 534	8 309 388 904	233 118 100	3 928 560	93 192 202	6 209 848

Foreign currency position as at 31 December 2018

		HISTORICAL				
Position expressed in ZWL\$	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	376 338 271	372 907 391	2 462 768	151 953	580 181	235 978
Money market assets	70 741 297	70 741 297	-	_	-	_
Financial securities	1 244 941 623	1 244 941 623	-	-	-	_
Loans and advances to customers	486 996 095	480 848 844	135 447	1 298	6 009 471	1 035
Insurance assets	8 793 176	8 793 176	-	-	-	-
Equity investments	26 000 396	25 686 924	_	_	313 472	_
Other assets	81 736 229	81 589 099	116 329	30 801	-	-
Current tax receivable	1 490 449	1 490 449	-	_	-	-
Intangible assets	1 613 698	1 613 698	-	-	-	-
Investment properties	37 558 578	37 558 578	-	_	-	-
Property and equipment	77 429 469	76 958 570	394 791	-	76 108	-
Deferred taxation	36 293 479	36 293 479	-	-	-	-
Total assets	2 449 932 760	2 439 423 128	3 109 335	184 052	6 979 232	237 013
Equity & Liabilities						
Deposits	2 079 155 395	2 069 306 040	3 354 745	162 038	5 926 518	406 054
Insurance liabilities	9 040 319	9 040 319	_	_	_	_
Other liabilities	37 589 913	37 332 781	173 768	9 838	73 201	325
Current tax payable	106 655	106 655	_	_	_	_
Life Fund	1 593 605	1 593 605	_	_	_	_
Investment contract liabilities	2 393 424	2 393 424	_	_	_	_
Deferred taxation	4 252 915	4 252 915	_	_	_	_
Equity	315 800 534	315 800 534	_	_	_	_
Total equity and liabilities	2 449 932 760	2 439 826 273	3 528 513	171 876	5 999 719	406 379

Foreign currency position as at 31 December 2019

	UNDERLYING CURRENCY					
	USD	ZAR	GBP	EUR	Other foreign currencies in ZWL\$	
Assets						
Balances with banks and cash	11 579 090	63 036 127	134 181	1 158 628	8 288 644	
Money market assets	12 006 938	_	_	_	_	
Loans and advances to customers	7 860 661	4 686 395	12 608	4 533 185	_	
Other assets	446 134 066	2 079 666	5 974	29 659	_	
Property and equipment	87 908	10 679 652	_	_	-	
Total assets	477 668 663	80 481 840	152 763	6 037 213	8 288 644	
Liabilities						
Deposits	493 716 116	196 319 179	123 288	4 952 399	6 206 591	
Other liabilities	1 674 735	59 509	55 296	5 608	3 257	
Total liabilities	495 390 851	196 378 688	178 584	4 958 007	6 209 848	
Net position	(17 722 188)	(115 896 848)	(25 821)	1 079 206	2 078 796	

Foreign currency position as at 31 December 2018

UNDERL	YING CURRENCY			
	ZAR	GBP	EUR	Other foreign currencies in ZWL\$
Assets				
Balances with banks and cash	35 511 634	119 771	507 595	235 978
Loans and advances to customers	1 953 068	1 023	5 257 630	1 035
Other assets	1 677 398	24 278	_	_
Equity investments	_	_	274 253	_
Property and equipment	5 692 655	-	66 587	-
Total assets	44 834 755	145 072	6 106 064	237 013
Liabilities				
Deposits	48 373 403	127 720	5 185 055	406 054
Other liabilities	2 131 744	7 755	64 043	325
Total liabilities	50 505 147	135 475	5 249 098	406 378
Net position	(5 670 392)	9 597	856 966	(169 366)
Net position	(5 670 392)	9 281	000 000	(109 300)

37.7 Operational risk

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

37.7.1 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

Foreign currency position as at 31 December 2018

	INFLA	TION ADJUSTED				
Postion expressed in ZWL\$	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	2 337 624 718	2 316 313 811	15 297 480	943 856	3 603 794	1 465 777
Money market assets	439 409 481	439 409 481	-	_	_	_
Financial securities	7 732 953 394	7 732 953 394	-	_	_	_
Loans and advances to customers	3 024 975 659	2 986 792 017	841 329	8 062	37 327 822	6 429
Insurance assets	54 618 802	54 618 802	-	_	_	_
Equity investments	161 501 428	159 554 297	-	_	1 947 131	_
Other assets	166 564 034	165 650 137	722 577	191 320	_	_
Land Inventory	341 140 446	341 140 446	-	_	_	_
Current tax receivable	9 257 922	9 257 922	-	_	_	_
Intangible assets	10 023 483	10 023 483	-	_	_	_
Investment properties	233 295 062	233 295 062	-	_	_	_
Property and equipment	480 953 054	478 028 065	2 452 244	_	472 745	_
Deferred taxation	225 436 901	225 436 901	-	_	_	_
Total assets	15 217 754 384	15 152 473 818	19 313 630	1 143 238	43 351 492	1 472 206
Equity & Liabilities						
Deposits	12 914 671 236	12 853 491 980	20 837 995	1 006 498	36 812 559	2 522 204
Insurance liabilities	56 153 931	56 153 931	_	_	_	_
Other liabilities	233 489 699	231 892 526	1 079 359	61 108	454 688	2 018
Current tax payable	662 480	662 480	_	_	_	_
Life Fund	9 898 676	9 898 676	_	_	_	_
Investment contract liabilities	14 866 750	14 866 750	_	_	_	_
Deferred taxation	26 416 976	26 416 976	_	_	_	_
Equity	1 961 594 636	1 961 594 636	_	_	_	_
Total equity and liabilities	15 217 754 384	15 154 977 955	21 917 354	1 067 606	37 267 247	2 524 222

Foreign currency position as at 31 December 2019

		Н	ISTORICAL				
Position expressed in ZWL\$	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	2 400 254 233	2 098 186 005	194 220 701	74 829 210	2 951 760	21 777 913	8 288 644
Money market assets	224 165 206	22 768 033	201 397 173	_	_	_	_
Financial securities	1 191 754 472	1 191 754 472	_	_	_	_	_
Loans and advances to customers	3 013 900 920	2 791 003 287	131 850 018	5 563 147	277 366	85 207 102	_
Insurance assets	74 792 150	74 792 150	-	-	-	_	_
Equity investments	212 088 704	206 153 934	-	-	-	5 934 770	-
Land inventory	139 034 053	139 034 053	-	-	-	-	
Other assets	8 162 478 639	676 135 854	7 483 185 143	2 468 740	131 412	557 490	-
Current tax receivable	550 023	550 023	-	-	-	-	-
Intangible assets	2 924 000	2 924 000	-	-	-	-	-
Investment properties	558 585 537	558 585 537	_	_	-	-	-
Property and equipment	873 439 372	859 287 210	1 474 512	12 677 650	-	-	-
Deferred taxation	106 041 533	106 041 533	-	-	-	-	-
Funite 9 Linkilities	16 960 008 842	8 727 216 091	8 012 127 547	95 538 747	3 360 538	113 477 275	8 288 644
Equity & Liabilities	10.005.000.000	4 4 4 9 9 9 9 9 9 9 9	0.001.007.000	-	0 740 400	00 000 704	0.000 504
Deposits	13 065 038 880	4 448 688 008	8 281 297 906	233 047 458	2 712 133	93 086 784	6 206 591
Insurance liabilities Other liabilities	59 198 356 1 423 998 444	59 198 356 1 394 511 702	28 090 998	70 642	 1 216 427		3 257
	103 025 439	103 025 439	20 090 990	70.642	1 210 427	105 416	3 207
Current tax payable Life Fund	3 934 894	3 934 894	-	-	-	-	-
Investment contract liabilities	3 409 051	3 409 051	_	_	_	_	_
Deferred taxation	259 951 917	259 951 917	_	_	_	_	_
Lease liability	4 000 187	4 000 187	_	_	_	_	_
Equity	2 037 451 674	2 037 451 674	_	_	_	_	_
Total equity and liabilities	16 960 008 842	8 314 171 228	8 309 388 904	233 118 100	3 928 560	93 192 202	6 209 848

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.

37.8 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.

37.9 Regulatory risk

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

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

37.10 Reputation risk

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

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

37.11 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.

37.12 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.



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37.13 Risk and Credit Ratings

CBZ Bank Limited												
Rating agent	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Global Credit Rating	A+	А	А	А	А	A+	A+	A+	A+	А	А	А
CBZ Life Private Limited												
Rating agent	2019	2018	2017	2016	2015	201 4	2013	2012	2011	2010	2009	2008
Global Credit Rating (Financial strength)	А	A-	BBB+	BBB+	BBB+	-	-	-	-	-	-	-
CBZ Insurance Private Limited												
Rating agent	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Global Credit Rating(Claims paying ability)	BBB+	BBB+	BBB+	BBB	BBB	-	•	-	-	-	•	-
CBZ Asset Management Private Limited												
Rating agent	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008

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37.13.2 Reserve Bank Ratings

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

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

CBZ Bank Limited

Risk	Matrix	Summary
------	--------	---------

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

KEY

Level of inherent risk

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

- Working Composite Hisk
 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 control control area regulation. financial condition of the organization.

Direction of Overall Composite Risk Rating

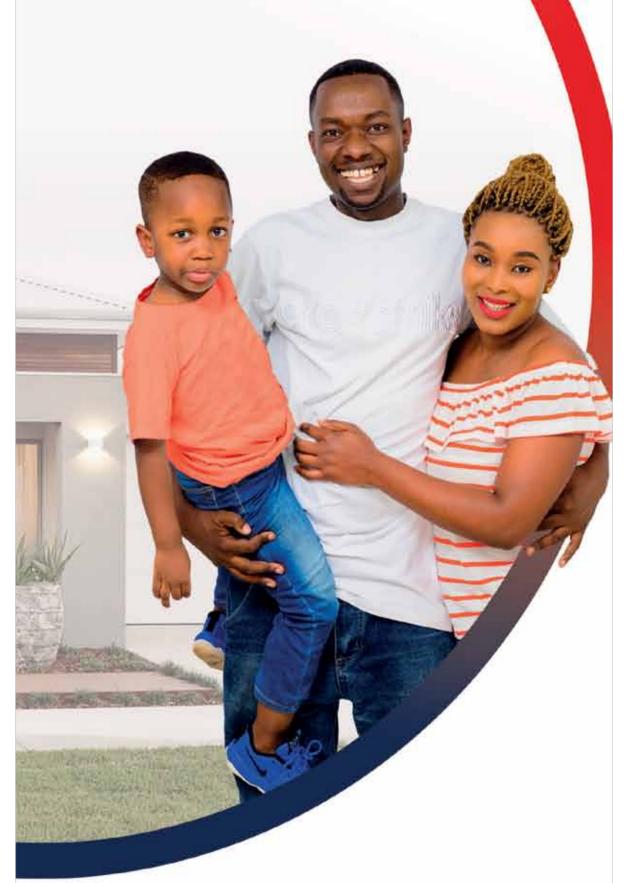
- Increasing based on the current information composite risk is expected to increase in the next twelve months. Decreasing based on current information composite risk is expected to decrease in the next twelve months. Stable based on the current information composite risk is expected to be stable in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

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38. Going concern

The Directors have assessed the ability of the Group and its subsidiaries' (the Group) to continue operating as a going concern and believe that the preparation of these consolidated financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Group to continue to operate as a going concern and to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these consolidated financial statements.

As the COVID-19 pandemic continues to spread globally, the Group has considered the future impact it might have on its ability to continue to operate as a going concern. Both global and domestic economic activities are expected to slow-down as Governments adopt restrictive measures to curtail the spread of the virus. In Zimbabwe, Government and private sector efforts to fight the pandemic will result in new threats and opportunities to the Group's business model.

The operations of the Group have not been spared of the effects of this pandemic. Due to the lockdown that has been necessitated by the need to curtail the spread of the COVID 19 pandemic, most of the Group's branches have either been closed or are not operating at full capacity. Most of the Group's employees are working from home with the exception of staff members that are required to be available physically within the work premises. Limited services are being offered to clients, with most of the services being restricted to clients who have been designated as essential services. Transactional volumes have declined during the lockdown period as a result of the restriction in movement and the requirement that only essential services be allowed to operate during this period. Borrowers, especially those that are in the hardest hit industries such as Tourism and Hospitality have had their businesses affected and consequently, their ability to service debts.

The Group has put in place various measures to support its clients and counter the effects of the COVID 19 pandemic and to make sure that the Group sustains itself during this pandemic. The measures are detailed as below:

- Aggressive use of digital channels: The Group has encouraged its customers to make use of the various digital platforms it has vailable in effort to make sure that services are available to customers during the lockdown period.
- Remote Working: Most of the Group employees are available to ensure continuity of the business during lockdown by working remotely
- Limited services: The Group, is offering money transfer agency business, deposit and withdrawal services to customers that are within the essential services category and those that have access to the teller on premises facility.
- Forbearance and moratoria to clients hardest hit by the pandemic: The Group's level of exposure within the Hospitality and Fourism Sector which has been hardest hit by the effects of the COVID 19 pandemic, constitutes about 0.68% and hence, the Group is unlikely to suffer significant losses due to non-performance of borrowers in this Sector.

The Covid 19 pandemic has not yet had any effect on the Group's ability to access competitively priced lines of credit. This is because from the Group's perspective, lines of credit are demand driven and the Group only negotiates facilities that have specific sub-borrowers supported by export receivables.

The Group is currently working on a facility with Afreximbank which is about to be closed and since the onset of the pandemic, there has been no indication whatsoever that the terms of the facility, particularly pricing will be changed. In addition, no concerns have been raised regarding disbursement constraints by the financier

Most of the lenders, particularly the Group's traditional financier Afreximbank, have put a specific facility in place to address funding constraints occasioned by the COVID 19 pandemic. The Group currently has two facilities in place, which are in operation and the financiers have not indicated an intention to review terms and conditions, particularly availability

The Group has assessed that the pandemic will not have an inhibiting impact on its financial activities and position as most of its services and business activities have been and can be migrated to online platforms. Key clients in the Mining, Agriculture and Retail Services have been designated essential services and have been able to continue operating, thereby mitigating against material impairments to these credit asset lines. The Group is therefore envisaged to continue as a going concern despite the possible impact of the pandemic.

Events after the reporting period

Legacy liabilities and nostro gap accounts i.

Subsequent to year end, the Group transferred the ZWL equivalent of legacy liabilities and nostro gap accounts to the Central Bank, at a rate of 1:1 in line with directives RU102/2019 and RU28/2019.

ii. **COVID 19 Pandemic**

After the reporting date, the spread of COVID 19 has severely impacted many economies around the Globe. In many countries, businesses are being forced to cease or limit operations for long and indefinite periods of time. Measures taken to contain the spread of the virus including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to business both local and abroad resulting in an economic slowdown.

The Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations of the Group as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID 19 pandemic remains unclear at this time. Further, it is not possible to reliably estimate the duration and severity of these consequences as well as their impact on the financial position and results of the Group for the future periods. However directors have made a detailed impact assessment in the Group's 2019 integrated annual report which is available at the Company registered offices.

Holdings

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12

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FOR THE YEAR ENDED 31 DECEMBER 2019

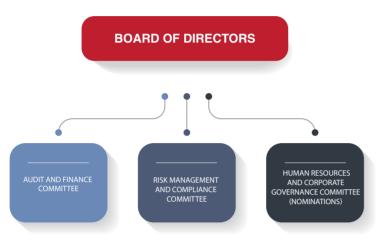
Banking Insurance Investments Agro-Business

CORPORATE GOVERNANCE

The CBZ Holdings Limited governance framework supports the principles of integrity, strong ethical values and professionalism integral to the company's business. The Board recognizes that it is accountable to Shareholders for good corporate governance and is committed to high standards of governance that are recognised and understood throughout the Group. 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 the protocomment of the resulting of the resulting the interests of other stakeholders are recognized to be accessed as the protocomment of the resulting of the resulting of the protocomment of the resulting 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.

We aim to stay abreast of developments in good governance and practice, and have a well-developed structure that ensures the continued compliance with the Zimbabwe Corporate Governance Code (ZIMCODE 2014), the Zimbabwe Stock Exchange Rules SI134/2019, the Reserve Bank of Zimbabwe Corporate governance guidelines No. 01-2004/BSD, The Banking Act [Chapter 24:20], the Banking Amendment Act of 2015 and the South African King reports.

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 involved in setting measurable objectives to promote a healthy corporate culture that is aligned with strategy and our strong commitment to our stakeholders. 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 financial objectives

The Board comprises of 7 directors being; 5 Non-Executive Directors and two executive directors.

Retirement and Appointment of New Directors

During the course of the year the Group experienced the following Board Changes:

1 January 2019 – 31 October 2019

NAME OF DIRECTOR	DESIGNATION	DATE OF RETIREMENT
Mrs Roseline Nhamo	Independent Non- Executive Director	5 June 2019
Mr Givemore Taputaira	Independent Non- Executive Director	5 June 2019
Mr Fouad Mokhtar Dernawi	Non Independent Non- Executive Director	5 June 2019
Mr Noah Matimba (Chairman)	Independent Non- Executive Director	31 August 2019
Mr Patience Matshe	Independent Non- Executive Director	1 November 2019
Mrs Varaidzo Zifudzi	Independent Non- Executive Director	1 November 2019
Mr William John Annandale	Independent Non- Executive Director	31 October 2019
Mr Malcolm John Hollingworth	Independent Non- Executive Director	1 November 2019
Mr John Matorofa	Independent Non- Executive Director	1 November 2019

1 September 2019 – 31 December 2019

NAME OF DIRECTOR	DESIGNATION	DATE OF APPOINTMENT
Marc Holtzman	Chairman	1 September 2019
Mr Louis Charles Gerken	Independent Non- Executive Director	1 November 2019
Mr Edward Ushemazoro Mashingaidze	Independent Non- Executive Director	1 November 2019
Ms Rebecca Gaskin Gain	Independent Non- Executive Director	1 November 2019
Mr Edward Elio Galante	Independent Non- Executive Director	1 November 2019

The recruitment of new Directors is currently ongoing and the appointment of new directors is based on pre-established criteria having regard to the existing skills mix on 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 of 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

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

NAME	AUDIT & Finance	SPECIAL Audit & Finance	RISK MANAGEMENT	CREDIT	SPECIAL CREDIT	LOANS Review	SPECIAL Main Board	MAIN BOARD	TOTAL Committees	TOTAL MAIN BOARD
Meetings Held	4	1	4	4	1	4	3	4	9	4
M L Holtzman**	-	-	-	-	-	-	-	-	-	-
CC Mapfumba***	**	**	**	3	-	**	2	3	2	4
MPA Marufu	4	-	4	4	1	**	2	4	6	4
ET Shangwa	3	1	**	**	1	3	3	3	3	1
D K Shinya***	1	1	-	**	1	1	2	2	3	1
B Mudavanhu (Dr)	2	-	**	2	1	1	1	3	3	3
C Chimutsa	4	1	4	2	-	3	2	4	7	4
P Zimunya*	4	1	4	4	1	4	2	4	9	4
M Mudondo*	4	1	4	4	1	4	3	4	9	4

Key

 Executive Director ** - New Appointment

*** - Retired

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 2019)

NAME	AUDIT & COMPLIANCE	INVESTMENTS & RISK	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Number of meetings held	3	4	4	7	4
SB Naik**	2	2	2	4	2
MTV Moyo	3	4	4	7	4
N Mhlanga	2	3	3	5	3
B Mudavanhu (Dr)	1	2	4	3	4
CF Mukanganga	2	4	3	6	3
C Chimutsa	3	4	4	7	4
JF Smith*	3	4	4	7	4
T Muzadzi*	**	4	4	4	4

Key

Executive Director - Retired

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

NAME	INVESTMENTS & RISK	HR & REMUNERATION	AUDIT & Finance	MAIN BOARD	TOTAL Committees	TOTAL BOARD
Meetings held	4	4	4	4	12	4
R Dawes	**	1	**	3	1	3
F B Zizhou	4	-	4	4	8	4
V Masunda (Dr)	**	4	4	4	8	2
H Tshuma	2	2	2	2	3	1
Dr Mudavanhu B	-	2	-	-	2	-
C Chimutsa	4	-	4	4	2	2
N Mureriwa*	4	4	4	4	2	2
J Mutizwa**	4	4	4	4	2	2

- Executive Director

Key

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

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

Key

- Executive Director

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

BOARD COMMITTEES

The Board committees continued to play a crucial role in the company's governance framework, undertaking their work comprehensively and effectively supporting the work of the board. The Board has established and delegated specific roles and responsibilities to three standing committees, to assist it in discharging its duties and these are :- Audit and Finance Committee; Risk Management Committee and Human Resources & Corporate Governance Committee (also sits as Nominations Committee).

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

The Boards of Directors of the various units as at 31 December 2019 were constituted as tabulated below:

CBZ Holdings Limited	CBZ Bank Limited	CBZ Asset Management	CBZ Life Limited	CBZ Insurance	CBZ Risk Advisory	CBZ Properties
Mr Marc Lawrence Holtzman (Chairman)	Mr Marc Lawrence Holtzman (Chairman)	Never Mhlanga (Chairman)	Richard Dawes (Chairman)	Ambrose Matika (Chairman)	Livingstone Magorimbo (Chairman)	Innocencia Tigere (Chairman)
Mr Louis Charles Gerken	Dr Masiya Passmore Alex Marufu	Mirirai Tapiwa Valentine Moyo	Farai Bwatikona Zizhou	Wilberforce Rutendo	Nomathemba Ndlovu	Caleb Makwiranzou
Mr Edward Ushemazoro Mashingaidze	Edwin Timothy Shangwa	Conrad Fungai. Mukanganga	Virginia Masunda	W Chitiga	Nhamo Marandu	Dr Blessing Mudavanhu
Ms Rebecca Gaskin Gain	Dr Blessing Mudavanhu*	Dr Blessing Mudavanhu	Henry Tshuma	Nobert Mureriwa*	Dr Blessing Mudavanhu	Mr Collen Chimutsa
Mr Edward Elio Galante	Mr Collen Chimutsa*	Mr Collen Chimutsa	Dr Blessing Mudavanhu	James Mharadze**	Mr Collen Chimutsa	Motsi Sinyoro
Dr Blessing Mudavanhu*	Peter Zimunya	Jack Francis Smith*	Mr Collen Chimutsa		Nobert Mureriwa*	Hasmon Bvumburai*
Mr Collen Chimutsa*	M T Mudondo*	Tendai Muzadzi*	Nobert Mureriwa*		Taka Chinyani**	
			Jona Mutizwa**			

Ex-Officio Member

CBZ INSURANCE BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 2019)

NAME	HR & REMUNERATION	INVESTMENTS & RISK	AUDIT & FINANCE	MAIN BOARD	TOTAL Committees	TOTAL Boards
Meetings Held	4	4	4	4	12	4
S B Naik	2	2	2	2	6	2
AKT Matika	4	**	**	4	4	4
W Chitiga	2	4	4	4	10	4
B Mudavanhu (Dr)	-	-	-	1	-	1
C Chimutsa	3	4	4	4	11	4
N Mureriwa*	4	4	4	4	12	4
J Mharadze**	4	4	4	4	12	4

CBZ PROPERTIES BOARD ATTENDANCE REGISTER (JANUARY TO DECEMBER 2019)

NAME	BOARD	TOTAL BOARD
Meetings held	4	4
I Tigere	4	4
C Makwiranzou	4	4
M Sinyoro	4	4
B Mudavanhu (Dr)	-	-
C Chimutsa	4	4
H Bvumburai*	4	4

Key - Executive Director

- Ex-Officio Member

Key

- Executive Director

- Executive Director

- Ex-Officio Member

Key

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

	Audit & Finance	Special Audit & Finance	Special Joint Audit & Finance	Special HR & Corporate Governance	HR & Corporate Governance	Special Main Board	Main Board	Total Committees	Total Boards
Meetings Held	3	1	1	1	3	2	3	9	5
Matimba N	**	1	**	1	3	2	3	5	5
Dernawi FM	2	-	-	**	**	-	2	2	2
Matorofa J	3		1	**	**	1	3	4	4
Nhamo R	**	1	**	1	2	1	2	4	3
Zifudzi V	**	1	**	-	2	1	2	3	3
Taputaira G	2	1	-	**	**	-	2	3	2
Annandale WJ	**	1	1	1	2	2	2	6	4
Hollingworth MJ	2	1	1	-	**	2	3	4	5
Matshe P	**	**	**	**	**	2	3	-	5
Mudavanhu B (Dr)*	3	1	-	1	3	2	3	8	5
C. Chimutsa*	3	1	1	**	**	2	3	5	5

STATEMENT OF COMPLIANCE

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

By order of the Board

Rumbidzayi Angeline Jakanani **GROUP LEGAL CORPORATE SECRETARY**

24 June 2020



FOR THE YEAR ENDED 31 DECEMBER 2019

2.

3.

4.

Banking Insurance Investments Agro-Business

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		INFLATION ADJUSTED		HISTO	RICAL
	Notes	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Interest income Interest expense Net interest income	2 2	503 758 222 (157 703 375) 346 054 847	707 247 004 (274 435 627) 432 811 377	215 041 964 (64 204 064) 150 837 900	113 860 926 (44 181 869) 69 679 057
Net non-interest income Total income	3	1 491 496 728 1 837 551 575	532 451 981 965 263 358	855 701 480 1 006 539 380	85 720 371 155 399 428
Operating expenditure Operating income Credit loss expense	4 12.1	(733 030 510) 1 104 521 065 (26 871 878)	(518 608 595) 446 654 763 8 721 820	(362 481 305) 644 058 075 (26 871 878)	(83 491 700) 71 907 728 1 404 141
Monetary loss Profit before taxation Taxation	5	(411 515 069) 666 134 118 (449 663 054)	455 376 583 (63 876 681)	617 186 197 (122 018 066)	- 73 311 869 (10 283 618)
Profit for the year after taxation	5	216 471 064	391 499 902	495 168 131	63 028 251
Other comprehensive income Gains on property revaluations Gains on equity instruments at FVOCI Exchange gains on change of functional currency Deferred tax relating to components of		19 426 867 12 045 062 259 794 511	17 458 748 (443 626) -	387 571 748 37 034 429 47 096 208	2 810 712 (71 419) -
other comprehensive income for the year net of tax	5.3	(5 404 575) 285 861 865	(4 406 904) 12 608 218	(102 261 400) 369 440 985	(709 475) 2 029 818
Total comprehensive income for the year		502 332 929	404 108 120	864 609 116	65 058 069
Profit attributable to: Equity holders of parent Total comprehensive income attributed to:		216 471 064	391 499 902	495 168 131	63 028 251
Equity holders of parent Earnings per share (cents): Basic Diluted	6.1 6.1	502 332 929 42.29 42.29	404 108 120 76.49 76.49	864 609 116 96.75 96.75	65 058 069 12.31 12.31

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		INFLATION ADJUSTED		HIST	DRICAL
	Notes	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
ASSETS					
Balances with banks and cash	8	2 328 287 443	2 233 604 548	2 328 287 443	359 591 883
Money market assets	9	216 473 314	367 135 972	216 473 314	59 105 859
Financial Securities	10	1 188 834 294	7 712 067 745	1 188 834 294	1 241 579 206
Loans and advances to customers	11	2 487 277 484	2 292 534 503	2 487 277 484	369 079 119
Other assets	13	7 647 474 096	200 289 271	7 666 967 010	32 244 918
Land inventory	14	653 785 762	283 206 945	124 236 247	45 593 979
Equity investments	15	41 892 202	27 253 354	41 892 202	4 387 565
Property and Equipment	18	642 742 928	319 073 748	517 851 459	51 368 238
Investment properties	19	116 933 000	43 542 606	116 933 000	7 010 000
Intangible assets	20	6 507 191	8 308 469	1 035 853	1 337 595
Deferred tax asset	21.1	-	221 727 891	-	35 696 359
Current tax receivable		45 000 007 744	5 560 602	-	895 211
TOTAL ASSETS		15 330 207 714	13 714 305 654	14 689 788 306	2 207 889 932
LIABILITIES					
Deposits	22	12 681 737 208	12 352 762 414	12 681 737 208	1 988 692 716
Other liabilities	23	873 189 381	171 049 396	841 128 943	27 537 540
Current tax payable	20	11 100 598		11 100 598	21 001 040
Deferred tax liability	21.2	165 392 984	_	145 804 962	_
Lease liability	21.2	4 003 803	-	4 003 803	-
TOTAL LIABILITIES		13 735 423 974	12 523 811 810	13 683 775 514	2 016 230 256

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

INFLATION ADJUSTED

	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	666 134 118	455 376 583	617 186 197	73 311 869
Non-cash items: Depreciation Amortisation of intangible assets Monetary loss Write offs and impairments of fixed assets Impairments on land inventory Fair value adjustment on investment property Credit loss expense Loss/(profit) on sale of property and equipment Interest on lease liability Unrealised loss/(gain) on foreign currency positions Exchange gains on functional currency change Operating cash flow before changes in operating assets	47 887 858 3 000 335 411 515 069 15 808 (7 250 513) 26 871 878 840 863 1 630 150 (349 862 348) (461 447 891)	42 512 181 6 974 637 1 909 060 13 809 833 9 887 128 (8 721 820) (85 830) 6 417 883	17 033 400 834 377 2 544 475 074 (96 285 000) 26 871 878 19 650 129 538 (349 862 348) (83 652 444)	6 844 110 1 122 859 307 343 2 223 269 1 591 746 (1 404 141) (13 818) 1 033 226
and liabilities	339 335 327	528 079 655	132 752 866	85 016 463
Changes in operating assets and liabilities Deposits Loans and advances to customers Money market assets Land inventory Financial securities Other assets Other liabilities Corporate tax paid Net cash inflow from operating activities	10 834 523 861 (6 853 815 574) 104 906 791 46 457 798 294 171 082 2 238 891 077 (2 827 804 486) 3 837 330 549 (51 285 554) 4 125 380 322	1 219 184 220 (57 735 167) (176 069 418) (44 640 487) 151 330 201 101 271 630 95 719 389 1 289 060 368 (51 036 165) 1 766 103 858	3 408 606 963 (2 014 216 549) 31 971 895 6 375 296 89 652 984 (682 426 867) 845 523 350 1 685 487 072 (30 782 335) 1 787 457 603	196 278 589 (9 294 885) (28 345 722) (7 186 750) 24 362 913 16 303 897 15 410 031 207 528 073 (8 216 401) 284 328 135
CASH FLOWS FROM INVESTING ACTIVITIES Net change in investments Proceeds on disposal of property and equipment Purchase of property and equipment Purchase of intangible assets Net cash outflow from investing activities	137 927 (76 948 316) (596 385) (77 406 774)	1 475 231 2 861 252 (41 681 213) (290 785) (37 635 515)	137 927 (44 808 683) (435 610) (45 106 366)	237 500 460 638 (6 710 332) (46 814) (6 059 008)
CASH FLOWS FROM FINANCING ACTIVITIES Dividends paid Lease liability payment Interest on lease liability Net cash outflow from financing activities	(98 043 033) (3 930 907) (1 630 150) (103 604 090)	(33 790 550) - (33 790 550)	(50 256 000) (1 354 511) (129 538) (51 740 049)	(5 440 000) - (5 440 000)
NET INCREASE IN BALANCES WITH BANKS AND CASH Balances with banks and cash at the beginning of the year Exchange gains on foreign cash balances Inflation effects on cash and cash equivalents	3 944 369 458 2 233 604 548 278 084 372 (4 127 770 935)	1 694 677 793 538 926 755 -	1 690 611 188 359 591 883 278 084 372 -	272 829 127 86 762 756 - -
BALANCES WITH BANKS AND CASH AT THE END OF THE YEAR	2 328 287 443	2 233 604 548	2 328 287 443	359 591 883

NOTES TO THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

INCORPORATION ACTIVITIES 1.

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

	INFLATION	ADJUSTED	HISTO	RICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
NET INTEREST INCOME Interest income Overdrafts Loans Home loans Staff loans Securities investments Other investments	152 570 240 85 270 440 58 455 8 925 026 251 089 793 5 844 268 503 758 222	120 383 499 147 163 413 116 279 17 806 950 412 297 152 9 479 711 707 247 004	85 723 442 41 477 191 17 486 2 737 740 83 024 194 2 061 911 215 041 964	19 380 749 23 692 094 18 720 2 866 772 66 376 436 1 526 155 113 860 926
Interest expense Call deposits Savings deposits Money market deposits Other Offshore deposits Lease liability Other	2 028 038 37 586 782 88 856 325 26 254 958 1 630 150 1 347 122 157 703 375	4 135 510 119 513 491 129 714 884 21 071 742 274 435 627	493 980 14 942 826 33 985 139 13 019 946 129 538 1 632 635 64 204 064	665 783 19 240 685 20 883 025 3 392 376 44 181 869
Net interest income	346 054 847	432 811 377	150 837 900	69 679 057
NET NON-INTEREST INCOME				
Fair value adjustment on investment property Net income from foreign currency dealings Unrealised loss on foreign currency positions Commission and fee income Exchange gains on functional currency change (Loss)/Profit on sale of property and equipment Bad debts recovered Property sales Rental income Other operating income	7 250 513 115 880 639 349 862 348 494 353 994 461 447 891 (840 863) 24 906 589 28 794 812 3 161 380 6 679 425 1 491 496 728	(9 887 128) 24 408 848 (6 417 883) 436 348 417 85 830 26 498 409 48 160 557 4 542 779 8 712 152 532 451 981	96 285 000 57 864 199 349 862 348 237 307 865 83 652 444 (19 650) 13 032 141 12 791 412 1 284 396 3 641 325 855 701 480	(1 591 746) 3 929 623 (1 033 226) 70 248 491 13 818 4 266 025 7 753 452 731 350 1 402 584 85 720 371

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HISTORICAL

EQUITY					
Share capital	25	31 791 568	31 791 568	5 118 180	5 118 180
Share premium	25.1	103 866 887	103 866 887	16 721 711	16 721 711
Revaluation reserve	25.2	14 624 545	-	301 889 314	14 484 354
Retained earnings	25.3	1 155 034 504	1 036 606 473	597 312 857	152 400 726
Fair value reserves	25.4	29 671 725	18 228 916	37 874 522	2 934 705
Foreign currency translation reserve	25.5	259 794 511	-	47 096 208	-
Total equity and reserves		1 594 783 740	1 190 493 844	1 006 012 792	191 659 676
TOTAL LIABILITIES AND EQUITY		15 330 207 714	13 714 305 654	14 689 788 306	2 207 889 932

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

INFLATION ADJUSTED									
Share capital ZWL\$	Share premium ZWL\$	Revaluation reserve ZWL\$	Fair value reserve ZWL\$	*FCTR ZWL\$	Retained earnings ZWL\$	Total ZWL\$			
31 791 568	103 866 887	77 006 429	_	_	955 797 824	1 168 462 708			
-	-	-	18 583 817	-	(366 870 251)	(348 286 434)			
31 791 568	103 866 887	77 006 429	18 583 817	-	588 927 573	820 176 274			
-	-	-	-	-	391 499 902	391 499 902			
he year –	-	12 963 119	(354 901)	-	-	12 608 218			
-	-	-	-	-	(33 790 550)	(33 790 550)			
-	-	(89 969 548)	-	-	89 969 548	-			
31 791 568	103 866 887	-	18 228 916	-	1 036 606 473	1 190 493 844			
31 791 568	103 866 887	_	18 228 916	_	1 036 606 473	1 190 493 844			
_	_	_	_	_	216 471 064	216 471 064			
he year –	_	14 624 545	11 442 809	259 794 511	-	285 861 865			
-	_	-	_	-	(98 043 033)	(98 043 033)			
31 791 568	103 866 887	14 624 545	29 671 725	259 794 511	1 155 034 504	1 594 783 740			
	capital ZWL\$	capital ZWL\$ premium ZWL\$ 31 791 568 103 866 887 31 791 568 103 866 887 - - 31 791 568 103 866 887 - - 31 791 568 103 866 887 - - 31 791 568 103 866 887 31 791 568 103 866 887 - - - - - - - - - - - - - - - -	Share capital ZWL\$ Share premium ZWL\$ Revaluation reserve ZWL\$ 31 791 568 103 866 887 77 006 429 31 791 568 103 866 887 77 006 429 - - - 31 791 568 103 866 887 77 006 429 - - - - 12 963 119 - - (89 969 548) 31 791 568 103 866 887 - - - - 31 791 568 103 866 887 - - - - - 31 791 568 103 866 887 - - - - - - - - - - - - - - - - - -	Share capital ZWL\$ Share premium ZWL\$ Revaluation reserve ZWL\$ Fair value reserve ZWL\$ 31 791 568 103 866 887 77 006 429	Share capital ZWL\$ Share premium ZWL\$ Revaluation reserve ZWL\$ Fair value reserve ZWL\$ *FCTR ZWL\$ 31 791 568 103 866 887 77 006 429 - - - 31 791 568 103 866 887 77 006 429 - - - 31 791 568 103 866 887 77 006 429 18 583 817 - - 31 791 568 103 866 887 77 006 429 - - - the year - - 12 963 119 (354 901) - - 31 791 568 103 866 887 - 18 228 916 - - - 31 791 568 103 866 887 - 18 228 916 - - - and the year - - 14 624 545 11 442 809 259 794 511 -	Share capital ZWL\$ Share premium ZWL\$ Revaluation reserve ZWL\$ Fair value reserve ZWL\$ *FCTR ZWL\$ Retained earnings ZWL\$ 31 791 568 103 866 887 77 006 429 - - 955 797 824 - - - 18 583 817 - (366 870 251) 31 791 568 103 866 887 77 006 429 - - 958 927 573 - - - - - 391 499 902 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - 89 969 548 - 89 969 548 31 791 568 103 866 887 - 18 228 916 - 1 036 606 473 - - - - - 216 471 064 - -			

			HISTORICAL				
	Share capital ZWL\$	Share premium ZWL\$	Revaluation reserve ZWL\$	Fair value reserve ZWL\$	*FCTR ZWL\$	Retained earnings ZWL\$	Total ZWL\$
Unaudited 31 Dec 2018							
Opening balance	5 118 180	16 721 711	12 397 399	-	-	153 875 555	188 112 845
Impact of adopting IFRS 9	-	-	_	2 991 841	-	(59 063 080)	(56 071 239)
Restated opening balance	5 118 180	16 721 711	12 397 399	2 991 841	-	94 812 475	132 041 606
Profit for the period	-	-	-	-	-	63 028 251	63 028 251
Other comprehensive income	-	_	2 086 955	(57 136)	-	_	2 029 819
Dividend paid	-	-	-	-	-	(5 440 000)	(5 440 000)
Closing balance	5 118 180	16 721 711	14 484 354	2 934 705	-	152 400 726	191 659 676
Unaudited 31 Dec 2019							
Opening balance	5 118 180	16 721 711	14 484 354	2 934 705	-	152 400 726	191 659 676
Profit for the year	-	-	-	-	-	495 168 131	495 168 131
Other comprehensive income for	r the year –	-	287 404 960	34 939 817	47 096 208	-	369 440 985
Dividend paid	-	-	-	-	-	(50 256 000)	(50 256 000)
Closing Balance	5 118 180	16 721 711	301 889 314	37 874 522	47 096 208	597 312 857	1 006 012 792

* FCTR - Foreign Currency Translation Reserve

Included in non-interest income is Government Grant income of ZWL\$7 574 053 486. This income relates to the assistance to be received from the Reserve Bank of Zimbabwe (RBZ) in the settlement of legacy liabilities and nostro gap accounts. The RBZ will provide foreign currency to the Bank for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. The income was set-off against an unrealised revaluation loss of ZWL\$7 122 502 012 which arose as a result of translating the legacy liabilities and nostro gap accounts into the reporting currency using the closing interbank exchange rate and ZWL\$451 551 474 relating to funding of the obligation related to the government grant from the RBZ which was settled post year end. See notes 13 and 29.1 for further details on legacy liabilities and nostro gap accounts

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
OPERATING EXPENDITURE					
Staff costs Other administration expenses Audit fees Depreciation Amortisation of intangible assets Property cost of sales Impairment of land inventory Write off and impairments of fixed assets	293 708 126 367 585 233 3 400 170 47 887 858 3 000 335 17 432 980 15 808 733 030 510	236 903 278 176 878 486 1 620 083 42 512 181 6 974 637 38 001 037 13 809 833 1 909 060 518 608 595	113 563 205 221 794 229 1 175 348 17 033 400 834 377 7 603 128 475 074 2 544 362 481 305	38 139 471 28 475 975 260 820 6 844 110 1 122 859 6 117 853 2 223 269 307 343 83 491 700	
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 ZWL\$16 769 626 (2018:ZWL\$23 821 321).					
Remuneration of directors / key management personnel Fees for services as directors Pension for past and present directors Salaries and other benefits	496 135 1 130 398 26 810 277 28 436 810	889 592 1 592 876 15 538 461 18 020 929	151 205 344 506 8 170 828 8 666 539	143 217 256 440 2 501 564 2 901 221	
Operating leases The following is an analysis of expenses related to operating Non cancellable leases are paid as follows: Less than 1 year Between 1 and 5 years	leases - - -	10 534 708 3 310 082 13 844 790	:	1 696 001 532 896 2 228 897	

The Bank leases a number of buildings from which its branches operate. On 1 January 2019, the Bank initially applied IFRS 16 (Leases) and recognised interest on lease liability and depreciation expense. For 2018, the Bank recognised ZWL\$14 210 471 as rent expense in the Statement of Profit or Loss and Other Comprehensive Income under IAS 17.



FOR THE YEAR ENDED 31 DECEMBER 2019

13.

14.

15.

Banking Insurance Investments Agro-Business

TAXATION 5.

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

		INFLATION ADJUSTED			HISTORICAL		
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$		
5.1	Analysis of tax charge in respect of the profit for the year						
	Current tax expense Deferred tax expense Tax expense	67 946 754 381 716 300 449 663 054	46 796 955 17 079 726 63 876 681	42 778 144 79 239 922 122 018 066	7 533 924 2 749 694 10 283 618		
5.2	Tax rate reconciliation						
	Notional tax Aids levy Non deductible expenses Exempt income Effect on opening deferred taxes of reduction in tax rate Tax benefits Effective rate	% 25.00 0.75 59.97 (19.55) 1.36 (0.03) 67.50	% 25.00 0.75 11.56 (23.08) - (0.20) 14.03	% 25.00 0.75 14.92 (21.10) 0.24 (0.04) 19.77	% 25.00 0.75 11.56 (23.08) - (0.20) 14.03	11.4	
5.3	The following constitutes the components of deferred tax expense recognised in the Statement of Other Comprehensive Income. Deferred tax expense on revaluation gains Deferred tax expense on fair value adjustment on financial assets	4 802 322 602 253 5 404 575	4 495 629 (88 725) 4 406 904	100 166 788 2 094 612 102 261 400	723 758 (14 283) 709 475	12.	

6. EARNINGS PER SHARE

9

10.

11.

11.1

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

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

The following notes, 6.1, 6.2 and 6.3, reflect the respective earnings and share data used in the basic and diluted earnings per share computations INELATION AD HISTED HISTORICAL

		INFLATION ADJUSTED		HISTO	RICAL
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
6.1	Annualised earnings per share (cents)				
	Basic earnings Diluted earnings	42.29 42.29	76.49 76.49	96.75 96.75	12.31 12.31
6.2	EARNINGS Basic (earnings attributable to holders of parent) Fully Diluted	216 471 064 216 471 064	391 499 902 391 499 902	495 168 131 495 168 131	63 028 251 63 028 251
	Number of shares used in calculations (weighted) Basic Fully Diluted	511 817 951 511 817 951	511 817 951 511 817 951	511 817 951 511 817 951	511 817 951 511 817 951
6.3	Reconciliation of denominators used for calculating basic and diluted earnings per share:				
	Weighted average number of shares before adjustment or treasury shares Less treasury shares held	511 817 951 -	511 817 951 -	511 817 951 -	511 817 951
	Weighted average number of shares used for basic EPS	511 817 951	511 817 951	511 817 951	511 817 951
7.	DIVIDENDS				
	Dividend paid	98 043 033	33 790 550	50 256 000	5 440 000
8.	BALANCES WITH BANKS AND CASH				
	Cash Nostro accounts Balance with the Reserve Bank of Zimbabwe RBZ statutory reserve	221 536 148 898 478 022 1 046 277 029 161 996 244 2 328 287 443	93 829 739 236 457 162 1 481 040 858 422 276 789 2 233 604 548	221 536 148 898 478 022 1 046 277 029 161 996 244 2 328 287 443	15 105 813 38 067 650 238 435 345 67 983 075 359 591 883

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

	INFLATION	ADJUSTED	HIST	ORICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
MONEY MARKET ASSETS				
AMA Bills Treasury placements Accrued interest Total gross money market Expected credit loss	216 280 800 245 886 216 526 686 (53 372) 216 473 314	268 336 749 93 172 482 5 642 196 367 151 427 (15 455) 367 135 972	216 280 800 245 886 216 526 686 (53 372) 216 473 314	43 200 000 15 000 000 908 347 59 108 347 (2 488) 59 105 859
Total net money market assets	210 473 314	307 135 972	210 473 314	59 105 659
Maturity analysis Between 0 and 3 months	216 526 686	93 263 667	216 526 686	15 014 680
Between 3 and 6 months Between 6 and 12 months	216 526 686	273 887 760 367 151 427	216 526 686	44 093 667 59 108 347
FINANCIAL SECURITIES	210 320 000	507 151 427	210 320 000	33 100 547
Treasury bills Accrued interest Total gross financial securities Expected credit loss Total net financial securities	1 159 202 965 29 683 148 1 188 886 113 (51 819) 1 188 834 294	7 546 495 810 165 909 568 7 712 405 378 (337 633) 7 712 067 745	1 159 202 965 29 683 148 1 188 886 113 (51 819) 1 188 834 294	1 214 923 492 26 710 070 1 241 633 562 (54 356) 1 241 579 206
Maturity analysis Between 0 and 3 months Between 3 and 6 months Between 6 and 12 months Between 1 and 5 years Above 5 years	66 797 345 11 557 717 34 438 671 151 222 118 924 870 262 1 188 886 113	389 783 425 263 750 414 172 085 624 1 248 710 772 5 638 075 143 7 712 405 378	66 797 345 11 557 717 34 438 671 151 222 118 924 870 262 1 188 886 113	62 751 912 42 461 638 27 704 364 201 032 120 907 683 528 1 241 633 562
LOANS AND ADVANCES TO CUSTOMERS				
Overdrafts Loans Staff Ioans Mortgage advances Interest accrued Total gross Ioans and advances to customers Allowance for Expected Credit Loss (ECL) Total net Ioans and advances to customers	2 102 137 828 426 035 955 47 080 600 54 211 16 024 911 2 591 333 505 (104 056 021) 2 487 277 484	1 881 145 113 682 888 284 277 278 529 1 171 072 25 773 794 2 868 256 792 (575 722 289) 2 292 534 503	2 102 137 828 426 035 955 47 080 600 54 211 16 024 911 2 591 333 505 (104 056 021) 2 487 277 484	302 848 825 109 939 373 44 639 553 188 533 4 149 368 461 765 652 (92 686 533) 369 079 119
Maturity analysis Less than 1 month Between 1 and 3 months Between 3 and 6 months Between 6 months and 1 year Between 1 and 5 years More than 5 years	1 795 356 499 16 641 155 31 076 191 510 228 144 198 492 064 39 539 452 2 591 333 505	1 459 329 957 226 242 837 181 451 701 329 484 201 380 336 972 291 411 124 2 868 256 792	1 795 356 499 16 641 155 31 076 191 510 228 144 198 492 064 39 539 452 2 591 333 505	234 940 069 36 423 228 29 212 225 53 044 235 61 231 111 46 914 784 461 765 652

	INFLATION	ADJUSTED	HIST	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$		
Loans to directors and key management personnel and employees						
Loans to directors and key management personnel Included in advances are loans to directors and key management: Opening balance Advances made during the year Monetary adjustment Repayments during the year Closing balance	52 387 088 17 052 611 (54 808 439) (1 438 845) 13 192 415	51 285 805 3 570 232 (2 468 949) 52 387 088	8 433 889 5 197 035 (438 509) 13 192 415	8 256 591 574 778 (397 480) 8 433 889		
Loans to employees Included in advances are loans to employees: Opening balance Advances made during the year Monetary adjustment Repayments during the year Closing balance	224 891 441 21 137 665 (183 399 096) (28 741 825) 33 888 185	245 346 270 9 591 156 (30 045 985) 224 891 441	36 205 665 6 442 015 (8 759 495) 33 888 185	39 498 723 1 544 097 (4 837 155) 36 205 665		
Allowance for Expected Credit Loss (ECL) Opening balance IFRS 9 opening adjustment Adjusted opening balance Credit loss expense on loans and advances Interest in suspense Monetary adjustment Amounts written off during the year Closing balance	575 722 289 575 722 289 22 203 371 3 922 620 (449 372 940) (48 419 319) 104 056 021	448 403 880 491 908 572 940 312 452 (6 145 384) 33 442 009 (391 886 788) 575 722 289	92 686 533 92 686 533 22 203 371 3 922 620 (14 756 503) 104 056 021	72 189 321 79 193 217 151 382 538 (989 356) 5 383 887 (63 090 536) 92 686 533		

IMPAIRMENT ON FINANCIAL INSTRUMENTS 12.

12.1 Expected credit loss expense (ECL)

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

	INFLATION ADJUSTED									
	Stage	1 ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Money market assets	50 884	(777 705)	-	-	-	-	50 884	(777 705)		
Financial securities	(2 537)	72 442	-	-	-	-	(2 537)	72 442		
Loans and advances to customers	15 593 253	(66 863 235)	(8 884 367)	(214 991 790)	15 494 485	275 709 641	22 203 371	(6 145 384)		
Financial guarantees	793 840	(500 108)	-	-	-	-	793 840	(500 108)		
Letters of credit for customers	-	6 769	-	-	-	-	-	6 769		
Other commitments	3 729 535	(1 377 834)	-	-	-	-	3 729 535	(1 377 834)		
Lease Receivables	430	-	409	-	95 946	-	96 785	-		
Expected credit loss expense	20 165 405	(69 439 671)	(8 883 958)	(214 991 790)	15 590 431	275 709 641	26 871 878	(8 721 820)		

	HISTORICAL								
	Stage 1	1 ZWL\$ Stage 2 ZWL\$ Stage 3 ZWL\$			Total ZWL\$				
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	
Money market assets	50 884	(125 204)	-	-	-	-	50 884	(125 204)	
Financial securities	(2 537)	11 663	-	-	-	-	(2 537)	11 663	
Loans and advances to customers	15 593 253	(10 764 429)	(8 884 367)	(34 611 902)	15 494 485	44 386 975	22 203 371	(989 356)	
Financial guarantees	793 840	(80 513)	-	_	-	-	793 840	(80 513)	
Letters of credit for customers	-	1 090	-	-	-	-	-	1 090	
Other commitments	3 729 535	(221 821)	-	-	-	-	3 729 535	(221 821)	
Lease receiveables	430	-	409	-	95 946	-	96 785	-	
Expected credit loss	20 165 405	(11 179 214)	(8 883 958)	(34 611 902)	15 590 431	44 386 975	26 871 878	(1 404 141)	

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
OTHER ASSETS					
Prepayments and deposits *Receivables	15 680 204 7 631 793 892 7 647 474 096	10 453 231 189 836 040 200 289 271	35 173 118 7 631 793 892 7 666 967 010	1 682 884 30 562 034 32 244 918	

*Included in other receivables is an amount of ZWL\$7 574 053 486 which relates to the government grant receivable from the Reserve Bank of Zimbabwe (RBZ). RBZ will provide foreign currency to the Bank for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. The Bank has already complied with the conditions necessary for the provision of the assistance namely registration of the legacy liabilities and nostro gap accounts.

The government grant receivable is denominated in US Dollars and has been translated to ZWL using the closing exchange rate in line with the treatment of monetary assets denominated in foreign currencies prescribed in IAS 21.

		INFLATION ADJUSTED				HISTORICAL			
		AUDITED 31 DEC 2019 ZWL\$	%	AUDITED 31 DEC 2018 ZWL\$	%	UNAUDITED 31 DEC 2019 ZWL\$	%	UNAUDITED 31 DEC 2018 ZWL\$	%
11.2	Sectoral Analysis								
	Private	96 317 543	4	526 727 856	18	96 317 543	4	84 798 834	18
	Agriculture	1 754 644 321	68	830 145 826	29	1 754 644 321	68	133 646 621	29
	Mining	120 839 846	5	89 560 726	3	120 839 846	5	14 418 537	3
	Manufacturing	126 170 423	5	286 854 084	10	126 170 423	5	46 181 138	10
	Distribution	287 344 005	11	522 458 387	18	287 344 005	11	84 111 485	18
	Construction	6 185 481	-	45 762 099	2	6 185 481	-	7 367 320	2
	Transport	10 582 068	-	45 099 798	2	10 582 068	-	7 260 695	2
	Communication	1 005 208	-	9 560 111	-	1 005 208	-	1 539 099	-
	Services	175 577 612	7	362 948 813	13	175 577 612	7	58 431 761	13
	Financial organisations	12 666 998	-	149 139 092	5	12 666 998	-	24 010 162	5
		2 591 333 505	100	2 868 256 792	100	2 591 333 505	100	461 765 652	100

Maturity analysis is based on the remaining year from 31 December 2019 to contractual maturity.

The government grant receivable asset is classified as and measured at amortised cost. At initial recognition, fair value was determined by reference to the liability that is linked to the asset. The asset will be used to settle any payment obligations that may accrue in the future related to the legacy liabilities and nostro gap accounts and as such its value at year end was derived from the maximum value of the liability as at the same date. INFLATION ADJUSTED HISTORICAL

	INFLATION	ADJUSTED	HISTURICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
LAND INVENTORY					
Opening balance Additions Foreign Currency translation movement Land Inventory sales Write offs Impairment loss Closing balance	283 206 945 35 997 075 403 444 511 (46 554 521) (22 308 248) 653 785 762	327 847 437 36 160 149 (43 824 813) (23 166 003) (13 809 825) 283 206 945	45 593 979 17 324 791 73 137 444 (7 494 893) (3 850 000) (475 074) 124 236 247	52 780 729 5 821 486 (7 055 433) (3 729 535) (2 223 268) 45 593 979	
EQUITY INVESTMENTS					
Opening balance Impact of IFRS 9 fair value adjustment Investments in equities during the year Investment disposed during the year Foreign currency translation movement Fair value adjustment through other comprehensive income Total	27 253 354 - 2 593 786 12 045 062 41 892 202	5 942 429 23 229 776 263 989 (1 739 220) (443 620) 27 253 354	4 387 565 - 470 208 37 034 429 41 892 202	956 682 3 739 802 42 500 (280 000) (71 419) 4 387 565	

CATEGORIES OF FINANCIAL ASSETS 16.

	INFLATION ADJUSTED						
Audited 31 December 2019	At fair value through profit or loss ZWL\$	At fair value through FVOCI ZWL\$	At amortised cost ZWL\$	Total carrying amount ZWL\$			
Balances with banks and cash Money market assets Financial securities Loans and Advances to customers Equity Investments Other monetary assets Total	-	41 892 202 41 892 202	2 328 287 443 216 473 314 1 188 834 294 2 487 277 484 7 631 793 892 13 852 666 427	2 328 287 443 216 473 314 1 188 834 294 2 487 277 484 41 892 202 7 631 793 892 13 894 558 629			
Audited 31 December 2018 Balances with banks and cash Money Market assets Financial securities Loans and advances to customers Equity investments Other monetary assets Total	-	27 253 354 27 253 354	2 233 604 548 367 135 972 7 712 067 745 2 292 534 503 201 456 615 12 806 799 383	2 233 604 548 367 135 972 7 712 067 745 2 292 534 503 27 253 354 201 456 615 12 834 052 737			

	HISTORICAL						
Unaudited 31 December 2019	At fair value through profit or loss ZWL\$	At fair value through FVOCI ZWL\$	At amortised cost ZWL\$	Total carrying amount ZWL\$			
Balances with banks and cash Money market assets Financial securities Loans and advances to customers Equity investments Other monetary assets Total	-	41 892 202	2 328 287 443 216 473 314 1 188 834 294 2 487 277 484 7 631 793 892 13 852 666 427	2 328 287 443 216 473 314 1 188 834 294 2 487 277 484 41 892 202 7 631 793 892 13 894 558 629			
Unaudited 31 December 2018 Balances with banks and cash Money market assets Financial securities Loans and advances to customers Equity investments Other monetary assets Total		4 387 565 4 387 565	359 591 883 59 105 859 1 241 579 206 369 079 119 32 432 851 2 061 788 918	359 591 883 59 105 859 1 241 579 206 369 079 119 4 387 565 32 432 851 2 066 176 483			



FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

FAIR VALUE MEASUREMENT 17.

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

INFLATION ADJUSTED										
	Level	1	Lev	el 2	Leve	3	Total carrying amount			
	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$		31 Dec 18 ZWL\$		
Equity investments	_	_	_	_	41 892 202	27 253 354	41 892 202	27 253 354		
Land and Buildings	_	_	454 299 082	193 078 229	_	_	454 299 082	193 078 229		
Investment properties	_	_	116 933 000	43 542 606	_	_	116 933 000	43 542 606		
Total assets at fair value	_	-	571 232 082	236 620 835	41 892 202	27 253 354	613 124 284	263 874 189		

HISTORICAL										
	Level	1	Leve	el 2	Leve	3	Total carrying amount			
	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$		31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$		
Equity investments	-	_	_	_	41 892 202	4 387 565	41 892 202	4 387 565		
Land and Buildings	_	_	454 299 082	31 084 000	_	_	454 299 082	31 084 000		
Investment properties	_	_	116 933 000	7 010 000	_	_	116 933 000	7 010 000		
Total assets at fair value	-	-	571 232 082	38 094 000	41 892 202	4 387 565	613 124 284	42 481 565		

PROPERTY AND EQUIPMENT 18.

	INFLATION ADJUSTED								
Audited 31 December 2019	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computers ZWL\$	Equipment ZWL\$	Furniture & fittings ZWL\$	Work in progress ZWL\$	Total ZWL\$
COST Opening balance Right of use assets FCT movement Additions Revaluation gain/ (loss) Disposals Transfers to intangible assets Transfers to investment Propertie Write offs Transfers(PPE Inter categories) Closing balance	23 293 120 31 028 913 8 577 967 	169 785 108 21 379 734 226 171 813 267 297 (3 240 363) (1 801 335) 216 562 412 778 816	4 638 680 	32 203 708 	143 347 901 18 665 669 (4 432 058) (16 094) 2 071 520 159 636 938	60 536 286 2 171 146 (538 455) (131 360) 868 127 62 905 744	35 935 117 2 846 448 (759 225) (3 914) 1 885 549 39 903 975	19 754 100 52 470 276 (602 672) (5 041 758) 66 579 946	489 494 020 21 379 734 257 200 726 76 948 316 5 337 604 (7 342 415) (602 672) (1 801 335) (151 368) 840 462 610
Accumulated depreciation Opening balance Impact of IFRS 16 Charge for the year Disposals Write offs Revaluation Closing balance Net Book Value	- - - - - - - - - - - - - - - - - - -	6 931 215 14 089 263 (14 089 263) 6 931 215 405 847 601	2 923 225 411 069 	26 716 470 1 698 915 (1 451 409) 26 963 976 4 154 535	75 594 761 18 222 50 (3 952 581) (14 485) 89 850 225 69 786 713	45 456 145 3 469 892 (467 177) (118 224) 48 340 636 14 565 108	19 729 671 3 064 974 (492 458) (2 851) 22 299 336 17 604 639		170 420 272 6 931 215 40 956 643 (6 363 625) (14 089 263) 197 719 682 642 742 928
Audited 31 December 2018									
COST Opening balance Additions Revaluation surplus Impairments Disposals Transfers to from intangible asse Wite offs Transfers(PPE Intercategories) Closing balance	23 417 350 (124 230) ets 23 293 120	166 514 754 81 582 5 195 211 (2 753) (2 360 370) 	3 775 747 680 762 – – – 182 171 4 638 680	33 296 385 (1 092 677) 32 203 708	118 856 700 22 870 229 (969 919) (97 259) 2 688 150 143 347 901	56 744 216 4 061 854 (284 692) (12 423) 27 331 60 536 286	35 087 502 1 097 094 (264 337) (9 441) 24 299 35 935 117	13 922 279 12 889 692 	451 614 933 41 681 213 5 070 981 (27 753) (4 971 995) (1 888 985) (1 984 374) 489 494 020
Accumulated depreciation Opening balance Charge for the year Disposals Writeoffs Revaluation Impairments Closing balance Net Book Value	- - - - - - - - - - - - - -	12 457 242 (65 568) (12 387 755) (3 919) 	2 522 546 400 679 - - 2 923 225 1 715 455	23 519 126 4 101 856 (904 512) 26 716 470 5 487 238	59 750 718 16 788 414 (856 839) (87 532) 75 594 761 67 753 140	40 322 087 5 357 306 (212 067) (11 181) 	16 481 001 3 406 684 (157 579) (435) 19 729 671 16 205 446		142 595 478 42 512 181 (2 196 565) (99 148) (12 387 755) (3 919) 170 420 272 319 073 748

				HISTOR	ICAL				
Unaudited 31 December 2019	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computers ZWL\$	Equipment ZWL\$	Furniture & fittings ZWL\$	Work in progress ZWL\$	Total ZWL\$
COST Opening balance Right of use assets FCT movement Additions Revaluation gain Disposals Transfers to intangible assets Transfers to other assets Transfers to Investment Propertie Write offs Transfers(PPE Inter categories) Closing balance	3 750 000 5 625 000 53 525 000 	27 334 000 5 358 314 41 001 000 50 579 323 268 638 	746 789 	5 184 531 	23 077 828 12 318 179 (713 523) (713 523) (713 523) (713 523) 333 498 333 498 335 013 391	9 745 842 	5 785 257 1 421 361 (122 230) (122 230) (122 230) (122 230) (303) 303 557 7 387 315	3 180 247 29 661 894 (97 025) (300 978) (811 681) 31 632 457	78 804 494 5 358 314 46 626 000 44 808 683 376 793 638 (1 182 068) (97 025) (300 978) (290 000) (24 368) 550 496 690
Accumulated depreciation Opening balance Impact of IFRS 16 Charge for the year Disposals Write offs Revaluation Closing balance Net Book Value		1 373 010 10 778 110 (10 778 110) 1 373 010 395 384 386	470 615 66 179 	4 301 131 289 262 (233 665) 4 356 728 1 055 699	12 170 132 3 386 887 (636 333) (2 332) 14 918 354 20 095 037	7 318 064 600 052 (75 212) (19 033) 7 823 871 2 823 044	3 176 314 539 900 (79 281) (459) 3 636 474 3 750 841	- - - - - - - - - - - - - - - - - - -	27 436 256 1 373 010 15 660 390 (1 024 491) (21 824) (10 778 110) 32 645 231 517 851 459

18.1d	Amounts recognised in statement of profit or loss for the year ended 31 December 2019
	for the year ended 31 December 2019

18.1e Amounts recognised in statement of cash flow Total cash outflow for leases

INVESTMENT PROPERTIES 19.

Opening balance
Fair value adjustment
Additions
Transfer from property and equipment
Foreign currency translation movement Closing balance
closing balance

INFLATION	ADJUSTED	HISTORICAL				
AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$			
1 630 150 1 643 071 3 273 221	-	129 538 758 664 888 202	-			
5 561 057		1 484 049				
43 542 606 7 250 513 6 335 165 1 801 335 58 003 381 116 933 000	37 747 278 (9 887 129) 15 682 457 	7 010 000 96 285 000 2 833 000 290 000 10 515 000 116 933 000	6 077 000 (1 591 746) 2 524 746 			

The carrying amount of Investment properties is the fair value of the properties as determined by a registered internal appraiser having, an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Bank's investment properties and also in reference to the rental yields applicable to similar properties in the same location as the Bank's investment properties and also in reference to the rental yields applicable to similar properties were valued as at 31 December 2019.

The rental income derived from investments properties amounted to ZWL\$3 161 380 (2018: ZWL\$4 542 779) with direct operating expenses amounting to ZWL\$35 051 (2018: ZWL\$65 538).

If the fair value adjustment had been 5% up or down, the Bank's profit would have been ZWL\$269 175 higher or lower the reported position

	position.	INFLATION	ADJUSTED	HISTORICAL		
20.	INTANGIBLE ASSETS	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
20.						
	At cost Accumulated amortisation and impairment	37 026 951 (30 519 760) 6 507 191	35 827 894 (27 519 425) 8 308 469	6 300 630 (5 264 777) 1 035 853	5 767 995 (4 430 400) 1 337 595	
	Movement in intangible assets Opening balance Additions Transfers from property and equipment Amortisation charge Closing balance	8 308 469 596 385 602 672 (3 000 335) 6 507 191	13 103 336 290 785 1 888 985 (6 974 637) 8 308 469	1 337 595 435 610 97 025 (834 377) 1 035 853	2 109 529 46 814 304 111 (1 122 859) 1 337 595	
	•		8 308 469		1 337 595	

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

DEFERRED TAXATION 21.

21.1 Deferred tax asset

21.2

22.

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

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

	INFLATION	ADJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
Credit loss provisions Intangible assets	:	139 637 170 181 451	1	22 480 431 29 212	
Prepäyments Equity investments Property and equipment Tax claimable impairments		(4 557 233) (36 082 627) 114 011 408	-	(733 677) (5 809 005) 18 354 895	
Investment properties Other Closing balance	-	215 209 8 322 513 221 727 891		34 647 1 339 856 35 696 359	
Deferred tax liability Deferred tax liability represents the amount of income taxe payable in future years in respect of taxable temporary dif	es ferences.				
The deferred tax liability balances included in the statement of financial position are comprised of:					
Credit loss provisions Equity investments Intangible assets Property and equipment Tax claimable impairments Investment properties Other Closing deferred tax balance	(25 822 614) 2 094 610 10 821 118 974 984 (26 698 357) 16 877 210 79 956 330 165 392 984		(25 822 614) 2 094 610 10 821 99 386 962 (26 698 357) 16 877 210 79 956 330 145 804 962	-	
DEPOSITS					
Call deposits Savings and other deposits Wholesale deposits Money market deposits Lines of credit Accrued interest	12 363 610 6 292 039 551 5 321 823 466 871 990 278 167 915 643 15 604 660 12 681 737 208	347 174 600 6 971 011 158 1 959 911 673 2 891 642 203 162 087 638 20 935 142 12 352 762 414	12 363 610 6 292 039 551 5 321 823 466 871 990 278 167 915 643 15 604 660 12 681 737 208	55 892 243 1 122 275 217 315 529 590 465 530 510 26 094 771 3 370 385 1 988 692 716	
Deposits by type Retail	650 831 495	1 663 441 670	650 831 495	267 800 369	

Unaudited 31 December 2018

COST

Opening balance Additions	3 770 000	26 807 500 13 134	607 864 109 597	5 360 443	19 134 947 3 681 918	9 135 350 653 925	5 648 798 176 623	2 241 372 2 075 134	72 706 274 6 710 331
Revaluation(loss)/gain	(20 000)	836 386	-	_	-	-	-	- 2010104	816 386
Impairments	-	(4 468)	-					-	(4 468)
Disposals	-	(380 000)	-	(175 912)	(156 149)	(45 833)	(42 556)	(001111)	(800 450)
Transfers to intangible assets	-	-	-	-	(15.050)	(0,000)	(1 500)	(304 111)	(304 111)
Write offs	-	C1 449	00.000	-	(15 658)	(2 000)	(1 520)	(300 290)	(319 468)
Transfers (PPE Intercategories)	3 750 000	61 448 27 334 000	29 328 746 789	5 184 531	432 770 23 077 828	4 400 9 745 842	3 912 5 785 257	(531 858) 3 180 247	78 804 494
Closing balance	3750000	27 334 000	140 109	5 104 551	23 011 020	9740 042	5765257	3 100 247	10 004 494
Accumulated depreciation									
Opening balance	_	_	406 109	3 786 385	9 619 372	6 491 523	2 653 305	_	22 956 694
Charge for the year	_	2 005 513	64 506	660 365	2 702 796	862 482	548 448	_	6 844 110
Disposals	_	(10 556)	_	(145 619)	(137 944)	(34 141)	(25 369)	_	(353 629)
Write offs	-	· · ·	-	_	(14 092)	(1 800)	(70)	_	(15 962)
Revaluation	-	(1 994 326)	-	-	_	_	_	-	(1 994 326)
Impairments	-	(631)	_	_	_	_	_	-	(631)
Closing balance	-	-	470 615	4 301 131	12 170 132	7 318 064	3 176 314	-	27 436 256
Net Book Value	3 750 000	27 334 000	276 174	883 400	10 907 696	2 427 778	2 608 943	3 180 247	51 368 238

Properties were revalued on an open market basis by an internal professional valuer, as at 31 December 2019 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The revaluation of land and buildings entailed the following:

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

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

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

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

Adjustments were made to the following aspects:

- Age of property state of repair and maintenance Aesthetic quality quality of fixtures and fittings Structural condition location Accommodation offered size of land.

The maximum useful lives of property and equipment are as follows

•	Motor vehicles	
-		

	Computer equipment	5
٠	Leasehold improvements	10
-	Example and difference	47

Furniture and fittings Buildings •

5 years 10 years 10 years 40 years

The carrying amount of buildings would have been ZWL\$117 845 562 (2018: ZWL\$119 611 512) had they been carried at cost.

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

3 - 5 years

		INFLATION	ADJUSTED	HIST		
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
18.1a	Right of Use Assets At cost Depreciation	21 379 734 (6 931 215) 14 448 519	-	5 358 314 (1 373 010) 3 985 304	-	23.
18.1b	Lease liability Impact of IFRS 16 Interest Repayment Monetary adjustment	21 379 734 1 630 150 (5 561 057) (13 445 024) 4 003 803	-	5 358 314 129 538 (1 484 049) 4 003 803	-	
18.1c	Lease liability maturity analysis Less than one month One to three months Three months to six months Six months to one year One to five years	178 829 536 488 536 488 949 196 2 095 679 4 296 680	-	178 829 536 488 536 488 949 196 2 095 679 4 296 680		24.

Corporate	10 979 511 149	7 621 031 634	10 979 511 149	1 226 923 144
Money market Lines of credit	883 437 706 167 956 858	2 904 032 317 164 256 793	883 437 706 167 956 858	467 525 216 26 443 987
Ellies of credit	12 681 737 208	12 352 762 414	12 681 737 208	1 988 692 716

Lines of credit relate to borrowings from foreign banks or financial institutions. These borrowings have an average tenure of 2.8 years and average interest rates of 9.2% and are secured by a variety of instruments which include liens over bank, accounts, guarantees, treasury bills and sub borrower securities.

Settlement of legacy liabilities and nostro gap accounts 22.1

Included in the deposits balance above, are amounts that are denominated in USD amounting to US\$451 551 474 (being legacy debts of US\$318 062 662 and nostro gap of US\$133 488 811) which are shown at ZWL\$7 574 053 486. These foreign denominated liabilities, which are payable on demand, are subject to a special settlement arrangement with the Reserve Bank of Zimbabwe (RBZ) as detailed in Note 13 to the financial statements wherein RBZ will provide foreign currency gradually to the Bank for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. Subsequent to year end, the Bank transferred the ZWL equivalent of the said balances to the RBZ at a rate of 1:1. We note that to date USD10 965 225 has been made available under this arrangement, demonstrating the willingness and capability of the RBZ to honour the settlement arrangement

The Bank has however identified key risks attendant to the legacy liabilities and nostro gap accounts, which risks and respective mitigating strategies are described in detail in note 20 to the Inflation Adjusted Financial Statements, which are available for inspection at the Company's Registered Offices.

	INFI	ADJUSTED		HISTO	ORICAL			
	AUDITED 31 DEC 2019 ZWL\$	%	AUDITED 31 DEC 2018 ZWL\$	%	UNAUDITED 31 DEC 2019 ZWL\$	%	UNAUDITED 31 DEC 2018 ZWL\$	%
Sectoral analysis								
Private	416 475 557	3	636 501 047	5	416 475 557	3	102 471 411	5
Agriculture Mining	216 541 382	2	453 351 942	4	216 541 382	2	72 985 918	4
Mining	65 388 269	1	136 897 154	1	65 388 269	1	22 039 311	1
Manufacturing	533 640 725	4	1 117 232 468	9	533 640 725	4	179 865 199	9
Distribution	4 582 872 922	36	2 378 470 845	19	4 582 872 922	36	382 914 160	19
Construction	153 183 976	1	320 706 615	2	153 183 976	1	51 631 116	2
Transport	104 732 675	1	219 268 764	2	104 732 675	1	35 300 460	2
Communication	43 936 938	-	463 163 880	4	43 936 938	-	74 565 559	4
Services	4 897 426 050	38	4 480 125 033	36	4 897 426 050	38	721 263 125	36
Financial organisations	1 585 422 095	13	1 565 903 821	13	1 585 422 095	13	252 097 581	13
Financial and Investment organisations		1	581 140 845	5	82 116 619	1	93 558 876	5
	12 681 737 208	100	12 352 762 414	100		100	1 988 692 716	100

	INFLATION	ADJUSTED	HIST	ORICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Maturity analysis Less than one month Between 1 and 3 months Between 3 and 6 months Between 6 months and 1 year Between 1 and 5 years More than 5 years Maturity analysis is based on the remaining year from 31 December 2019 to contractual maturity.	11 844 740 155 199 516 622 31 635 810 428 996 629 172 349 902 4 498 090 12 681 737 208	10 007 732 267 1 730 604 215 186 342 386 139 493 902 174 095 913 114 493 731 12 352 762 414	11 844 740 155 199 516 622 31 635 810 428 996 629 172 349 902 4 498 090 12 681 737 208	1 611 162 233 278 612 984 29 999 585 22 457 366 28 028 004 18 432 544 1 988 692 716
OTHER LIABILITIES				
Revenue received in advance Sundry creditors Accruals Other suspense accounts Guarantees expected credit loss Total other liabilities	33 487 668 776 519 195 22 347 844 39 937 623 897 051 873 189 381	14 027 795 132 567 286 9 783 607 14 029 620 641 088 171 049 396	1 427 230 776 519 195 22 347 844 39 937 623 897 051 841 128 943	2 258 359 21 342 238 1 575 080 2 258 653 103 210 27 537 540

CATEGORIES OF FINANCIAL LIABILITIES

The Bank's financial liabilities are carried at amortised cost



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		INFLATION	ADJUSTED	HISTO	21.3.2 AITING	
		AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
25.	SHARE CAPITAL					
	Authorised 600 000 000 ordinary shares of \$0.01 each	6 000 000	6 000 000	6 000 000	6 000 000	
	Issued and fully paid 511 817 951 ordinary shares of \$0.01 each	31 791 568	31 791 568	5 118 180	5 118 180	Private Agriculture
25.1	Share premium Opening balance Closing balance	103 866 887 103 866 887	103 866 887 103 866 887	16 721 711 16 721 711	16 721 711 16 721 711	Mining Manufacturing Distribution Construction Transport
25.2	Revaluation reserve Opening balance Net revaluation gain Effect of applying IAS 29 Closing balance	14 624 545 14 624 545	77 006 429 12 963 119 (89 969 548)	14 484 354 287 404 960 301 889 314	12 397 399 2 086 955 14 484 354	Communication Services Financial organi Total
25.3	Retained earnings Opening balance Impact of adopting IFRS 9 Restated balance Profit for the year Effect of applying IAS 29 Dividend paid Closing balance	1 036 606 473 1 036 606 473 216 471 064 (98 043 033) 1 155 034 504	955 797 824 (366 870 251) 588 927 573 391 499 902 89 969 548 (33 790 550) 1 036 606 473	152 400 726 152 400 726 495 168 131 (50 256 000) 597 312 857	153 875 555 (59 063 080) 94 812 475 63 028 251 (5 440 000) 152 400 726	Collateral au Government Cash cover
25.4	Fair value reserve					Mortgage bo Other forms o (NGCBs), ces
	Opening balance Impact of adopting IFRS 9 Restated balance Other comprehensive income Closing balance	18 228 916 18 228 916 11 442 809 29 671 725	18 583 817 18 583 817 (354 901) 18 228 916	2 934 705 2 934 705 34 939 817 37 874 522	2 991 841 2 991 841 (57 136) 2 934 705	The Bank hol over assets, g of collateral a other security
25.4.1	The impact of transition to IFRS 9 on reserves is as follows: Recognition of fair value gain for unquoted equities on adopting IFRS 9 Deferred tax in relation to the above Total change in equity due to adopting IFRS 9	-	23 229 770 (4 645 953) 18 583 817	-	3 739 801 (747 960) 2 991 841	28. Cred The table belo year end stag
25.5	Foreign currency translation reserve Opening balance Exchange gains on change of functional currency Total	259 794 511 259 794 511	-	47 096 208 47 096 208	-	explained in N a. Loar (i) Impa

26. RELATED PARTY DISCLOSURES

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

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

(a) Loans and advances to Directors' companies

INFLATION ADJUSTED											
	Gross lim	its ZWL\$	Utilised lin	nits ZWL\$	Value of security ZWL\$						
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018					
Loans to entities related to directors	-	10 902 944	-	10 887 037	-	10 304 877					

HISTORICAL											
	Gross lim	its ZWL\$	Utilised lin	nits ZWL\$	Value of security ZWL\$						
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018					
Loans to entities related to directors	-	1 755 284	-	1 752 723	-	1 659 000					

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

	INFLATION	ADJUSTED	HIST	ORICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
(a) Transactions with Directors' companies: Interest income earned on loans and advances to directors and other related parties Commission and fee income	1 494 1 494	1 721 529 16 864 1 738 393	577 577	277 152 2 715 279 867

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

		INFLATION A	DJUSTED			HISTORICAL			
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	Gross maximum exposure	Net maximum exposure (not covered by mortgage security)	
Private Agriculture Mining Manufacturing Distribution Construction Transport Communication Services Financial organisations	96 317 543 1 754 644 321 120 839 846 126 170 423 287 344 005 6 185 481 10 582 068 1 005 208 175 577 612 12 666 998	35 795 536 15 685 626 6 310 585 16 648 111 15 799 216 126 279 138 089 69 276 19 594 116 1 569 837 179	$\begin{array}{c} 526\ 727\ 856\\ 830\ 145\ 826\\ 89\ 560\ 726\\ 286\ 854\ 084\\ 522\ 458\ 387\\ 45\ 762\ 099\\ 45\ 099\ 798\\ 9\ 560\ 111\\ 362\ 948\ 813\\ 149\ 139\ 092\\ \end{array}$	278 087 720 118 417 199 3 582 923 59 469 660 74 338 441 4 535 376 6 121 519 	96 317 543 1 754 644 321 120 839 846 126 170 423 287 344 005 6 185 481 10 582 068 1 005 208 175 577 612 12 666 998	35 795 536 15 685 626 6 310 585 16 648 111 15 799 216 126 279 138 089 69 276 19 594 116 1 569 837 179	$\begin{array}{c} 84\ 798\ 834\\ 133\ 646\ 622\\ 14\ 418\ 537\\ 46\ 181\ 138\\ 84\ 111\ 485\\ 7\ 367\ 320\\ 7\ 260\ 695\\ 1\ 539\ 099\\ 58\ 431\ 761\\ 24\ 010\ 162\\ \end{array}$	44 769 826 19 064 191 576 821 9 574 124 11 967 875 730 158 985 514 	
Total	2 591 333 505	1 680 004 013	2 868 256 792	563 150 842	2 591 333 505	1 680 004 013	461 765 653	90 662 634	

	INFLATION	ADJUSTED	HISTO	RICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Ilateral analysis				
vernment guarantee	1 568 850 746	-	1 568 850 746	-
sh cover	3 243 344	45 929 232	3 243 344	7 394 227
rtgage bonds	647 586 908	2 557 064 379	647 586 908	411 666 244
ner forms of security including Notarial General Covering Bonds				
GCBs), cessions, etc.	74 813 659	1 152 057 340	74 813 659	185 471 716
	2 294 494 657	3 755 050 951	2 294 494 657	604 532 187

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

28. Credit quality per class of financial assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 37.3.1 of the Group's results.

Loans and advances to customers

Impairment allowance for loans and advances to customers

	INFLATION ADJUSTED														
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$							
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018						
Internal rating grade															
Performing	"1 – 3c"	2 408 401 552	1 485 983 224	26 029 719	114 071 181	-	-	2 434 431 271	1 600 054 405						
Special mention	"4a – 7c"	18 391 482	52 626 874	45 246 749	701 601 249	-	-	63 638 231	754 228 123						
Non-performing	"8 – 10"	-	-	-	-	93 264 003	513 974 264	93 264 003	513 974 264						
Total		2 426 793 034	1 538 610 098	71 276 468	815 672 430	93 264 003	513 974 264	2 591 333 505	2 868 256 792						

	HISTORICAL												
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$					
		31 DEC 2019	31 DEC 2018										
Internal rating grade													
Performing	"1 – 3c"	2 408 401 552	239 231 025	26 029 719	18 364 517	-	-	2 434 431 271	257 595 542				
Special mention	"4a – 7c"	18 391 482	8 472 492	45 246 749	112 952 006	-	-	63 638 231	121 424 498				
Non-performing	"8 – 10"	-	-	-	-	93 264 003	82 745 610	93 264 003	82 745 610				
Total		2 426 793 034	247 703 517	71 276 468	131 316 523	93 264 003	82 745 610	2 591 333 505	461 765 652				

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

GROSS CARRYING AMOUN								
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Gross carrying amount	1 538 610 097	2 789 314 282	815 672 437	1 518 581 772	513 974 258	1 162 875 616	2 868 256 792	5 470 771 670
New assets originated or purchased (excluding write offs)	7 139 623 011	680 452 146	275 518 733	103 746 987	829 162	7 241 334	7 415 970 906	791 440 467
Transfers from Stage 1	(67 164 633)	(331 296 084)	64 697 107	305 080 993	2 467 526	26 215 091	-	-
Transfers from Stage 2	112 210 723	96 891 039	(156 817 848)	(1 292 191 226)	44 607 125	1 195 300 187	-	-
Transfers from Stage 3	1 699 598	174 796 576	1 852 139	616 498 586	(3 551 737)	(791 295 162)	_	-
Amounts paid off	(142 935 750)	(1 871 547 861)	(176 332 255)	(436 044 682)	(60 678 286)	(753 905 262)	(379 946 291)	(3 061 497 805)
Amounts written off	-	-	-	-	(48 445 941)	(332 457 540)	(48 445 941)	(332 457 540)
Monetary adjustment	(6 155 250 012)	-	(753 313 845)	-	(355 938 104)	-	(7264501961)	-
Gross loans and advances to customers	2 426 793 034	1 538 610 098	71 276 468	815 672 430	93 264 003	513 974 264	2 591 333 505	2 868 256 792
ECL allowance	(26 463 719)	(67 521 899)	(19 645 150)	(177 211 061)	(57 947 152)	(330 989 329)	(104 056 021)	(575 722 289)
Net loans and advances to customers	2 400 329 315	1 471 088 199	51 631 318	638 461 369	35 316 851	182 984 935	2 487 277 484	2 292 534 503

(0)	Closing balance Interest expense on deposits from directors and key management personnel	21 753 382	251 758 1 559	21 753 210	40 531 251
(c)	Balances with group companies: Amounts due from group companies Deposits held for group companies	- 9 295 059	172 541 364 129 063 137	9 295 059	27 777 729 20 778 095
(d)	Transactions with group companies: Interest income on amounts due from group companies Interest expense on amounts due to group companies Non interest income from group companies Costs charged by group companies	58 652 299 5 021 894 1 146 448 50 744 538	6 135 664 5 183 050 3 764 535 40 450 835	47 441 398 2 997 178 539 041 19 087 443	987 791 834 428 606 059 6 512 249

The loans to directors' companies above include companies directly owned or significantly influenced by executive and non executive directors and/or their close family members. The loans above are provided at commercial terms with interest rates ranging from 10% to 12% and a tenure ranging from 6 month to 1 year 1 month. The loans to directors and key management personnel are shown in note 11.3.

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

27. RISK MANAGEMENT

27.1 Risk overview

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

27.2 Bank risk management framework

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

27.3 Credit risk

27.3.1 Credit risk exposure

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

	INFLATION	ADJUSTED	HIST	ORICAL
	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balances with banks	2 106 751 296	2 139 774 809	2 106 751 296	344 486 070
Money market assets	216 473 314	367 135 972	216 473 314	59 105 859
Financial securities	1 188 834 294	7 712 067 745	1 188 834 294	1 241 579 206
Loans and advances to customers	2 487 277 484	2 292 534 503	2 487 277 484	369 079 119
Other assets	7 631 793 892	200 289 269	7 631 793 892	31 432 849
Total	13 631 130 280	12 711 802 298	13 631 130 280	2 045 683 103
Guarantees	82 387 565	64 537 019	82 387 565	10 389 927
Capital commitments	17 007 640	15 384 441	17 007 640	2 476 768
Total	99 395 205	79 921 460	99 395 205	12 866 695

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

The Bank held cash and cash equivalents of ZWL\$2 106 751 296 (excluding notes and coins) as at 31 December 2019 (31 Dec 2018:ZWL\$2 139 774 809), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank and foreign banks.

GROSS CARRYING AMOUN	T		Н	ISTORICAL				
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total 2	:WL\$
	31 DEC 2019	31 DEC 2018						
Gross carrying amount	247 703 517	449 056 560	131 316 524	244 479 122	82 745 611	187 213 369	461 765 652	880 749 051
New assets originated or purchased (excluding write offs)	2 175 905 611	109 547 175	83 968 407	16 702 407	252 699	1 165 794	2 260 126 717	127 415 376
Transfers from Stage 1	(67 164 633)	(53 335 932)	64 697 107	49 115 520	2 467 526	4 220 412	-	-
Transfers from Stage 2	112 210 723	15 598 657	(156 817 848)	(208 032 114)	44 607 125	192 433 457	_	-
Transfers from Stage 3	1 699 598	28 140 804	1 852 139	99 251 179	(3 551 737)	(127 391 983)	-	-
Repayments during the year	(43 561 782)	(301 303 746)	(53 739 861)	(70 199 591)	(18 492 604)	(121 372 522)	(115 794 247)	(492 875 859)
Amounts written off	_	_	_	_	(14 764 617)	(53 522 916)	(14 764 617)	(53 522 916)
Gross loans and advances to customers	2 426 793 034	247 703 518	71 276 468	131 316 523	93 264 003	82 745 611	2 591 333 505	461 765 652
ECL allowance	(26 463 719)	(10 870 467)	(19 645 150)	(28 529 517)	(57 947 152)	(53 286 549)	(104 056 021)	(92 686 533)
Net loans and advances to customers	2 400 329 315	236 833 051	51 631 318	102 787 006	35 316 851	29 459 062	2 487 277 484	369 079 119

ECL RECONCILIATION		INFLATION ADJUSTED									
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$				
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Opening balance	67 521 893	216 804 552	177 211 073	5 301 110	330 989 323	718 206 793	575 722 289	940 312 455			
New assets originated or purchased	119 597 759	88 522 846	53 235 490	22 539 827	7 091 783	3 232 557	179 925 032	114 295 230			
Transfers from Stage 1	(26 197 140)	(127 689 340)	24 249 621	109 761 668	1 947 519	17 927 672	_	-			
Transfers from Stage 2	8 768 194	1 734 151	(39 259 589)	(317 681 242)	30 491 395	315 947 091	-	-			
Transfers from Stage 3	154 093	11 281 945	942 250	448 272 396	(1 096 343)	(459 554 341)	_	_			
Repayments	(11 750 304)	(123 132 255)	(36 227 782)	(90 982 698)	(46 910 095)	(65 295 923)	(94 888 181)	(279 410 876)			
Amounts written off	· _	· _	· _	`	(48 445 941)	(199 474 520)	(48 445 941)	(199 474 520)			
Monetary Adjustment	(131 630 776)	_	(160 505 913)	_	(216 120 489)	_	(508 257 178)	_			
Closing balance	26 463 719	67 521 899	19 645 150	177 211 061	57 947 152	330 989 329	104 056 021	575 722 289			

ECL RECONCILIATION			HISTO	RICAL				
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Opening balance	10 870 467	34 903 742	28 529 517	853 435	53 286 549	115 625 361	92 686 533	151 382 538
New assets originated or purchased	36 449 184	14 251 447	16 224 302	3 628 726	2 379 194	520 415	55 052 680	18 400 588
Transfers from Stage 1	(26 197 140)	(20 556 929)	24 249 621	17 670 722	1 947 519	2 886 207	_	-
Transfers from Stage 2	8 768 194	279 184	(39 259 589)	(51 144 056)	30 491 395	50 864 872	_	_
Transfers from Stage 3	154 093	1 816 300	942 250	72 168 153	(1 096 343)	(73 984 453)	_	_
Repayments	(3 581 079)	(19 823 277)	(11 040 951)	(14 647 463)	(14 296 545)	(10 512 103)	(28 918 575)	(44 982 843)
Amounts written off	· -	-	· _	· _	(14 764 617)	(32 113 750)	(14 764 617)	(32 113 750)
Closing balance	26 463 719	10 870 467	19 645 150	28 529 517	57 947 152	53 286 549	104 056 021	92 686 533

b. Financial Securities

(i). Impairment allowance for financial securities

	INFLATION ADJUSTED													
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$						
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018					
Internal rating grade														
Performing	"1 – 3c"	1 188 886 113	7 712 405 378	-	-	-	-	1 188 886 113	7 712 405 378					
Total		1 188 886 113	7 712 405 378	-	-	-	-	1 188 886 113	7 712 405 378					

HISTORICAL											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Internal rating grade											
Performing	"1 – 3c"	1 188 886 113	1 241 633 562	-	-	-	-	1 188 886 113	1 241 633 562		
Total		1 188 886 113	1 241 633 562	-	-	-	-	1 188 886 113	1 241 633 562		



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

INFLATION ADJUSTED											
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$				
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Gross carrying amount	7 712 405 378	5 576 241 703	-	-	-	-	7 712 405 378	5 576 241 703			
New assets originated or purchased	263 056 857	2 697 118 237	-	-	-	-	263 056 857	2 697 118 237			
Amounts paid off	(436 132 797)	(560 954 562)	-	-	-	-	(436 132 797)	(560 954 562)			
Monetary adjustment	(6 350 443 325)	-	-	-	-	-	(6 350 443 325)	-			
Gross amount	1 188 886 113	7 712 405 378	-	-	-	-	1 188 886 113	7 712 405 378			
ECL allowance	(51 819)	(337 633)	-	-	-	-	(51 819)	(337 633)			
Net financial securities	1 188 834 294	7 712 067 745	-	-	-	-	1 188 834 294	7 712 067 745			

HISTORICAL										
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Gross carrying amount	1 241 633 562	897 728 855	-	-	-	-	1 241 633 562	897 728 855		
New assets originated or purchased	80 170 465	434 213 758	-	-	-	-	80 170 465	434 213 758		
Maturities during the year	(132 917 914)	(90 309 051)	-	-	-	-	(132 917 914)	(90 309 051)		
Gross amount	1 188 886 113	1 241 633 562	-	-	-	-	1 188 886 113	1 241 633 562		
ECL allowance	(51 819)	(54 356)	-	-	-	-	(51 819)	(54 356)		
Net financial securities	1 188 834 294	1 241 579 206	-	_	_	-	1 188 834 294	1 241 579 206		

. Money market

(i) Impairment allowance for money market assets

	INFLATION ADJUSTED											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$				
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Internal rating grade												
Performing	"1 – 3c"	216 526 686	367 151 427	-	-	-	-	216 526 686	367 151 427			
Total		216 526 686	367 151 427	-		-	-	216 526 686	367 151 427			

HISTORICAL

	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$				
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018			
Internal rating grade												
Performing	"1 – 3c"	216 526 686	59 108 347	-	-	-	-	216 526 686	59 108 347			
Total		216 526 686	59 108 347	-	-	-	-	216 526 686	59 108 347			

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

INFLATION ADJUSTED										
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total 2	ZWL\$		
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Gross carrying amount	367 151 427	191 082 008	-	-	-	-	367 151 427	191 082 008		
New assets originated or purchased (excluding write offs)	710 471 496	367 151 427	-	-	-	-	710 471 496	367 151 427		
Maturities during the year	(193 947 437)	(191 082 008)	-	-	-	-	(193 947 437)	(191 082 008)		
Monetary adjustment	(667 148 800)	-	-		-		(667 148 800)	-		
Gross amount	216 526 686	367 151 427	-	-	-	-	216 526 686	367 151 427		
ECL allowance	(53 372)	(15 455)	-	-	-	-	(53 372)	(15 455)		
Net money market assets	216 473 314	367 135 972	-	-	-	-	216 473 314	367 135 972		

HISTORICAL										
	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Gross carrying amount at beginning of period	59 108 347	30 762 625	-	-	-	-	59 108 347	30 762 625		
New assets originated or purchased (excluding write offs)	216 526 686	59 108 347	-	-	-	-	216 526 686	59 108 347		
Maturities during the year	(59 108 347)	(30 762 625)	-	-	-	-	(59 108 347)	(30 762 625)		
Gross amount	216 526 686	59 108 347	-	-	-	-	216 526 686	59 108 347		
ECL allowance	(53 372)	(2 488)	-	-	-	-	(53 372)	(2 488)		
Net money market asset	216 473 314	59 105 859	-	-	-	-	216 473 314	59 105 859		

29. Liquidity risk

Liquidity relates to the Bank's ability to fund its growth in assets and to meet obligations as they fall due without incurring unacceptable losses. The Bank recognises two types of liquidity risks i.e. Market liquidity risk and Funding liquidity risk. Market liquidity risk is the risk that the Bank cannot cover or settle a position without significantly affecting the market price because of limited market depth.

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

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

29.1 Contractual Liquidity Gap Analysis

		INFLAT	ION ADJUSTED				
AUDITED 31 DECEMBER 2019	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets *Balances with banks and cash Money market assets *Financial securities Loans and advances to customers Financial guarantees Other liquid assets Total assets	2 328 287 443 110 832 914 32 631 328 1 723 263 250 154 200 7 574 053 486 11 769 222 621	105 640 400 34 114 197 15 972 923 11 053 044 57 740 406 224 520 970	11 557 716 29 828 314 996 322 42 382 352	34 438 670 489 739 732 6 581 823 530 760 225	- 151 222 120 190 521 537 63 602 176 - 405 345 833	924 870 263 37 951 728 962 821 991	2 328 287 443 216 473 314 1 188 834 294 2 487 277 484 82 387 565 7 631 793 892 13 935 053 992
Liabilities Deposits Other liabilities Current tax payable Lease liability Financial guarantees Capital Commitments Total liabilities	11 844 740 155 162 147 154 200 11 845 056 502	199 516 622 839 701 713 11 100 598 490 506 11 053 044 16 654 281 1 078 516 764	31 635 810 496 662 996 323 33 128 795	428 996 629 	172 349 902 1 966 282 63 602 175 237 918 359	4 498 090 4 498 090	12 681 737 208 839 701 713 11 100 598 4 003 803 82 387 565 16 654 281 13 635 585 168
Liquidity gap Cumulative liquidity gap	(75 833 881) (75 833 881)	(853 995 794) (929 829 675)	9 253 557 (920 576 118)	94 293 567 (826 282 551)	167 427 474 (658 855 077)	958 323 901 299 468 824	299 468 824 299 468 824

*Included in cash balances and in financial securities above is a ring-fenced amount of ZWL 451 551 474 which will be required as payment to effect the transfer of the USD equivalent of legacy liabilities and nostro gap accounts at an exchange rate of 1:1. This amount has been included as a payable in other liabilities and was subsequently paid post year end.

		INFLAT	ION ADJUSTED				
AUDITED 31 DECEMBER 2018	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets Balances with banks and cash Money market assets Financial securities Loans and advances to customers Financial guarantees Current tax receivable Other liquid assets Total assets	2 233 604 548 93 248 212 	- 389 445 793 181 884 654 44 326 349 5 560 602 195 245 104 816 462 502	 263 750 413 145 875 465 5 161 606 4 14 787 484	273 887 760 172 085 624 264 884 049 14 805 822 	1 248 710 772 305 766 401 	- 5 638 075 143 234 275 758 - - 5 872 350 901	2 233 604 548 367 135 972 7 712 067 745 2 292 534 503 64 537 019 5 560 602 195 245 104 12 870 685 493
Liabilities Deposits Other liabilities Financial guarantees Capital Commitments Total liabilities	10 007 732 267 243 242 10 007 975 509	1 730 604 215 171 049 396 44 326 349 15 384 441 1 961 364 401	186 342 386 	139 493 902 	174 095 913 174 095 913	114 493 731 	12 352 762 414 171 049 396 64 537 019 15 384 441 12 603 733 270
Liquidity gap	(6 521 031 331)	(1 144 901 899)	223 283 492	571 363 531	1 380 381 260	5 757 857 170	266 952 223
Cumulative liquidity gap	(6 521 031 331)	(7 665 933 230)	(7 442 649 738)	(6 871 286 207)	(5 490 904 947)	266 952 223	266 952 223
		HI	STORICAL				
UNAUDITED 31 DECEMBER 2019	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets Balances with banks and cash Money market assets Financial securities Loans and advances to customers Financial guarantees Other liquid assets Total assets	2 328 287 443 110 832 914 32 631 328 1 723 263 250 1 54 200 7 574 053 486 11 769 222 621	105 640 400 34 114 197 15 972 923 11 053 044 57 740 406 224 520 970	 11 557 716 29 828 314 996 322 42 382 352	34 438 670 489 739 732 6 581 823 530 760 225	- 151 222 120 190 521 537 63 602 176 - 405 345 833	 924 870 263 37 951 728 962 821 991	2 328 287 443 216 473 314 1 188 834 294 2 487 277 484 82 387 565 7 631 793 892 13 935 053 992
Liabilities Deposits Other liabilities Current tax payable Lease liability Financial guarantees Capital Commitments	11 844 740 155 162 147 154 200 	199 516 622 839 701 713 11 100 598 490 506 11 053 044 16 654 281	31 635 810 496 662 996 323 	428 996 629 	172 349 902 	4 498 090 	12 681 737 208 839 701 713 11 100 598 4 003 803 82 387 565 16 654 281

d. Financial guarantees

(i) Impairment allowance for financial guarantees

INFLATION ADJUSTED											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Internal rating grade											
Performing	"1 – 3c"	82 387 565	64 537 019	-	-	-	-	82 387 565	64 537 019		
Total		82 387 565	64 537 019	-	-	-	-	82 387 565	64 537 019		

HISTORICAL											
	SRS Rating	Stage 1 ZWL\$		Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Internal rating grade											
Performing	"1 – 3c"	82 387 565	10 389 927	-	-	-	-	82 387 565	10 389 927		
Total		82 387 565	10 389 927	-	-	-	-	82 387 565	10 389 927		

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

INFLATION ADJUSTED										
	Stage 1	ZWL\$	Stage 2 ZWL\$		Stage 3 ZWL\$		Total ZWL\$			
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018		
Gross carrying amount	64 537 019	52 355 164	-	-	-	-	64 537 019	52 355 164		
New assets originated or purchased (excluding write offs)	270 331 653	62 669 855	-	-	-	-	270 331 653	62 669 855		
Guarantees expired during the year	(34 091 631)	(50 488 000)	-	-	-	-	(34 091 631)	(50 488 000)		
Monetary adjustment	(218 389 476)	-	-	-	-	-	(218 389 476)	-		
Gross amount	82 387 565	64 537 019	-	-	-	-	82 387 565	64 537 019		
ECL allowance	(897 051)	(641 099)	-	-	-	-	(897 051)	(641 099)		
Net financial guarantees	81 490 514	63 895 920	-	-	-	-	81 490 514	63 895 920		

			Н	ISTORICAL				
	Stage 1	ZWL\$	Stage 2	2 ZWL\$	Stage 3	3 ZWL\$	Total 2	ZWL\$
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Gross carrying amount	10 389 927	8 428 749	-	-	-	-	10 389 927	8 428 749
New assets originated or purchased	82 387 566	10 089 330	-	-	-	-	82 387 566	10 089 330
Guarantees Expired	(10 389 928)	(8 128 152)	-	-	-	-	(10 389 928)	(8 128 152)
Gross amount	82 387 565	10 389 927	-	-	-	-	82 387 565	10 389 927
ECL allowance	(897 051)	(102 121)	-	-	-	-	(897 051)	(102 121)
Net financial quarantees	81 490 514	10 287 806	-	-	-	-	81 490 514	10 287 806

Cumulative liquidity gap	(75 833 881)	(929 829 675)	(920 576 118)	(826 282 551)	(658 855 077)	299 468 824	299 468 824
		HI	STORICAL				
UNAUDITED 31 DECEMBER 2018	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Total ZWL\$
Assets Balances with banks and cash Money market assets Financial securities Loans and advances to customers Financial guarantees Current tax receivable Other assets Total assets	359 591 883 15 012 192 - 186 725 976 39 160 561 369 211	- 62 697 556 29 281 927 7 136 176 895 211 31 432 849 131 443 719	42 461 638 23 484 745 830 976 66 777 359	44 093 667 27 704 364 42 644 144 2 383 615 116 825 790	 201 032 120 49 225 865 250 257 985	907 683 528 37 716 462 - - 945 399 990	359 591 883 59 105 859 1 241 579 206 369 079 119 10 389 927 895 211 31 432 849 2 072 074 054
Liabilities Deposits Other liabilities Financial guarantees Capital commitments Total liabilities Liquidity gap	1 611 162 232 39 160 - 1 611 201 392 (1 049 832 181)	278 612 984 27 537 540 7 136 176 2 476 768 315 763 468 (184 319 749)	29 999 585 	22 457 366 2 383 615 24 840 981 91 984 809	28 028 004 	18 432 545 - - 18 432 545 926 967 445	1 988 692 716 27 537 540 10 389 927 2 476 768 2 029 096 951 42 977 103
Cumulative liquidity gap	(1 049 832 181)	(1 234 151 930)	(1 198 205 132)	(1 106 220 323)	(883 990 342)	42 977 103	42 977 103

33 128 795

9 253 557

436 466 658

94 293 567

237 918 359

167 427 474

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

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

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

1 078 516 764

(853 995 794)

11 845 056 502

(75 833 881)

	%
At 31 December 2019	52.56
At 31 December 2018	64.24
Average for the year	73.12
Maximum for the year	87.74
Minimum for the year	52.56

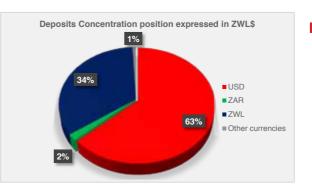
Total liabilities

Liquidity gap

29.2 Concentration & Counterparty Risk

Concentration risk describes the level of risk in the Bank's liabilities when they are concentrated in few counterparties. Given concentrated liability positions, the impact on the Bank's liquidity is significant if any one of the counterparties makes a call on the liabilities.

The risk associated with significant liability concentrations in specific foreign currencies is that if the exchange rate moves against the Bank, assuming no adequate monetary assets denominated in the same currency, significant exchange loses will be incurred and significant cash flow will be required to expunge the associated liabilities. An analysis of the concentration of the Bank's deposits is shown below;



Included in the USD deposits, are legacy liabilities and nostro gap accounts amounting to USD451.55 million. These liabilities contribute 59.72% of the Bank total deposits.

4 498 090 13 635 585 168

299 468 824

958 323 901

The Bank's significant counterparty risk encompasses risk on legacy liabilities and nostro Gap accounts. The Bank's deposits are held with various counterparties; the 3 largest ones which are legacy liabilities and nostro gap accounts counterparties which hold approximately 34.3%, 5.4% and 5.2%, respectively.

For mitigants against the above mentioned risk, refer to note 20 (Settlement of legacy liabilities and nostro gap accounts) of the Bank's annual report which is available at the Company's registered offices..



FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

30. 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 Foreign currency position as at 31 December 2019 weaknesses related to a Bank's trading, funding and investment strategies.

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

30.1 Interest rate repricing and gap analysis

			INFLATION AD	JUSTED				
AUDITED 31 DECEMBER 2019	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets								
Balances with banks and cash	898 478 022	-	-	-	-	-	1 429 809 421	2 328 287 443
Money market assets	110 832 914	105 640 400	-	-	-	-	_	216 473 314
Financial securities	32 631 328	34 114 197	11 557 716	34 438 670	151 222 120	924 870 263	-	1 188 834 294
Loans and advances to customers	1 723 263 250	15 972 923	29 828 314	489 739 732	190 521 537	37 951 728	-	2 487 277 484
Equity investments	-	-	-	-	-	-	41 892 202	41 892 202
Land Inventory	-	-	-	-	-	-	653 785 762	653 785 762
Other assets	-	-	-	-	-	-	7 647 474 096	7 647 474 096
Intangible assets	-	-	-	-	-	-	6 507 191	6 507 191
Investment properties	-	-	-	-	-	-	116 933 000	116 933 000
Property and equipment	-	-	-	-	-	-	642 742 928	642 742 928
Total assets	2 765 205 514	155 727 520	41 386 030	524 178 402	341 743 657	962 821 991	10 539 144 600	15 330 207 714
Equity & Liabilities								
Deposits	11 844 740 155	199 516 622	31 635 810	428 996 629	172 349 902	4 498 090		12 681 737 208
Other liabilities	-	-	-	-	-	-	873 189 381	873 189 381
Current tax payable	-	-	-	-	-	-	11 100 598	11 100 598
Deferred taxation	-	-	-	-	-	-	165 392 984	165 392 984
Lease liability	162 147	490 506	496 662	888 206	1 966 282	-	-	4 003 803
Equity	-	-	-	-	-	-	1 594 783 740	1 594 783 740
Total liabilities and equity	11 844 902 302	200 007 128	32 132 472	429 884 835	174 316 184	4 498 090	2 644 466 703	15 330 207 714
Interest rate repricing gap	(9 079 696 788)	(44 279 608)	9 253 558	94 293 567	167 427 473	958 323 901	7 894 677 897	-
Cumulative gap	(9 079 696 788)	(9 123 976 396)	(9 114 722 838)	(9 020 429 271)	(8 853 001 798)	(7 894 677 897)	-	-

			INFLATION ADJUS	STED				
AUDITED 31 DECEMBER 2018	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets								
Balances with banks and cash	236 457 161	_	_	_	-	_	1 997 147 387	2 233 604 548
Money market assets	93 248 212	-	_	273 887 760	-	-	-	367 135 972
Financial securities	-	389 445 794	263 750 413	172 085 624	1 248 710 772	5 638 075 142	_	7 712 067 745
Loans and advances to customers	1 159 848 176	181 884 654	145 875 465	264 884 049	305 766 401	234 275 758	_	2 292 534 503
Equity investments	_	_	_	_	-	_	27 253 354	27 253 354
Land inventory	-	-	-	-	-	-	283 206 945	283 206 945
Other assets	-	106 204 492	-	-	-	-	94 084 779	200 289 271
Current tax receivable	-	5 560 602	-	-	-	-	-	5 560 602
Intangible assets	-	-	-	-	-	-	8 308 469	8 308 469
Investment properties	-	-	_	-	-	-	43 542 606	43 542 606
Property and equipment	-	-	-	-	-	-	319 073 748	319 073 748
Deferred taxation	-	-	_	-	-	-	221 727 891	221 727 891
Total assets	1 489 553 549	683 095 542	409 625 878	710 857 433	1 554 477 173	5 872 350 900	2 994 345 179	13 714 305 654
Equity & Liabilities								
Deposits	10 007 732 267	1 730 604 215	186 342 386	139 493 902	174 095 913	114 493 731	-	12 352 762 414
Other liabilities	-	171 049 396	-	-	-	-	-	171 049 396
Equity	-	-	_	-	-	-	1 190 493 844	1 190 493 844
Total liabilities and equity	10 007 732 267	1 901 653 611	186 342 386	139 493 902	174 095 913	114 493 731	1 190 493 844	13 714 305 654
Interest rate repricing gap	(8 518 178 718)	(1 218 558 069)	223 283 492	571 363 531	1 380 381 260	5 757 857 169	1 803 851 335	-
Cumulative gap	(8 518 178 718)	(9 736 736 787)	(9 513 453 295)	(8 942 089 764)	(7 561 708 504)	(1 803 851 335)	-	-

			HISTORIC	AL				
UNAUDITED 31 DECEMBER 2019	Less than one month ZWL\$	1 to 3 months ZWL\$	3 to 6 months ZWL\$	6 to 12 months ZWL\$	1 to 5 years ZWL\$	5 years and above ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets								
Balances with banks and cash	898 478 022	_	_	_	_	_	1 429 809 421	2 328 287 443
Money market assets	110 832 914	105 640 400	_	_	_	_	_	216 473 314
Financial securities	32 631 328	34 114 197	11 557 716	34 438 670	151 222 120	924 870 263	-	1 188 834 294
Loans and advances to customers	1 723 263 250	15 972 923	29 828 314	489 739 732	190 521 537	37 951 728	_	2 487 277 484
Equity investments	-	-	-	-	-	-	41 892 202	41 892 202
Land inventory	_	_	_	-	-	_	124 236 247	124 236 247
Other assets	-	-	-	-	-	_	7 666 967 010	7 666 967 010
Intangible assets	_	-	-	-	-	_	1 035 853	1 035 853
Investment properties	_	-	-	-	_	_	116 933 000	116 933 000
Property and equipment	_	_	_	-	_	_	517 851 459	517 851 459
Total assets	2 765 205 514	155 727 520	41 386 030	524 178 402	341 743 657	962 821 991	9 898 725 192	14 689 788 306
Equity & Liabilities								
Deposits	11 844 740 155	199 516 622	31 635 810	428 996 629	172 349 902	4 498 090	-	12 681 737 208
Other liabilities	_	-	-	-	-	-	841 128 943	841 128 943
Current tax payable	-	-	-	-	-	-	11 100 598	11 100 598
Deferred taxation	-	400 500	-	-	-	-	145 804 962	145 804 962
Lease liability	162 147	490 506	496 662	888 206	1 966 282	-	-	4 003 803
Equity	11 844 902 302	200 007 128	32 132 472	429 884 835	174 316 184	4 498 090	1 006 012 792 2 004 047 295	1 006 012 792 14 689 788 306
Total liabilities and equity	11 844 902 302	200 007 128	32 132 472	429 884 835	174 310 184	4 498 090	2 004 047 295	14 009 700 300
Interest rate repricing gap	(9 079 696 788)	(44 279 608)	9 253 558	94 293 567	167 427 473	958 323 901	7 894 677 897	-
Cumulative gap	(9 079 696 788)	(9 123 976 396)	(9 114 722 838)	(9 020 429 271)	(8 853 001 798)	(7 894 677 897)	-	-

FOREIGN CURRENCY POSITION

		INFLA	TION ADJUSTED				
	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	2 328 287 443	2 032 572 864	188 342 614	74 365 826	2 950 331	21 769 548	8 286 260
Money market assets	216 473 314	15 076 141	201 397 173	-	-	-	-
Financial securities	1 188 834 294	1 188 834 294	-	-	-	-	-
Loans and advances to customers	2 487 277 484	2 297 696 052	98 621 650	5 475 329	277 364	85 207 089	-
Equity investments	41 892 202	35 957 377	-	-	-	5 934 825	-
Land Inventory	653 785 762	653 785 762	_	_	_	_	_
Other assets	7 647 474 096	245 332 769	7 399 009 047	2 443 377	131 412	557 491	-
Intangible assets	6 507 191	6 507 191	-	_	-	-	-
Investment properties	116 933 000	116 933 000		_	-	-	-
Property and equipment	642 742 928	628 590 766	1 474 512	12 677 650	-	-	-
Total assets	15 330 207 714	7 221 286 216	7 888 844 996	94 962 182	3 359 107	113 468 953	8 286 260
Equity & Liabilities							
Deposits	12 681 737 208	4 291 982 803	8 059 217 866	228 587 912	2 655 267	93 086 783	6 206 577
Other liabilities	873 189 381	843 725 061	28 069 269	69 951	1 216 425	105 418	3 257
Current tax payable	11 100 598	11 100 598	20 003 203	03 301	1210 425	105 410	0 201
Deferred taxation	165 392 984	165 392 984	_	_	_	_	_
Lease liability	4 003 803	4 003 803	_	_	_	_	_
Equity	1 594 783 740	1 594 783 740	_	_	_	_	_
Total equity and liabilities	15 330 207 714	6 910 988 989	8 087 287 135	228 657 863	3 871 692	93 192 201	6 209 834

Foreign currency position as at 31 December 2018

	INFLA	TION ADJUSTED				
	Total	USD	ZAR	GBP	EUR	Other foreign currencies
Assets						
Balances with banks and cash	2 233 604 548	2 212 487 266	15 111 639	942 396	3 603 365	1 459 882
Money market assets	367 135 972	367 135 972	_	_	_	_
Financial securities	7 712 067 745	7 712 067 745	_	_	_	_
Loans and advances to customers	2 292 534 503	2 254 973 453	220 887	8 038	37 327 765	4 360
Equity investments	27 253 354	25 306 224	_	_	1 947 130	_
Other assets	200 289 271	199 375 378	722 579	191 314	_	_
Current tax receivable	5 560 602	5 560 602	_	_	_	_
Intangible assets	8 308 469	8 308 469	_	_	_	-
Land inventory	283 206 945	283 206 945	-	_	_	-
Investment properties	43 542 606	43 542 606	_	-	_	-
Property and equipment	319 073 748	316 148 760	2 452 243	-	472 745	-
Deferred taxation	221 727 891	221 727 891	-	-	-	-
Total assets	13 714 305 654	13 649 841 311	18 507 348	1 141 748	43 351 005	1 464 242
Equity & Liabilities						
Deposits	12 352 762 414	12 292 082 127	20 361 597	986 089	36 810 441	2 522 160
Other liabilities	171 049 396	169 925 946	618 448	61 109	441 874	2 019
Equity	1 190 493 844	1 190 493 844	_	_	_	_
Total equity and liabilities	13 714 305 654	13 652 501 917	20 980 045	1 047 198	37 252 315	2 524 179

Foreign currency position as at 31 December 2019

		Н	ISTORICAL				
	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
Assets							
Balances with banks and cash	2 328 287 443	2 032 572 864	188 342 614	74 365 826	2 950 331	21 769 548	8 286 260
Money market assets Financial securities	216 473 314 1 188 834 294	15 076 141 1 188 834 294	201 397 173	-	-	-	-
Loans and advances to customers	2 487 277 484	2 297 696 052		5 475 329	277 364		_
Equity investments	41 892 202	35 957 377			-	5 934 825	_
Land Inventory	124 236 247	124 236 247	_	_	_	_	_
Other assets	7 666 967 010	264 825 683	7 399 009 047	2 443 377	131 412	557 491	_
Intangible assets	1 035 853	1 035 853	-	-	_	-	-
Investment properties	116 933 000	116 933 000	-	-	-	-	-
Property and equipment	517 851 459	503 699 297	1 474 512	12 677 650	-	-	-
Total assets	14 689 788 306	6 580 866 808	7 888 844 996	94 962 182	3 359 107	113 468 953	8 286 260
Equity & Liabilities							
Deposits	12 681 737 208	4 291 982 803	8 059 217 866	228 587 912	2 655 267	93 086 783	6 206 577
Other liabilities	841 128 943	811 664 623	28 069 269	69 951	1 216 425	105 418	3 257
Current tax payable	11 100 598	11 100 598	_	_	_	_	_
Deferred taxation	145 804 962	145 804 962	-	-	_	_	-
Lease liability	4 003 803	4 003 803	-	-	-	-	-
Equity	1 006 012 792	1 006 012 792	-	-	-	-	-
Total equity and liabilities	14 689 788 306	6 270 569 581	8 087 287 135	228 657 863	3 871 692	93 192 201	6 209 834

Foreign currency position as at 31 December 2018

HISTORICAL

USD

ZAR

Total

Other foreign GBP EUR curre

			HISTORIC	AL				
UNAUDITED 31 DECEMBER 2018	Less than one month ZWL\$	1 to 3 months ZWL\$	s month	ns mon		s and above	bearing	Total ZWL\$
Assets								
Balances with banks and cash	38 067 650	_	_	_	_	_	321 524 233	359 591 883
Money market assets	15 012 192	_	_	44 093 667	_	_	_	59 105 859
Financial securities	_	62 697 556	42 461 638	27 704 364	201 032 120	907 683 528	_	1 241 579 206
Loans and advances to customers	186 725 976	29 281 927	23 484 745	42 644 144	49 225 865	37 716 462	_	369 079 119
Other assets	_	17 098 046	_	-	_	-	15 146 872	32 244 918
Equity investments	_	_	_	_	_	_	4 387 565	4 387 565
Land inventory	-	_	_	_	_	_	45 593 979	45 593 979
Investment property	_	_	_	_	_	_	7 010 000	7 010 000
Property and equipement	-	-	-	-	-	_	51 368 238	51 368 238
Intangible assets	-	-	-	-	-	_	1 337 595	1 337 595
Deffered tax	-	-	-	-	-	-	35 696 359	35 696 359
Current tax receivable	-	895 211	-	-	-	-	-	895 211
Total assets	239 805 818	109 972 740	65 946 383	114 442 175	250 257 985	945 399 990	482 064 841	2 207 889 932
Equity and liabilities								
Deposits	1 611 162 232	278 612 984	29 999 585	22 457 366	28 028 004	18 432 545	_	1 988 692 716
Other liabilities	-	27 537 540				-	_	27 537 540
Equity and reserves	_	_	_	_	_	_	191 659 676	191 659 676
Total liabilities equity	1 611 162 232	306 150 524	29 999 585	22 457 366	28 028 004	18 432 545	191 659 676	2 207 889 932
Interest rate repricing gap	(1 371 356 414)	(196 177 784)	35 946 798	91 984 809	222 229 981	926 967 445	290 405 165	-
Cumulative gap	(1 371 356 414)	(1 567 534 198)	(1 531 587 400)	(1 439 602 591)	(1 217 372 610)	(290 405 165)	-	-

31. Foreign exchange risk

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

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

At 31 December 2019 if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant post tax profit for the period would have been ZWL\$15 263 946 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Bank as at 31 December 2019 is as below

Balances with banks and cash 359 591 883 356 192 175 2 432 849 151 718 580 112 235 029 Money market assets 59 105 859 59 105 859 - - - - - Financial securities 1 241 579 206 1 241 579 206 - - - - - - Loans and advances to customers 369 079 119 363 032 100 35 561 1 246 6009 462 702 Equity investments 4 387 565 4 074 093 - - - - - Land inventory 45 593 979 45 593 979 - <th>Assets</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>	Assets						
Financial securities 1 241 579 206 1 241 579 206 -	Balances with banks and cash	359 591 883	356 192 175	2 432 849	151 718	580 112	235 029
Loans and advances to customers 369 079 119 363 032 100 35 561 1 294 6 009 462 702 Equity investments 4 387 565 4 074 093 - - 313 472 - Land inventory 45 593 979 45 593 979 - - - - - Other assets 32 244 918 32 097 789 116 329 30 800 - - - Current tax receivable 895 211 895 211 - - - - - Intangible assets 1 337 595 1 337 595 - - - - - - Investment properties 7 010 000 7 010 000 -	Money market assets	59 105 859	59 105 859	_	-	_	-
Equity investments 4 387 565 4 074 093 - - 313 472 - Land inventory 45 593 979 45 593 979 - - - - - - Other assets 32 244 918 32 097 789 116 329 30 800 - - - Current tax receivable 895 211 895 211 - - - - - Intangible assets 1 337 595 1 337 595 - - - - - - Investment properties 7 010 000 7 010 000 -	Financial securities	1 241 579 206	1 241 579 206	_	-	_	-
Land inventory 45 593 979 45 593 979 - - - - - Other assets 32 244 918 32 097 789 116 329 30 800 - - - Current tax receivable 895 211 895 211 - - - - - Intangible assets 1 337 595 1 337 595 - - - - - Investment properties 7 010 000 7 010 000 - - - - - Property and equipment 51 368 238 50 897 339 394 791 - 76 108 - Deferred taxation 35 696 359 35 696 359 - - - - - Total assets 2 207 889 932 2 197 511 705 2 979 530 183 812 6 979 154 235 731 Equity & Liabilities 2 2 27 537 540 27 356 674 99 565 9 838 71 138 325 Equity 191 659 676 191 659 676 - - - - -	Loans and advances to customers	369 079 119	363 032 100	35 561	1 294	6 009 462	702
Other assets 32 244 918 32 097 789 116 329 30 800 - - Current tax receivable 895 211 895 211 - - - - Intangible assets 1 337 595 1 337 595 - - - - - Investment properties 7 010 000 7 010 000 - - - - - Property and equipment 51 368 238 50 897 339 394 791 - 76 108 - Deferred taxation 35 696 359 55 - - - - - Total assets 2 207 889 932 2 197 511 705 2 979 530 183 812 6 979 154 235 731 Equity & Liabilities - - - - - - - Deposits 1 988 692 716 1 978 923 691 3 278 049 158 752 5 926 177 406 047 Other liabilities 27 537 540 27 356 674 99 565 9 838 71 138 325 Equity 191 659 676 191 659 676 - - - - - <td>Equity investments</td> <td>4 387 565</td> <td>4 074 093</td> <td>_</td> <td>-</td> <td>313 472</td> <td>-</td>	Equity investments	4 387 565	4 074 093	_	-	313 472	-
Current tax receivable 895 211 895 211 -	Land inventory	45 593 979	45 593 979	-	_	_	-
Intangible assets 1 337 595 1 337 595 -	Other assets	32 244 918	32 097 789	116 329	30 800	_	-
Investment properties 7 010 000 7 010 000 -	Current tax receivable	895 211	895 211	-	_	_	-
Property and equipment 51 368 238 50 897 339 394 791 - 76 108 - Deferred taxation 35 696 359 35 696 359 -	Intangible assets	1 337 595	1 337 595	_	-	_	-
Deferred taxation 35 696 359 35 696 359 -	Investment properties	7 010 000	7 010 000	_	-	_	-
Total assets 2 207 889 932 2 197 511 705 2 979 530 183 812 6 979 154 235 731 Equity & Liabilities Deposits 1 988 692 716 1 978 923 691 3 278 049 158 752 5 926 177 406 047 Other liabilities 27 537 540 27 356 674 99 565 9 838 71 138 325 Equity 191 659 676 191 659 676 - - - -	Property and equipment	51 368 238	50 897 339	394 791	-	76 108	-
Equity & Liabilities Deposits 1 988 692 716 1 978 923 691 3 278 049 158 752 5 926 177 406 047 Other liabilities 27 537 540 27 356 674 99 565 9 838 71 138 325 Equity 191 659 676 191 659 676 - - - -	Deferred taxation	35 696 359	35 696 359	-	-	-	-
Deposits 1 988 692 716 1 978 923 691 3 278 049 158 752 5 926 177 406 047 Other liabilities 27 537 540 27 356 674 99 565 9 838 71 138 325 Equity 191 659 676 191 659 676 - - - -	Total assets	2 207 889 932	2 197 511 705	2 979 530	183 812	6 979 154	235 731
Deposits 1 988 692 716 1 978 923 691 3 278 049 158 752 5 926 177 406 047 Other liabilities 27 537 540 27 356 674 99 565 9 838 71 138 325 Equity 191 659 676 191 659 676 - - - -							
Other liabilities 27 537 540 27 356 674 99 565 9 838 71 138 325 Equity 191 659 676 191 659 676 -	Equity & Liabilities						
Equity 191 659 676 191 659 676 – – – – –		1 988 692 716	1 978 923 691	3 278 049	158 752	5 926 177	406 047
		27 537 540	27 356 674	99 565	9 838	71 138	325
Total equity and liabilities 2 207 889 932 2 197 940 041 3 377 614 168 590 5 997 315 406 372		191 659 676	191 659 676	-	-	-	-
	Total equity and liabilities	2 207 889 932	2 197 940 041	3 377 614	168 590	5 997 315	406 372

Foreign currency position as at 31 December 2019

Underlying currency	USD	ZAR	GBP	EUR	Other foreign currencies in ZWL\$
Assets					
Balances with banks and cash	11 228 649	62 645 771	134 116	1 158 183	8 286 260
Money market assets	12 006 938	_	-	_	-
Loans and advances to customers	5 879 646	4 612 417	12 608	4 533 184	-
Equity investments	_	_	_	315 741	-
Other assets	441 115 638	2 058 300	5 974	29 660	-
Property and Equipment	87 908	10 679 652	-	4 049	-
lotal assets	470 318 779	79 996 140	152 698	6 040 817	8 286 260
Equity & Liabilities	480 476 103	192 562 457	120 703	4 952 399	6 206 577
Deposits					
Other liabilities	1 673 439	58 927	55 296	5 608	3 257
fotal equity and liabilities	482 149 542	192 621 384	175 999	4 958 007	6 209 834
Net Position	(11 830 763)	(112 625 244)	(23 301)	1 082 810	2 076 426

Foreign currency position as at 31 December 2018

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

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FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

32 Operational risk

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

32.1 Operational risk management framework

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

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

32.2 Strategic risk

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

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

32.3 **Regulatory risk**

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

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

32.4 Reputation risk

This is the risk of potential damage to the Bank's image that arises from the market's perception of the manner in which the Bank Bank's general business ethics. This can result in loss of earnings or adverse impact on market capitalisation as a result of stakeholders adopting a negative view to the Bank and its actions. The risk can further arise from the Bank's inability to address any of its other key risks. This risk is managed and mitigated through:

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

32.5 Money laundering risk

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

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

32.6 **Risk and Credit Ratings**

External Credit Rating 32.6.1

Rating Agent	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Global Credit Rating Co.(Short Term)	A1	A1-	A1-	A1-	A1	A1	A1	-	-		-	-
Global Credit Rating Co. (Long Term)	A+	А	А	А	А	A+	A+	A+	A+	А	А	А

No short-term ratings were provided by the rating agent from 2008 to 2012

Reserve Bank of Zimbabwe Ratings 32.6.2

CAMELS RATING MATRIX - 31 December 2018 RBZ ONSITE EXAMINATION

	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank Limited	2	1	3	2	2	2	2
Key 1. Strong	2. Satisfactory		3 Fair	4. 5	Substandard		5. Weak

33. CAPITAL MANAGEMENT

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

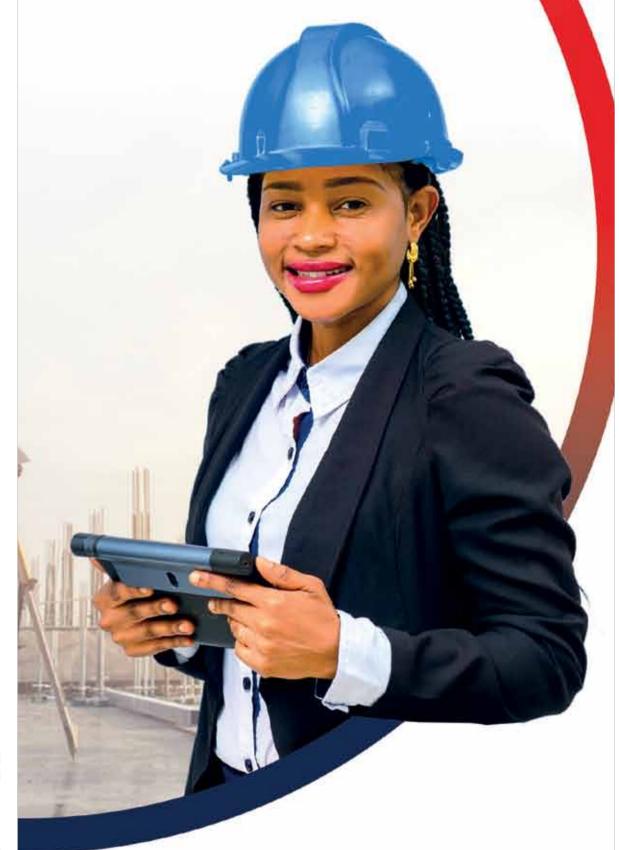
- Regulatory capital,
- Economic capital, and
- Available book capital

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33.1 Capital Adequacy

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

	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$
Risk weighted assets	2 805 580 556	599 925 665
Total qualifying capital	1 031 590 554	172 375 756
Tier 1 Share capital Share premium Retained earnings Exposure to insiders Deferred tax asset Total core capital Less transfer to tier 3	5 118 180 16 721 711 597 312 857 (9 491 995) 609 660 753 (93 994 488)	5 118 180 16 721 711 152 400 726 (26 782 991) (35 696 359) 111 761 267 (21 688 954)
	515 666 265	90 072 313
Tier 2 Revaluation reserve Fair Value Reserve Foreign Currency Translation Reserve General provisions Deferred tax asset	301 889 314 37 874 522 47 096 208 35 069 757 421 929 801	14 484 354 2 934 705 7 499 071 35 696 359 60 614 489
Tion 0	421 929 801	00 014 489
Tier 3 Capital allocated for market risk Capital allocated to operation risk	26 210 563 67 783 925 93 994 488	327 360 21 361 594 21 688 954
Capital adequacy		
-Tier 1 -Tier 2 -Tier 3	18.38% 15.04% 3.35% 36.77%	15.01% 10.10% 3.62% 28.73%

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

CONTINGENCIES AND COMMITMENT 34.

34.1 Compliance matter

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

35. CORPORATE GOVERNANCE STATEMENT

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

DISCLOSURE POLICY 36.

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

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

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



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FOR THE YEAR ENDED 31 DECEMBER 2019

Banking Insurance Investments Agro-Business

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	INFLATION /	\DJUSTED	HISTORICAL		
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
Gross written premium	40 402 750	68 999 740	13 776 612	11 108 388	
Reinsurance premium	(1 271 588)	(2 117 073)	(411 115)	(340 832)	
Net written premium	39 131 162	66 882 667	13 365 497	10 767 556	
Unearned premium movement	(2 738 464)	(977 727)	(488 266)	(157 406)	
Net earned premium	36 392 698	65 904 940	12 877 231	10 610 150	
Net commission Net claims	(2 761 038) (10 410 505)	(5 609 207) (18 984 851)	(826 379) (3 565 838)	(903 036) (3 056 404)	
Underwriting profit	23 221 155	41 310 882	8 485 014	6 650 710	
Operating expenditure Transfer to annuity reserve Expected credit loss Monetary loss	(36 893 517) (1 664 428) (216 287) (28 831 385)	(19 796 388) (195 822) (1 170 197)	(12 810 000) (1 664 428) (216 287)	(3 187 055) (31 526) (188 392)	
Operating profit	(44 384 462)	20 148 475	(6 205 701)	3 243 737	
Investment and other income	4 648 860	2 616 899	64 624 236	421 299	
Interest from money market investment	2 114 756	4 520 598	586 132	727 779	
Profit before taxation	(37 620 846)	27 285 972	59 004 667	4 392 816	
Taxation	(91 633)	(120 081)	(64 065)	(19 332)	
Profit for the year	(37 712 479)	27 165 891	58 940 602	4 373 484	
Other comprehensive income Gains on property revaluation Exchange gains on change of functional currency	14 066 440 14 066 440	-	15 902 881 2 550 000	:	
Other comprehensive income for the year net of tax Total comprehensive income	(23 646 039)	- 27 165 891	18 452 881 77 393 483	4 373 484	

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	INFLATION	ADJUSTED	HISTORICAL		
100570	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
ASSETS Current assets Cash and cash equivalents Money market assets Financial securities Equity investments Insurance contract assets Other receivables Current tax receivables	1 887 062 7 374 983 2 920 178 4 626 218 1 915 616 289 611 10 408	8 361 945 64 745 837 20 885 648 28 296 880 3 832 321 441 346 267	1 887 062 7 374 983 2 920 178 4 626 218 632 327 242 279 10 408	1 346 204 10 423 545 3 362 417 4 555 564 616 972 71 053 43	
Non-current assets	19 024 076	126 564 244	17 693 455	20 375 798	
Intangible assets Property and equipment Investment properties	669 724 27 903 054 70 465 000 99 037 778	1 529 346 12 012 467 28 815 143 42 356 956	107 819 22 902 817 70 465 000 93 475 636	246 212 1 933 908 4 639 000 6 819 120	
TOTAL ASSETS	118 061 854	168 921 200	111 169 091	27 194 918	
EQUITY AND LIABILITIES Liabilities					
Life fund Investment contract liabilities Other payables	3 934 894 3 409 051 6 655 392	9 898 676 14 866 750 12 720 348	3 934 894 3 409 051 6 655 392	1 593 605 2 393 424 2 047 871	
Equity	13 999 337	37 485 774	13 999 337	6 034 900	
Share capital Share premium Revaluation reserve	12 8 621 635	12 8 621 635 -	2 1 388 012 15 902 881	2 1 388 012 -	
Foreign currency translation reserve Revenue reserves	14 066 440 81 374 430 104 062 517	122 813 779 131 435 426	2 550 000 77 328 859 97 169 754	19 772 004 21 160 018	
TOTAL EQUITY AND LIABILITIES	118 061 854	168 921 200	111 169 091	27 194 918	

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share	Share	Revaluation		Revenue	
	capital	premium	reserve	FCTR	reserves	Total
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
		INFLATION AI	DJUSTED			
Audited 31 December 2019						
Opening balance	12	8 621 635	-	-	122 813 779	131 435 426
Total comprehensive income	-	-	-	14 066 440	(37 712 479)	(23 646 039)
Dividend paid Closing balance	12	8 621 635	-	14 066 440	(3 726 870) 81 374 430	(3 726 870) 104 062 517
closing balance	12	0 021 035	-	14 000 440	01 374 430	104 002 517
Audited 31 December 2018						
Opening balance	12	8 621 635	-	-	101 412 432	110 034 079
Total comprehensive income Dividend paid	-	-	-	-	27 165 891 (5 764 544)	27 165 891
Closing balance	12	8 621 635	-	-	122 813 779	(5 764 544) 131 435 426
	12	0 021 000			122 010 110	101 400 420
		HISTORICAL				
Unaudited 31 December 2019						
Opening balance	2	1 388 012	-	-	19 772 004	21 160 018
Total comprehensive income	-	-	15 902 881	2 550 000	58 940 602	77 393 483
Dividend paid Closing balance	2	1 388 012	15 902 881	2 550 000	(1 383 747) 77 328 859	(1 383 747) 97 169 754
	2	1 000 012	10 302 001	2 330 000	11 526 655	57 105 754
Unaudited 31 December 2018						
Opening balance	2	1 388 012	-	-	16 326 564	17 714 578
Total comprehensive income - Dividend paid	-	-	-	-	4 373 484 (928 044)	4 373 484 (928 044)
Closing balance	2	1 388 012	-	-	19 772 004	21 160 018
orooning balanco	-	1 000 012			10 112 004	21 100 010

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	INFLATION	ADJUSTED	HISTO	RICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Gross written premium Reinsurance premium Net written premium Unearned premium movement Net earned premium Net commission Net claims Technical result Operating expenditure Impairment loss Underwriting profit Other income Monetary loss Profit before taxation Taxation Profit for the year	168 262 874 (95 368 390) 72 894 484 (1 366 116) 71 528 368 101 041 (15 833 174) 55 796 235 (24 774 071) (1 943 262) 29 078 902 (5 337 796) (43 413 554) (19 672 448) (6 763 565) (26 436 013)	81 706 884 (39 781 965) 41 924 919 (3 098 713) 38 826 206 (833 091) (20 957 753) 17 035 362 (15 593 726) 72 544 1 514 180 707 949 2 222 129 1 237 246 3 459 375	80 284 899 (49 296 292) 30 988 607 (13 316 488) 17 672 119 276 529 (8 192 021) 9 756 627 (8 131 271) (1 943 262) (317 906) 2 507 366 2 189 460 2 990 732 5 180 192	13 154 133 (6 404 568) 6 749 565 (498 867) 6 250 698 (134 121) (3 374 025) 2 742 552 (2 511 734) 12 952 243 770 113 975 199 186 556 931
Other comprehensive income Gains on property revaluations Foreign currency translation gains Deferred income tax relating to components of other comprehensive income Other comprehensive income for the year net of tax Total comprehensive income for the year Basic earnings per share (cents) Diluted earnings per share (cents)	14 066 440 14 066 440 (12 369 573) (1 692.08) (1 692.08)	3 459 375 221.42 221.42	21 721 116 2 550 000 (5 207 175) 19 063 941 24 244 133 331.57 331.57	556 931 35.65 35.65

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	INFLATION	ADJUSTED	HISTO	RICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
ASSETS Cash and cash equivalents Money market assets Other assets Current tax receivable Insurance receivables	5 793 286 1 494 019 3 780 635 387 439 28 576 142	10 933 704 14 991 056 1 366 286 2 406 577 22 186 642	5 793 286 1 494 019 2 157 086 387 439 28 576 142	1 760 236 2 413 436 219 961 387 439 3 571 866
Insurance Contract Assets: reinsurance receivables Reinsurance outstanding claims Deferred acquisition costs Reinsurance unearned premium reserve Financial assets at fair value through profit or loss Investment properties Property and equipment Intangible assets Deferred tax TOTAL ASSETS	6 007 735 2 295 586 6 826 651 27 740 909 2 198 872 2 013 000 30 187 849 1 380 497 	3 132 652 8 267 523 3 542 064 12 573 233 9 776 856 838 552 13 614 948 2 947 718 106 577 811	6 007 735 2 295 586 6 826 651 27 740 909 2 198 872 2 013 000 23 774 284 264 179 109 529 188	504 331 1 331 003 570 243 2 024 187 1 573 993 135 000 2 191 894 474 558 17 158 147
EQUITY AND LIABILITIES				
LIABILITIES Other payables Insurance contract liabilities: Reinsurance payables Gross outstanding claims Incurred but not yet reported claims Unearned commission reserve Gross unearned premium reserve Deferred tax TOTAL LIABILITIES	8 708 065 17 358 570 3 990 726 2 157 968 7 132 273 43 350 474 1 795 304 84 493 380	2 837 487 8 228 220 14 263 934 3 565 295 3 279 798 26 816 683 58 991 417	8 193 306 17 358 570 3 990 726 2 157 968 7 132 273 43 350 474 940 674 83 123 991	456 812 1 324 675 2 296 376 573 983 528 020 4 317 264 9 497 130
EQUITY Share capital Share premium Foreign currency translation reserve Revaluation reserve Retained earnings TOTAL EQUITY	485 223 9 187 366 14 066 440 10 450 211 34 189 240	485 223 9 187 366 - 37 913 805 47 586 394	78 116 1 479 091 2 550 000 11 555 395 10 742 595 26 405 197	78 116 1 479 091 - 6 103 810 7 661 017
TOTAL EQUITY AND LIABILITIES	118 682 620	106 577 811	109 529 188	17 158 147

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital ZWL\$	Share premium ZWL\$	Revaluation reserve ZWL\$	FCTR ZWL\$	Revenue reserves ZWL\$	Total ZWL\$
	INF	LATION ADJUS	ΓED			
Audited 31 December 2018 Opening balance Restated balance at 1 January 2018 Total comprehensive income for the year Dividend paid Closing balance	485 223 485 223 - - - 485 223	9 187 366 9 187 366 - 9 187 366	-	-	35 704 724 35 704 724 3 459 375 (1 250 294) 37 913 805	45 377 313 45 377 313 3 459 375 (1 250 294) 47 586 394
Audited 31 December 2019 Opening balance Restated balance at 1 January 2019 Profit for the year Other comprehensive income for the year Dividend paid Closing balance	485 223 485 223 - - - 485 223	9 187 366 9 187 366 - - 9 187 366	-	14 066 440 14 066 440	37 913 805 37 913 805 (26 436 013) (1 027 581) 10 450 211	47 586 394 47 586 394 (26 436 013) 14 066 440 (1 027 581) 34 189 240
	HIS	STORICAL				
Unaudited 31 December 2018 Opening balance Total comprehensive income for the year Dividend paid Closing balance	78 116 - 78 116	1 479 091 - 1 479 091	-	-	5 748 166 556 931 (201 287) 6 103 810	7 305 373 556 931 (201 287) 7 661 017
Unaudited 31 December 2019 Opening balance Profit for the year Other comprehensive income for the year Dividend paid Closing balance	78 116 - - 78 116	1 479 091 - - 1 479 091	11 555 395 11 555 395	2 550 000 2 550 000	6 103 810 5 180 192 (541 407) 10 742 595	7 661 017 5 180 192 14 105 395 (541 407) 26 405 197

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	INFLATION	ADJUSTED	HISTO	RICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation Non cash items:	(37 620 846)	27 285 971	59 004 667	4 392 816
Depreciation Amortisation Unearned premium movement	1 110 617 859 622 2 738 464	427 987 860 249 977 727	461 191 138 393 488 266	76 147 138 493 157 406
Monetary loss Claims incurred but not reported Unearned commission on reinsurance premium movement Fair value adjustment on investment properties	28 831 385 165 837 97 510 (29 056 747)	(380 485) (154 623) (1 339 889)	188 595 (76 728) (60 249 501)	(61 255) (24 893) (215 711)
Write offs and impairment of fixed assets Write offs of other assets Fair value adjustment on financial instruments	6 068 121 29 591 413	303 916 7 572 (1 174 855)	(48 928)	48 928 1 219 (189 142)
Loss on sale of property and equipment Annuity reserve movement Credit loss expense	39 286 1 664 428 156 883	34 772 195 824 2 081	(3 549) 1 664 428 156 883	5 598 31 526 335
Impairment on insurance assets Unrealised loss on foreign currency position Profit on sale of investment property Operating profit before changes in operating assets and liabilities	59 404 1 074 299 (265 763) 5 513 913	1 160 544 - - - 28 251 791	59 404 1 074 299 (428 310) 1 451 317	186 838 - - 4 548 305
Changes in operating assets and liabilities				
Other receivables Insurance contract assets Other payables Money market assets Financial securities Life assurance investment contract liabilities	35 012 (179 069) 10 971 680 9 574 517 1 364 798 3 332 495	1 511 015 (1 025 618) (1 010 126) 4 702 943 (9 794 745) 3 642 982	(105 024) 1969 3 530 225 2 917 975 415 943 1 015 627	243 261 (165 116) (162 622) 757 135 (1 576 873) 586 490
Corporate tax paid	25 099 433 (101 774)	(1 973 548) (59 606)	7 776 715 (74 429)	(317 725) (9 596)
Net cash inflow from operating activities	30 511 572	26 218 637	9 153 603	4 220 984
CASH FLOWS FROM INVESTING ACTIVITIES Purchase of equity investments Proceeds on disposal of equity investments Purchase of property and equipment Proceeds on disposal of property and equipment Proceeds on disposal of investment properties	(10 926 043) 5 005 291 (9 471 149) 17 758 459 500	(22 342 408) 797 060 (7 564 413) 2 969	(2 559 038) 3 466 177 (3 008 772) 17 827 459 500	(3 596 943) 128 320 (1 217 808) 478
Purchase of investment properties Net cash outflow from investing activities	(12 786 847) (27 701 490)	(6 418 963) (35 525 754)	(5 607 689) (7 231 995)	(1 033 400) (5 719 353)
CASH FLOWS FROM FINANCING ACTIVITIES Dividends paid Net cash outflow from financing activites	(3 726 870) (3 726 870)	(5 764 544) (5 764 544)	(1 383 747) (1 383 747)	(928 044) (928 044)
NET INCREASE IN CASH AND CASH EQUIVALENTS Cash and cash equivalents at the beginning of the year Exchange gains on foreign cash balances	(916 788) 8 361 945 2 997	(15 071 661) 23 433 606	537 861 1 346 204 2 997	(2 426 413) 3 772 617
Effects of IAS 29 CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(5 561 092) 1 887 062	8 361 945	1 887 062	1 346 204

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	INFLATION	ADJUSTED	HISTO	RICAL
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$'00
Profit before taxation	(19 672 448)	2 222 129	2 189 460	357 745
Non-cash items Depreciation Amortisation Interest income Monetary loss	1 087 139 433 414 (360 339) 43 413 554	580 206 (1 342 280)	372 243 132 089 (111 098)	93 409 (216 096)
Impairment of other assets Impairment of fixed assets Fair value adjustment - investment property Fair value adjustment - listed investments Expected credit loss expense Impairment on insurance assets Gains on functional currency change Unearned premium reserve movement Deferred commission movement Incurred but not yet reported claims provision Loss on disposal of property and equipment Foreign exchange gains/losses Cash flow before changes in operating assets and liabilities	5 875 852 (57 407) 6 078 767 3 833 (1 939 429) 1 181 556 1 366 116 567 890 2 183 699 375 753 474 408 41 012 358	311 820 17 088 957 574 1 103 81 553 3 098 713 84 817 1 232 541 47 061 (37 555) 7 254 770	(48 928) (1 675 500) (1 268 341) 3 833 (1 939 429) 214 196 13 316 488 347 845 1 583 985 40 134 474 408 13 631 385	50 200 2 751 154 162 177 13 655 198 429 7 576 (6 046) 1 168 484
Changes in operating assets and liabilities Increase in receivables Decrease in money market assets Decrease ((increase) in payables Cash flow before changes in operating assets and liabilities Interest income Tax Paid Net cash inflow / (outflow) from operating activities	(68 538 902) (1 016 179) 22 878 302 (46 676 779) 360 339 (1 404) (5 305 486)	(18 054 338) 14 508 205 12 636 543 9 090 410 1 342 280 (236 174) 17 451 286	(31 761 780) 915 584 24 662 111 (6 184 085) 111 098 (904) 7 557 494	(2 910 504) 2 335 879 2 034 379 1 459 754 216 096 (38 022) 2 806 312
CASH FLOWS FROM INVESTING ACTIVITIES Purchase of equity investments Disposal of equity investments Investment property Proceeds on disposal of property and equipment Purchase of property and equipment Purchase of intangible assets Net cash outflow from investing activities	(2 284 323) 3 783 540 171 909 (10 959 324) (871 747) (10 159 945)	(7 615 006) 5 277 333 (17 088) 5 165 (9 154 173) (11 503 769)	(1 125 134) 1 768 595 - (3 649 762) (228 281) (3 186 383)	(1 225 953) 849 607 (2 751) 832 (1 473 746) - (1 852 011)
CASH FLOWS FROM FINANCING ACTIVITIES Dividend paid	(1 027 580)	(1 250 294)	(541 407)	(198 087)
Net cash outflow from financing activites	(1 027 580)	(1 250 294)	(541 407)	(198 087)
NET INCRESE / (DECREASE) IN CASH AND CASH EQUIVALENTS Cash and cash equivalents at the beginning of the year Inflation effects on cash and cash equivalents Balance with banks and cash at end of the year	(16 493 011) 10 933 704 11 352 593 5 793 286	4 697 223 6 236 481 	3 829 704 1 760 236 203 346 5 793 286	756 214 1 004 022 - 1 760 236



FOR THE YEAR ENDED 31 DECEMBER 2019

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	INFLATION A	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$	
Revenue	30 552 826	24 664 763	30 710 798	3 970 823	
Operating expenditure	(19 012 580)	(13 933 835)	(8 629 282)	(2 243 232)	
Operating income	11 540 246	10 730 928	22 081 516	1 727 591	
Monetary loss	(8 013 845)	-	-	-	
Profit before taxation	3 526 401	10 730 928	22 081 516	1 727 591	
Taxation	(6 212 186)	(2 968 703)	(5 520 004)	(477 937)	
(Loss)/ profit for the after taxation	(2 685 785)	7 762 225	16 561 512	1 249 654	
Other comprehensive loss	(297 531)	-	-	-	
Total comprehensive (loss)/income	(2 983 316)	7 762 225	16 561 512	1 249 654	

AS AT 31 DECEMBER 2019

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
ASSETS Balances with banks and cash Money market assets Equity investments Other assets Investment property Intangible assets Property and equipment Deferred taxation	417 944 1 821 823 2 099 236 1 958 767 22 868 333 53 681 5 376 431	6 315 411 6 504 230 1 599 655 4 053 644 11 367 043 47 288 628 772 535 898	417 944 1 821 823 2 099 236 1 958 767 22 868 333 15 291 1 822 787	1 016 729 1 047 127 257 531 652 603 1 830 000 7 613 101 227 86 275
TOTAL ASSETS	34 596 215	31 051 941	31 004 181	4 999 105
LIABILITIES Current taxation Other liabilities Lease liability Deferred taxation TOTAL LIABILITIES	52 110 3 760 011 1 738 832 4 869 475 10 420 428	662 482 2 759 351 - 3 421 833	52 110 3 760 011 1 738 832 4 724 618 10 275 571	106 655 444 232 - 550 887
EQUITY				
Share capital Share premium Revenue reserves Fair value reserve TOTAL EQUITY	391 355 11 956 787 12 125 176 (297 531) 24 175 787	391 355 11 956 787 15 281 966 - 27 630 108	63 005 1 924 944 18 740 661 - 20 728 610	63 005 1 924 944 2 460 269 - 4 448 218
TOTAL LIABILITIES AND EQUITY	34 596 215	31 051 941	31 004 181	4 999 105

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital ZWL\$	Share premium ZWL\$	Fair value reserve ZWL\$	Revenue reserves ZWL\$	Total ZWL\$
	INFLATION A	DJUSTED			
Audited 31 December 2018 Opening balance Total comprehensive income Dividend paid Closing balance	391 355 - 391 355	11 956 787 - - 11 956 787	- - -	7 901 108 7 762 225 (381 367) 15 281 966	20 249 250 7 762 225 (381 367) 27 630 108
Audited 31 December 2019 Opening balance Loss for the year Other comprehensive loss Dividend paid Closing balance	391 355 - - 3 91 355	11 956 787 - - 11 956 787	(297 531) (297 531)	15 281 966 (2 685 785) (471 005) 12 125 176	27 630 108 (2 685 785) (297 531) (471 005) 24 175 787
	HISTORICAL				

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Unaudited 31 December 2018					
Opening balance	63 005	1 924 944	-	1 272 012	3 259 961
Total comprehensive income	-	-	-	1 249 654	1 249 654
Dividend paid	-	-	-	(61 397)	(61 397)
Closing balance	63 005	1 924 944	-	2 460 269	4 448 218
Unaudited 31 December 2019					
Opening balance	63 005	1 924 944	-	2 460 269	4 448 218
Opening balance Total comprehensive income	63 005	1 924 944	-	2 460 269 16 561 512	4 448 218 16 561 512
Opening balance					
Opening balance Total comprehensive income		-	-	16 561 512	16 561 512

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	3 526 401	10 730 928	22 081 516	1 727 591
Adjust for: Fair value adjustments Depreciation and amortisation Monetary loss Expected credit losss expense Exchange gains on change of functional currency Unrealised gain on foreign currency position Loss on sale of property and equipment Impairment of assets Interest on lease liability Operating cash inflow before changes in operating assets and liabilities	7 904 907 574 082 8 013 845 (223) (15 142 109) (461) 2 856 3 859 188 875 5 072 032	601 987 239 463 - 223 - 1 658 19 169 - - 11 593 428	(18 906 640) 127 327 (36) (2 745 000) (461) 154 585 71 998 629 443	96 915 38 552 - 36 - 267 3 086 - 1 866 447
	5 072 052	11 333 420	023 443	1 000 447
Changes in operating assets and liabilities Money market assets Equity investments Other assets Other liabilities	4 682 630 (3 924 895) 2 094 877 1 000 660 3 853 272	4 084 160 (261 788) 1 659 607 (5 727) 5 476 252	(774 660) (843 281) (1 306 164) 3 315 779 391 674	657 516 (42 147) 267 183 (922) 881 630
Corporate tax paid	(1 319 481)	(2 705 289)	(763 654)	(435 529)
Net cash inflow from operating activities	7 605 823	14 364 391	257 463	2 312 548
CASH FLOWS FROM INVESTING ACTIVITIES Increase in investment property Proceeds on disposal of equipment Purchase of equipment Purchase of intangible assets Net cash outflow from investing activities	(1 234 008) 365 (173 205) (30 558) (1 437 406)	(10 675 361) 3 143 (91 194) (47 145) (10 810 557)	(385 118) 122 (36 357) (12 710) (434 063)	(1 718 645) 506 (14 681) (7 591) (1 740 411)
CASH FLOWS FROM FINANCING ACTIVITIES Dividend paid Lease liability repayment Interest on lease liability Net cash outflow from financing activities	(471 005) (176 944) (188 875) (836 824)	(381 367) - - (381 367)	(281 120) (69 528) (71 998) (422 646)	(61 397) - - (61 397)
NET INCREASE IN BALANCES WITH BANKS AND CASH Balances with banks and cash at the beginning of the year Exchange gains on foreign cash balances Inflation effects on cash and cash equivalents BALANCES WITH BANKS AND CASH AT THE END OF THE YE	5 331 593 6 315 411 461 (11 229 521) AR 417 944	3 172 467 3 142 944 - - 6 315 411	(599 246) 1 016 729 461 - 417 944	510 740 505 989 - - 1 016 729



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