



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Banking | Insurance | Investments | Agro-Business



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 services.

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.

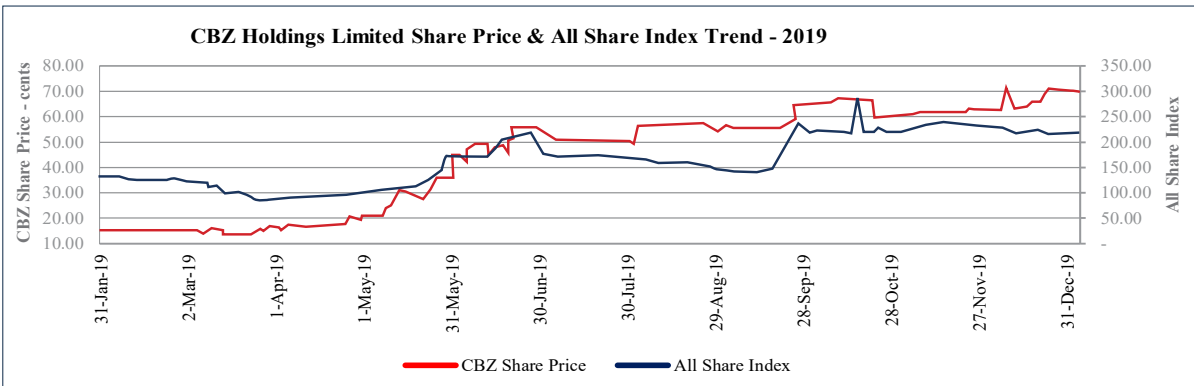
However, the lack of necessary interventions such as Balance of Payments and budgetary support to buttress the reform efforts evidently affected policy conduct during the period under review. This was reflected through foreign currency shortages, exchange rate weaknesses and inflationary pressures. Additionally, 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 reviewed 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.



Source: Zimbabwe Stock Exchange, CBZ Research

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 ADJUSTED		HISTORICAL	
	AUDITED DECEMBER 2019	AUDITED DECEMBER 2018	UNAUDITED 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
Total advances	3 013.9	3 025.0	3 013.9	487.0
Other statistics				
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 (%)	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)
Growth in PAT (YOY %)	(30.3)	159.7	1 181.6	159.7

Dividend

The 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

The 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 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.

Marc Holtzman

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.

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 bond note unit and each hundredth part of a RTGS 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 Standards (IFRS), (promulgated by the International 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 Standard 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 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 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.

By order of the Board.

T. Gumbo

T.GUMBO
GROUP CFO
24 June 2020

DR. B. Mudavanhu

DR. B.MUDAVANHU
GROUP CEO
24 June 2020

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 8 (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

Notes	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Interest income	2	537 760 295	795 407 888	213 983 157
Interest expense	2	(155 496 637)	(285 545 159)	(62 172 927)
Net interest income		382 263 658	509 862 729	151 810 230
Net non-interest income	3	2 267 202 877	671 648 172	1 757 763 179
Net underwriting income	4	69 367 058	57 378 938	15 008 841
Total income		2 718 833 593	1 238 889 839	1 924 582 250
Operating expenditure	5	(1 091 008 333)	(739 524 555)	(574 209 538)
Operating income		1 627 825 260	499 365 284	1 350 372 712
Transfer to annuity reserve		(1 664 428)	(195 824)	(1 664 428)
Credit loss expense & charge for impairment on insurance assets	14	(223 903 930)	16 944 764	(223 903 930)
Monetary loss		(520 557 356)	-	-
Profit before taxation		881 699 546	516 114 224	1 124 804 354
Taxation	6.1	(569 165 515)	(67 820 281)	(199 826 003)
Profit for the year after taxation		312 534 031	448 293 943	924 978 351
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
Gains on property revaluation		32 676 075	24 527 911	674 369 147
Exchange gains on change of functional currency		508 315 157	-	92 148 662
Gains/(Loss) on equity instruments at FVOCI		37 461 700	(1 181 967)	164 623 538
Deferred income tax relating to components of other comprehensive income	6.3	(7 230 875)	(4 328 601)	(122 216 074)
Items that will be reclassified to profit or loss in subsequent periods		571 222 057	19 017 343	808 925 273
Exchange loss on translation of a foreign subsidiary	30.9	(202 192)	-	(585 342)
Other comprehensive income for the period net of tax		571 019 865	19 017 343	808 339 931
Total comprehensive income for the year		883 553 896	467 311 286	1 733 318 282
Profit for the year attributable to:				
Equity holders of parent		312 954 364	448 238 934	924 895 986
Non-controlling interests	30.7	(420 333)	55 009	82 365
Profit for the year		312 534 031	448 293 943	924 978 351
Total comprehensive income attributable to:				
Equity holders of parent		883 750 574	467 256 277	1 733 011 641
Non-controlling interests	30.7	(196 678)	55 009	306 641
Total comprehensive income for the year		883 553 896	467 311 286	1 733 318 282
Earnings per share (cents):				
Basic	7.1	60.29	86.54	178.19
Fully diluted	7.1	60.29	84.74	178.19
Headline	7.1	58.23	85.99	111.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Notes	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	9	2 400 254 233	2 337 624 718	2 400 254 233
Money market assets	10	224 165 206	439 409 481	224 165 206
Financial securities	11	1 191 754 472	7 732 953 394	1 191 754 472
Loans and advances to customers	12	3 013 900 920	3 024 975 659	3 013 900 920
Insurance assets	13	76 075 439	54 618 802	74 792 150
Equity investments	17	212 088 704	161 501 428	212 088 704
Land inventory	16	736 278 645	341 140 446	139 034 053
Other assets	15	8 280 130 411	166 564 034	8 162 478 639
Current tax receivable		550 023	9 257 922	550 023
Intangible assets	22	10 440 774	10 023 483	2 924 000
Property and equipment	20	1 021 934 811	480 953 054	873 439 372
Investment properties	21	558 585 537	233 295 062	558 585 537
Deferred tax asset	23.1	106 066 973	225 436 901	106 041 533
TOTAL ASSETS		17 832 226 148	15 217 754 384	16 960 008 842
LIABILITIES				
Deposits	24	13 065 038 880	12 914 671 236	13 065 038 880
Insurance liabilities	25	59 198 356	56 153 931	59 198 356
Other liabilities	26	1 456 656 498	233 489 699	1 423 998 444
Current tax payable		103 025 439	662 480	103 025 439
Life fund	27	3 934 894	9 898 676	3 934 894
Life assurance investment contract liabilities	28	3 409 051	14 866 750	3 409 051
Deferred tax liability	23.2	318 626 534	26 416 976	259 951 917
Lease liability		4 000 187	-	4 000 187
TOTAL LIABILITIES		15 013 889 839	13 256 159 748	14 922 557 168
EQUITY				
Share capital	30.1	37 317 479	42 670 664	5 220 162
Treasury shares	30.2	228 045 378	248 602 901	33 876 209
Revaluation reserve	30.3	-	(109 251 456)	-
Share option reserve	30.4	27 240 344	-	592 078 214
Fair value reserve	30.5	-	7 228 981	-
Retained earnings	30.6	86 312 859	50 646 303	164 807 619
Foreign currency translation reserve	30.7	1 930 986 515	1 720 939 801	1 149 526 721
Equity attributable to equity holders of the parent		2 817 791 885	1 960 837 194	2 037 031 700
Non-controlling interests	30.7	544 424	757 442	419 974
TOTAL EQUITY		2 818 336 309	1 961 594 636	2 037 451 674
TOTAL LIABILITIES AND EQUITY		17 832 226 148	15 217 754 384	16 960 008 842

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\$
INFLATION ADJUSTED											
Audited 31 Dec 2018											
Opening balance	42 665 509	248 545 346	(109 251 456)	7 050 356	179 683 281	–	–	1 554 196 426	1 922 889 462	722 316	1 923 611 778
Impact of adopting IFRS 9	–	–	–	–	–	51 578 990	–	(456 493 662)	(404 914 672)	–	(404 914 672)
Restated balance at 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	–	–	–	–	–	–	–	448 238 934	448 238 934	55 009	448 293 943
Other comprehensive income for the year	–	–	–	–	19 950 030	(932 687)	–	–	19 017 343	–	19 017 343
Employee share option expense	–	–	–	195 886	–	–	–	–	195 886	–	195 886
Exercise of share options	5 155	57 555	–	(17 261)	–	–	–	45 449	45 449	–	45 449
Dividend paid	–	–	–	–	–	–	–	(24 635 208)	(24 635 208)	(19 883)	(24 655 091)
Effects of Applying IAS 29	–	–	–	–	(199 633 311)	–	–	199 633 311	–	–	–
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
HISTORICAL											
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	–	–	–	–	–	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	–	–	–	–	–	–	–	72 162 766	72 162 766	–	72 162 766
Other comprehensive income for the year	–	–	–	–	27 240 344	35 666 556	507 889 310	–	312 954 364	(420 333)	312 534 031
Employee share option expense	–	–	–	66 202	–	–	–	–	570 796 210	223 655	571 019 865
Exercise of share options	47 035	524 683	–	(157 345)	–	–	–	–	66 202	–	66 202
Dividend paid	–	–	–	–	–	–	–	–	414 373	–	414 373
Cancellation of share options	–	–	–	(7 137 838)	–	–	–	(27 276 458)	(27 276 458)	(16 340)	(27 292 798)
Treasury shares cancellation	(5 400 220)	(21 082 206)	109 251 456	–	–	–	–	(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
HISTORICAL											
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 the year	–	–	–	–	559 938 900	156 653 980	91 522 775	–	808 115 655	224 276	808 339 931
Employee share option expense	–	–	–	56 799	–	–	–	–	56 799	–	56 799
Exercise of share options	40 357	450 161	–	(134 997)	–	–	–	–	355 521	–	355 521
Dividend paid	–	–	–	–	–	–	–	(12 070 853)	(12 070 853)	(8 609)	(12 079 462)
Cancellation of share options	–	–	–	(1 085 608)	–	–	–	1 085 608	–	–	–
Treasury shares cancellation	(1 689 820)	(6 596 966)	17 588 582	–	–	–	–	(9 301 796)	–	–	–
Closing balance	5 220 162	33 876 209	–	–	592 078 214	164 807 619	91 522 775	1 149 526 721	2 037 031 700	419 974	2 037 451 674

* FCTR - Foreign Currency Translation Reserve

CONSOLIDATED 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	881 699 546	516 114 224	1 124 804 354	83 090 127
Non cash items:				
Monetary loss	520 557 356	–	–	–
Depreciation	58 551 399	53 749 447	25 663 428	8 653 217
Amortisation of intangible assets	4 435 092	7 937 252	1 198 200	1 277 832
Write-offs and impairment of fixed assets	11 972 283	3 443 897	(93 299)	554 439
Write-offs of other assets	154 556	15 544 015	630 057	2 502 458
Fair value adjustments on properties	(27 358 110)	(7 488 130)	(461 632 493)	(1 205 527)
Fair value adjustments on financial instruments	51 934 213	(7 853 173)	(11 630 672)	(1 264 296)
Expected credit loss expense	221 450 343	(18 358 395)	221 450 343	(2 955 550)
Impairment on insurance assets	2 453 587	1 413 631	2 453 587	227 583
Unrealised loss on foreign currency position	(302 370 614)	4 142 287	(302 370 614)	666 874
Exchange gains on change of functional currency	(725 971 296)	–	(131 787 231)	–
Unearned premium reserve movement	4 104 579	4 076 439	13 804 753	656 273
Provision for incurred but not reported claims (IBNR)	2 349 536	852 056	1 772 580	137 174
Deferred commission movement	470 383	(69 805)	271 118	(11 238)
Profit on sale of investment properties	(265 763)	211 868	(428 310)	34 109
Loss on sale of property and equipment	1 309 659	–	58 968	–
Employee share option expense	66 202	195 886	56 799	31 536
Annuities reserve movement	1 664 428	195 824	1 664 428	31 526
Interest on lease liability	1 624 710	–	128 373	–
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	11 789 771 883	1 396 412 306	3 593 107 198	224 810 847
Loans and advances to customers	(8 455 138 959)	(88 399 585)	(2 550 148 064)	(14 231 603)
Life assurance investment contract liabilities	3 332 495	3 642 994	1 015 627	586 492
Money market assets	117 405 372	(154 815 775)	35 781 021	(24 924 061)
Financial securities	295 509 587	143 694 987	90 068 927	23 133 706
Insurance assets	(60 616 682)	(20 783 159)	(36 220 116)	(3 345 917)
Insurance liabilities	26 729 314	12 658 935	2 418 936	2 037 984
Land inventory	61 741 401	(24 087 627)	9 120 615	(3 877 909)
Other assets	2 989 241 366	(44 325 436)	(1 095 850 785)	(7 136 029)
Other liabilities	(3 345 026 040)	180 463 596	1 318 123 221	29 053 148
Net cash outflow from investing activities	3 402 949 737	1 404 461 236	1 367 416 580	228 106 658
Corporate tax paid	(53 746 045)	(55 242 847)	(32 231 919)	(8 893 642)
Net cash inflow from operating activities	4 058 035 781	1 923 325 712	1 821 199 030	309 639 553
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(18 455 010)	(38 274 945)	(5 026 980)	(6 161 950)
Proceeds on disposal of investments	8 788 831	14 366 787	5 234 770	2 312 934
Purchase of investment properties	(17 899 004)	(22 472 731)	(5 828 923)	(3 617 924)
Proceeds on disposal of investment property	459 500	–	459 500	–
Proceeds on disposal of property and equipment	334 643	234 857	210 758	37 810
Purchase of property and equipment	(115 932 914)	(71 180 919)	(61 565 954)	(11 459 540)
Purchase of intangible assets	(3 307 550)	(356 161)	(2 243 490)	(57 339)
Net cash outflow from investing activities	(146 011 504)	(117 683 112)	(68 760 319)	(18 946 009)
CASH FLOWS FROM FINANCING ACTIVITIES				
Employee share options	414 373	45 449	355 521	7 317
Dividend paid	(27 292 798)	(24 655 091)	(12 079 462)	(3 969 266)
Lease liability principal payment	(1 703 489)	–	(729 896)	–
Interest on lease liability payment	(1 624 710)	–	(128 373)	–
Net cash outflow from financing activities	(30 206 624)	(24 609 642)	(12 582 210)	(3 961 949)
NET INCREASE IN BALANCES WITH BANKS AND CASH	3 881 817 653	1 781 032 958	1 739 856 501	286 731 595
Balances with banks and cash at the beginning of the year	2 337 624 718	556 591 760	376 338 270	89 606 676
Exchange gains on foreign cash balances	284 059 462	–	284 059 462	–
Inflation effects on cash and cash equivalents	(4 103 247 600)	–	–	–
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

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.	Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions. <ul style="list-style-type: none">Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.
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 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.
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 comply with IFRS.	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 (PAAAB) 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.
Change in functional currency In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were: <ul style="list-style-type: none">Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.Promulgated that RTGS dollars were to be used by all entities (including the	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 Zimbabwean Dollar, and each

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

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

Basis of consolidation

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

Use of judgements and estimates

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

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

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 leases 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 leases 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 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 US\$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.

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

1. INCORPORATION AND ACTIVITIES

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.

2. INTEREST

Interest Income

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Bankers acceptances	360 339	1 849 505	111 098	297 755
Overdrafts	99 539 809	138 765 324	38 805 262	22 340 071
Loans	117 333 421	153 383 621	65 859 854	24 693 496
Mortgage interest	46 082 444	61 592 986	17 320 276	9 915 962
Staff loans	10 272 906	20 373 343	3 168 278	3 279 940
Securities investments	251 991 199	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
Interest expense				
Call deposits	2 028 038	4 135 517	493 980	665 784
Savings deposits	36 182 971	126 658 231	14 375 443	20 390 929
Money market deposits	89 405 959	130 769 212	34 155 185	21 052 763
Other offshore deposits	26 254 959	23 982 199	13 019 946	3 860 936
Lease liability	1 624 710	-	128 373	-
	155 496 637	285 545 159	62 172 927	45 970 412
NET INTEREST INCOME	382 263 658	509 862 729	151 810 230	82 083 688

3. NET NON-INTEREST INCOME

Net income from trading securities	4 839 066	(104 428)	3 532 356	(16 812)
Fair value adjustments on financial instruments	(51 934 213)	7 853 173	11 630 672	1 264 296
Fair value adjustments on investment properties	27 358 110	7 488 130	461 632 493	1 205 527
Net income from foreign currency dealings	130 702 712	24 408 849	65 452 258	3 929 623
Unrealised loss on foreign currency position	302 370 614	(4 142 287)	302 370 614	(666 874)
Exchange gains on change of functional currency	725 971 296	-	131 787 231	-
Commission and fee income	579 567 814	464 802 685	274 891 079	74 829 393
Agro business income	465 504 732	-	463 928 053	-
Loss on sale of assets	(1 309 659)	(211 868)	(58 968)	(34 109)
Bad debts recovered	26 028 548	26 849 651	14 161 973	4 322 572
Property sales	35 478 235	71 422 913	15 184 216	11 498 499
Rental income	8 853 406	16 025 648	3 933 416	2 579 997
Other income	13 772 216	57 255 706	9 317 786	9 217 696
	2 267 202 877	671 648 172	1 757 763 179	108 129 808

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 legacy liabilities and nostro gap accounts.

4. NET UNDERWRITING INCOME

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Gross premium insurance	199 015 292	148 360 605	90 828 710	23 884 832
Reinsurance	(96 639 978)	(41 899 038)	(49 707 407)	(6 745 399)
Net written premium	102 375 314	106 461 567	41 121 303	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)	(2 659 998)	(5 063 588)	(549 851)	(815 196)
Net claims (b)	(26 243 679)	(39 942 602)	(11 757 858)	(6 430 429)
	69 367 058	57 378 938	15 008 841	9 237 535
(a) Net commission				
Commission received	24 808 761	10 885 894	12 508 951	1 752 539
Commissions paid	(26 998 376)	(16 019 287)	(12 787 684)	(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	2 349 536	852 056	1 772 580	137 174
Gross outstanding claims	2 384 716	14 727 749	2 706 532	2 371 046
Reinsurance share of outstanding claims	(964 584)	(6 188 025)	(964 584)	(996 221)
	26 243 679	39 942 602	11 757 858	6 430 429

5. 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	4 232 857	4 523 623	681 455
Depreciation	58 551 399	53 749 447	25 663 428	8 653 217
Amortisation of intangible assets	4 435 092	7 937 252	1 198 200	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	3 443 897	(93 299)	554 439
	1 091 008 333	739 524 555	574 209 538	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	43 897 060	20 462 058	7 067 064
	56 358 252	51 499 177	22 086 757	8 290 942

Operating leases

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

Less than 1 year	-	11 973 981	-	1 927 712
Between 1 and 5 years	-	3 313 983	-	533 524
More than 5 years	-	-	-	-
	-	15 287 964	-	2 461 236

The Group leases a number of buildings from which its branches operate. On 1 January 2019, the Group initially 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.

6. TAXATION

6.1 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\$'00
Analysis of tax charge in respect of the profit for the year				
Current income tax charge	164 816 903	50 398 431	136 091 129	8 113 731
Deferred income tax	404 348 612	17 421 850	63 734 874	2 804 774
Income tax expense	569 165 515	67 820 281	199 826 003	10 918 505
6.2 Tax rate reconciliation				
Notional tax	25.00	25.00	25.00	25.00
Aids levy	0.75	0.75	0.75	0.75
Non deductible expenses	64.99	20.08	24.06	20.08
Exempt income	(21.69)	(32.38)	(27.39)	(32.38)
Tax credit	(0.06)	(0.31)	(0.09)	(0.31)
Effect of change in tax rate on deferred tax	(4.44)	-	(4.74)	-
Effective tax rate	64.55	13.14	17.77	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	5 435 731	4 577 881	114 246 516	737 001
Unlisted equities	1 795 144	(249 280)	7 969 558	(40 132)
	7 230 875	4 328 601	122 216 074	696 869

7. EARNINGS PER SHARE

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.

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

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
7.1 Annualised earnings per share (ZWL cents)				
Basic	60.29	86.54	178.19	13.93
Fully diluted	60.29	84.74	178.19	13.64
Headline	58.23	85.99	111.23	13.84
7.2 Earnings				
Basic earnings (earnings attributable to holders of parent)	312 954 364	448 238 934	924 895 986	72 162 766
Fully diluted	312 954 364	448 238 934	924 895 986	72 162 766
Headline	302 221 021	445 393 403	577 353 555	71 704 659
Number of shares used in calculations (weighted)	Shares	Shares	Shares	Shares
Basic earnings per share (weighted)	519 041 880	517 953 389	519 041 880	517 953 389
Fully diluted earnings per share (weighted)	519 041 880	528 934 178	519 041 880	528 934 178
7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:				
Weighted average number of shares before adjustment for treasury shares	519 041 880	686 935 236	519 041 880	686 935 236
Less: Treasury shares held	-	(168 981 847)	-	(168 981 847)
Weighted average number of shares used for basic EPS	519 041 880	517 953 389	519 041 880	517 953 389
Potentially dilutive shares (Employee Share Options)	-	10 980 789	-	10 980 789
Weighted average number of shares used for diluted EPS	519 041 880	528 934 178	519 041 880	528 934 178
7.4 Headline Earnings				
Profit attributable to ordinary shareholders	312 954 364	448 238 934	924 895 986	72 162 766
Adjusted for excluded re-measurements				
Impairment on property and equipment	11 972 283	3 443 897	(93 299)	554 439
Disposal loss on property and equipment	1 309 659	211 868	58 968	34 109
Gains on Investment properties valuation	(27 358 110)	(7 488 130)	(461 632 493)	(1 205 527)
Tax relating to remeasurements	3 342 825	986 834	114 124 393	158 872
Headline earnings	302 221 021	445 393 403	577 353 555	71 704 659
8. DIVIDENDS				
Cash dividends on ordinary shares declared and paid:				
Interim paid	6 486 737	16 280 643	5 565 409	2 621 049
Final dividend paid	20 789 720	8 354 565	6 505 443	1 345 016
	27 276 457	24 635 208	12 070 851	3 966 065
Interim dividend paid per share (cents)	1.25	2.37	1.07	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	120 000 000	39 943 701	120 000 000	6 430 606
Final dividend per share (cents)	22.99	5.81	22.99	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.				
9. BALANCES WITH BANKS AND CASH				
Cash	285 631 016	197 849 908	285 631 016	31 852 201
Nostro accounts	898 484 062	236 457 162	898 484 062	38 067 650
Balances with the Reserve Bank of Zimbabwe	1 046 277 029	1 481 040 859	1 046 277 029	238 435 345
RBZ Statutory reserve	169 862 126	422 276 789	169 862 126	67 983 075
	2 400 254 233	2 337 624 718	2 400 254 233	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\$
10. MONEY MARKET ASSETS				
Money market assets are non-credit financial assets with an original maturity of 1 year or less.				
AMA bills	-	269 643 032	-	43 410 301
Interbank Placements	223 156 126	141 880 708	223 156 126	22 841 622
RBZ Savings bond	900 000	7 609 086	900 000	1 225 000
Bankers acceptances	-	3 105 768	-	500 003
Aftrades bond	-	9 136 736	-	1 470 939
ZITDC bond	-	925 495	-	148 997
Accrued interest	297 225	7 126 527	297 225	1 147 312
Total gross money market assets	224 353 351	439 427 352	224 353 351	70 744 174
Expected credit loss	(188 145)	(17 871)	(188 145)	(2 877)
Total net money market assets	224 165 206	439 409 481	224 165 206	70 741 297
10.1 Maturity analysis				
The maturity analysis of money market assets is shown below:				
Between 0 and 3 months	221 924 485	131 285 307	221 924 485	21 135 850
Between 3 and 6 months	915 534	10 823 723	915 534	1 742 530
Between 6 months and 12 months	1 513 332	297 318 322	1 513 332	47 865 794
	224 353 351	439 427 352	224 353 351	70 744 174
11. FINANCIAL SECURITIES				
Treasury bills	1 161 571 133	7 564 311 432	1 161 571 133	1 217 791 660
Savings bond	200 000	1 242 300	200 000	200 000
Aftrades bond	-	372 690	-	60 000
Accrued interest	30 061 611	167 365 586	30 061 611	26 944 477
Total gross Financial Securities	1 191 832 744	7 733 292 008	1 191 832 744	1 244 996 137
Expected credit loss	(78 272)	(338 614)	(78 272)	(54



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Banking | Insurance | Investments | Agro-Business

INFLATION ADJUSTED		HISTORICAL	
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		
	52 387 104	51 285 818	8 433 891
	28 211 887	3 570 233	8 597 989
	Advances made during the year		
	Monetary adjustment	(62 512 699)	-
	Repayments during the year	(1 516 627)	(2 468 947)
	Closing balance	16 569 665	52 387 104
			16 569 665
	Loans to employees		
	Included in advances are loans to employees:		
	Opening balance		
	265 967 993	287 561 996	42 818 650
	Advances made during the year	25 113 474	13 500 270
	Monetary adjustment	(218 354 018)	-
	Repayments during the year	(32 010 889)	(9 755 792)
	Closing balance	40 716 560	265 967 993
			40 716 560
			42 818 650
12.4	Allowance for Expected Credit Loss (ECL)		
	Opening balance		
	693 847 851	488 378 789	111 703 773
	Impact of IFRS 9	581 530 101	-
	Adjusted opening balance	693 847 851	1 069 908 890
	Credit loss expense on loans and advances	180 758 386	(14 368 496)
	Interest in suspense	5 726 031	40 375 811
	Monetary adjustment	(538 782 246)	-
	Amounts written off during the year	(62 370 017)	(402 068 354)
	Closing balance	279 180 005	693 847 851
12.5	Collateral		
	Government guarantee		
	2 113 236 582	-	2 113 236 582
	Cash cover	3 282 008	3 282 008
	Mortgage bonds	885 559 741	3 583 596 032
	Notarial general covering bonds	1 643 664 406	1 152 057 341
			1 643 664 406
			769 805 661
13.	INSURANCE ASSETS		
	Reinsurance unearned premium reserve		
	27 950 327	12 600 528	27 744 295
	Reinsurance receivables	8 432 562	8 432 562
	Deferred acquisition cost	8 183 357	4 801 265
	Insurance premium receivables	35 088 108	31 107 136
	Suspended premium	(75 727)	(266 889)
	Impairment provision	(3 503 188)	(6 347 336)
			(3 503 188)
			8 793 176
13.1	Reinsurance unearned premium reserve		
	Unearned premiums at the beginning of the year		
	12 600 528	8 390 120	2 028 581
	Written premiums	49 710 358	41 343 220
	Premiums earned during the year	(34 360 559)	(37 132 612)
			(23 663 195)
			(5 978 075)
13.2	Impairment on insurance assets		
	Opening balance		
	6 673 796	5 268 357	1 074 426
	Charge for impairment on insurance receivables	2 453 587	1 405 439
	Monetary adjustment	(5 599 370)	-
	Amounts written off	(24 825)	-
	Closing balance	3 503 188	6 673 796
			3 503 188
			1 074 426
14. IMPAIRMENT ON INSURANCE ASSETS AND EXPECTED CREDIT LOSSES ON FINANCIAL INSTRUMENTS			

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)

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
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)

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		
	465 000	-	465 000
	Prepayments and deposits	720 527 238	11 957 800
	Other receivables*	7 559 138 173	154 606 234
	8 280 130 411	166 564 034	8 162 478 639

*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.

INFLATION ADJUSTED		HISTORICAL	
AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
16. LAND INVENTORY MOVEMENT	Opening balance		
	341 140 446	391 237 035	54 920 794
	Additions	48 852 284	43 708 531
	Foreign currency translation movement	442 662 793	-
	Land Inventory sales	(51 884 357)	(56 829 292)
	Write offs	(44 492 521)	(23 166 003)
	Impairment loss	-	(13 809 825)
	Closing balance	736 278 645	341 140 446
			139 034 053
			54 920 794
17. EQUITY INVESTMENTS	Opening balance		
	161 501 428	66 385 642	26 000 396
	Impact of IFRS 9 fair value adjustment	64 536 423	-
	Investments in equities during the year	18 455 010	38 274 945
	Investments disposed of during the year	(8 788 831)	(14 366 787)
	Foreign currency translation movement	55 393 609	(5 234 770)
	Fair value adjustments through Profit or Loss	(51 934 213)	7 853 173
	Fair value adjustments through other Comprehensive Income	37 461 701	(1 181 968)
			164 623 538
			(190 287)

INFLATION ADJUSTED		HISTORICAL	
AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
17.1	Investments in equities		
	Unlisted investments		
	191 167 194	97 039 972	191 167 194
	20 921 510	64 461 456	20 921 510
	212 088 704	161 501 428	212 088 704
			26 000 396
	Listed investments		
	20 921 510	64 461 456	20 921 510
			10 377 762
	Equity investments designated at fair value through profit or loss		
	Equity investments designated at fair value through other comprehensive income		
	191 167 194	97 039 972	191 167 194
	212 088 704	161 501 428	212 088 704
			26 000 396

		INFLATION ADJUSTED				HISTORICAL							
		AUDITED 31 DEC 2019 ZWL\$		%	AUDITED 31 DEC 2018 ZWL\$		%	UNAUDITED 31 DEC 2019 ZWL\$		%	UNAUDITED 31 DEC 2018 ZWL\$		%
17.2	Investment in subsidiaries												
	CBZ Bank Limited		135 658 457	100		135 658 457	100		21 839 891	100		21 839 891	100
	CBZ Asset Management (Private) Limited		12 348 146	100		12 348 146	100		1 987 950	100		1 987 950	100
	CBZ Building Society		118 732 737	100		118 732 737	100		19 114 990	100		19 114 990	100
	CBZ Insurance (Private) Limited		14 036 981	98.4		14 036 981	98.4		2 259 839	98.4		2 259 839	98.4
	CBZ Properties (Private) Limited		29 685 647	100		29 685 647	100		4 779 144	100		4 779 144	100
	CBZ Life Assurance (Private) Limited		8 621 649	100		8 621 649	100		1 388 014	100		1 388 014	100
	CBZ Asset Management - Mauritius		552 264	100		552 264	100		88 909	100		88 909	100
	CBZ Risk Advisory (Private) Limited		8 354 963	100		8 354 963	100		1 345 080	100		1 345 080	100
	Redsphere (Private) Limited		3 231 532	100		3 231 532	100		520 250	100		520 250	100
CBZ Agroyield (Private) Limited		1 369 078	100		-	100		1 000 000	100		-	100	
		332 591 454			331 222 376			54 324 067			53 324 067		

20. PROPERTY AND EQUIPMENT

	INFLATION 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	52 838 425	284 970 073	6 264 290	40 470 759	172 794 343	77 380 871	46 277 113	21 486 140	702 482 014
Right of use assets	-	15 376 579	-	-	-	-	-	-	15 376 579
Foreign currency translation movement	70 386 399	382 535 164	-	-	-	-	-	-	452 921 563
Additions	-	7 961 844	4 824 588	2 319 585	23 789 186	9 287 206	8 925 137	58 825 368	115 932 914
Revaluation gain	17 436 868	(7 884 199)	-	-	(6 435)	-	-	-	9 552 669
Impairments	-	(12 598 909)	-	-	(4 900 445)	(1 241 888)	(1 848 721)	-	(12 605 344)
Disposals	-	-	-	(1 815 395)	-	-	-	-	(9 806 449)
Transfers to intangible assets	-	-	-	-	-	-	-	(1 544 833)	(1 544 833)
Transfers to other assets	-	-	-	-	-	-	-	(411 220)	(411 220)
Transfers to investment properties	-	(1 801 335)	-	-	-	-	-	-	(1 801 335)
Write offs	-	-	-	-	(86 622)	(131 360)	(22 043)	-	(240 025)
Transfers (PPE Intercategories)	-	216 561	-	-	2 071 520	868 127	1 885 549	(5 041 757)	-
Closing balance	140 661 692	668 775 778	11 088 878	40 974 949	193 661 547	86 162 956	55 217 035	73 313 698	1 269 856 533
Accumulated depreciation & impairment									
Opening balance	-	-	3 734 657	32 258 897	99 731 936	58 648 847	27 154 625	-	221 528 962
Right of use assets	-	2 527 126	-	-	-	-	-	-	2 527 126
Charge for the period	-	23 778 342	728 636	2 667 480	20 172 358	4 695 728	3 981 729	-	56 024 273
Disposals	-	-	-	(1 654 128)	(4 387 737)	(1 100 601)	(1 019 681)	-	(8 162 147)
Write offs	-	-	-	-	(77 959)	-	(19 168)	-	(215 351)
Revaluation	-	(23 123 406)	-	-	-	-	-	-	(23 123 406)
Impairments	-	(654 936)	-	-	(2 799)	-	-	-	(657 735)
Closing balance	-	2 527 126	4 463 293	33 272 249	115 435 799	62 125 750	30 097 505	-	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	32 613 232	269 147 665	5 401 358	40 104 337	146 198 519	72 733 185	45 301 902	23 338 332	634 838 530
Additions	-	16 094 459	680 762	1 771 600	24 923 167	5 064 993	1 528 252	21 117 686	71 180 919
Revaluation surplus	20 225 193	(14 602 283)	-	-	-	-	-	-	5 622 910
Impairments	-	(1 334 913)	-	-	-	-	-	(303 916)	(1 638 829)
Disposals	-	-	-	(1 405 178)	(1 420 365)	(432 215)	(538 481)	230 298	(3 565 941)
Transfers to intangible assets	-	-	-	-	-	-	-	(1 888 985)	(1 888 985)
Writeoffs	-	-	-	-	(150 057)	(12 423)	(38 859)	(1 865 251)	(2 066 590)
Transfers (PPE Intercategories)	-	15 665 145	182 170	3 243 079	27 331	24 299	(19 142 024)	-	-
Closing balance	52 838 425	284 970 073	6 264 290	40 470 759	172 794 343	77 380 871	46 277 113	21 486 140	702 482 014

Accumulated depreciation & impairment									
Opening balance	-	-	3 171 417	28 193 981	84 461 240	52 405 515	21 827 528	-	190 059 681
Charge for the year	-	19 001 341	563 240	5 250 679	16 659 498	6 600 941	5 673 758	-	53 749 447
Disposals	-	-	-	(1 185 763)	(1 253 469)	(346 428)	(333 557)	-	(3 119 215)
Writeoffs	-	-	-	-	(135 324)	(11 181)	(13 106)	-	(159 611)
Revaluation	-	(18 899 417)	-	-	-	-	-	-	(18 899 417)
Impairments	-	(101 924)	-	-	-	-	-	-	(101 924)
Closing balance	-	-	3 734 657	32 258 897	99 731 936	58 648 847	27 154 623	-	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

	HISTORICAL								
	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	8 506 550	45 877 828	1 008 499	6 515 458	27 818 462	12 457 681	7 450 233	3 459 091	113 093 802
Right of use assets	-	4 730 082	-	-	-	-	-	-	4 730 082
Foreign currency translation movement	12 759 825	69 346 947	-	-	-	-	-	-	82 106 772
Additions	-	2 088 332	2 578 832	1 310 073	15 270 661	3 954 817	4 398 317	31 964 922	61 565 954
Revaluation gain	119 395 317	536 515 600	-	-	-	-	-	-	655 910 917
Disposals	-	-	-	(292 264)	(788 931)	(199 934)	(297 608)	-	(1 578 737)
Transfers to intangible assets	-	-	-	-	-	-	-	(265 012)	(265 012)
Transfers to other assets	-	-	-	-	-	-	-	(367 183)	(367 183)
Transfers to Investment Properties	-	(290 000)	-	-	-	-	-	(290 000)	(39 680)
Write offs	-	-	-	-	(14 981)	(21 148)	(3 551)	-	-
Transfers(PPE Intercategories)	-	34 865	-	-	333 498	139 761	303 558	(811 682)	-
Closing balance	140 661 692	658 303 654	3 587 331	7 533 267	42 618 709	16 331 177	11 850 949	33 980 136	914 866 915
Accumulated depreciation									
Opening balance	-	-	601 249	5 193 416	16 056 018	9 441 980	4 371 670	-	35 664 333
Right of use assets	-	1 182 286	-	-	-	-	-	-	1 182 286
Charge for the period	-	18 556 086	152 901	488 287	3 680 921	887 478	715 469	-	24 481 142
Disposals	-	-	-	(266 301)	(703 832)	(177 187)	(161 691)	-	(1 309 011)
Write offs	-	-	-	-	(13 002)	(19 033)	(3 086)	-	(35 121)
Revaluation	-	(18 556 086)	-	-	-	-	-	-	(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	140 661 692	657 121 368	2 833 181	2 117 865	23 598 604	6 197 939	6 928 587	33 980 136	873 439 372

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

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

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



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Banking | Insurance | Investments | Agro-Business

31. CAPITAL MANAGEMENT

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

32. CONTINGENCIES AND COMMITMENT

32.1 Compliance matter

CBZ Bank Limited is co-operating in ongoing investigations by the Office of Foreign Assets Control (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 31 DEC 2019 ZWLS	AUDITED 31 DEC 2018 ZWLS	UNAUDITED 31 DEC 2019 ZWLS	UNAUDITED 31 DEC 2018 ZWLS
Guarantees	83 491 221	65 183 021	83 491 221	10 493 928
Letters of credit	-	157 695 674	-	25 387 701
	83 491 221	222 878 695	83 491 221	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.

33. FUNDS UNDER MANAGEMENT

Pensions	1 015 974 861	2 095 158 521	1 015 974 861	337 303 216
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	MORTGAGE FINANCE	ASSET MANAGEMENT	INSURANCE OPERATIONS	PROPERTY INVESTMENTS	AGRO BUSINESS OPERATIONS	OTHER OPERATIONS
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 commercial 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:

34.1 Segment operational results

INFLATION ADJUSTED										
	Commercial banking ZWLS	Mortgage finance ZWLS	Asset management ZWLS	Insurance operations ZWLS	Property investment ZWLS	Agro business ZWLS	Other operations ZWLS	Elimination of intersegment amounts ZWLS		Consolidated ZWLS
INCOME										
Total Income for the year ended 31 Dec 2019	1 837 551 575	247 496 602	30 363 951	96 795 411	101 234 200	441 327 864	132 895 842	(168 831 852)	2 718 833 593	
Total income for the year ended 31 Dec 2018	965 263 358	176 481 743	24 664 763	70 286 451	19 359 745	-	72 661 423	(89 827 644)	1 236 889 839	
Net underwriting income for the year ended 31 Dec 2019	-	-	-	79 017 389	-	-	-	(9 650 331)	69 367 058	
Net underwriting income for the year ended 31 Dec 2018	-	-	-	58 346 241	-	-	-	(967 303)	57 378 938	
Depreciation & Amortisation for the year ended 31 Dec 2019	50 888 193	9 680 003	574 081	3 987 756	145 830	191 023	2 637 447	(5 117 842)	62 986 491	
Depreciation & Amortisation for the year ended 31 Dec 2018	49 486 818	8 395 381	239 465	2 279 422	265 349	-	576 576	443 688	61 686 699	
Impairment of assets for the year ended 31 Dec 2019	26 887 686	(1 185 550)	3 636	14 555 109	-	195 608 538	161 350	-	236 030 769	
Impairment of assets for the year ended 31 Dec 2018	(7 242 073)	9 636 761	(640 542)	(2 335 846)	-	-	(1 461 448)	-	(2 043 148)	
RESULTS										
Profit before taxation for the year ended 31 Dec 2019	666 134 118	(140 224 346)	2 735 136	(52 351 921)	115 402 280	254 510 590	149 508 483	(114 014 794)	881 699 546	
Profit before taxation for the year ended 31 Dec 2018	455 376 583	28 506 251	10 730 929	29 673 193	11 820 097	-	20 980 058	(40 972 887)	516 114 224	
CASH FLOWS:										
Generated from operating activities for the year ended 31 Dec 2019	4 125 380 322	49 766 906	6 285 906	40 917 117	130 180 351	-	161 198 331	(455 693 152)	4 058 035 781	
Generated from in operating activities for the year ended 31 Dec 2018	1 766 103 858	36 470 238	14 396 894	(4 121 932)	(13 559 696)	-	(18 739 197)	142 775 547	1 923 325 712	
Used in investing activities for the year ended 31 Dec 2019	(77 406 774)	(1 553 256)	(5 362 302)	(44 967 051)	-	-	(10 096 035)	(6 626 086)	(146 011 504)	
Used in investing activities for the year ended 31 Dec 2018	(37 635 521)	(1 958 976)	(10 843 059)	-	(2 057 056)	-	(5 102 100)	(60 086 400)	(117 683 112)	
Used in financing activities for the year ended 31 Dec 2019	(103 604 090)	(404 493)	(836 824)	(4 819 837)	(42 341)	-	(27 500 137)	107 001 098	(30 206 624)	
Used in financing activities for the year ended 31 Dec 2018	(33 790 550)	-	(381 367)	-	-	-	(24 589 752)	34 152 027	(24 609 642)	
TOTAL ASSETS AND LIABILITIES										
Reportable segment liabilities for the year ended 31 Dec 2019	13 735 423 974	467 820 254	11 488 258	105 310 077	44 935 906	931 224 446	12 839 854	(295 152 930)	15 013 889 839	
Reportable segment liabilities for the year ended 31 Dec 2018	12 523 811 810	658 878 747	3 421 834	98 164 223	53 260 236	-	48 714 688	(130 091 800)	13 256 159 748	
Total segment assets for the year ended 31 Dec 2019	15 330 207 714	1 026 383 454	34 596 216	250 411 986	234 730 410	1 119 850 307	486 172 729	(650 126 668)	17 832 226 148	
Total segment assets for the year ended 31 Dec 2018	13 714 305 654	1 196 786 244	31 051 935	282 010 592	131 148 499	-	332 777 352	(470 325 892)	15 217 754 384	

HISTORICAL										
	Commercial banking ZWLS	Mortgage finance ZWLS	Asset management ZWLS	Insurance operations ZWLS	Property investment ZWLS	Agro business ZWLS	Other operations ZWLS	Elimination of intersegment amounts ZWLS		Consolidated ZWLS
INCOME										
Total Income for the year ended 31 Dec 2019	1 006 539 380	212 366 469	30 638 800	96 319 988	128 586 207	441 787 675	81 347 690	(73 003 959)	1 924 582 250	
Total income for the year ended 31 Dec 2018	155 399 428	28 412 103	3 970 823	11 315 538	3 116 759	-	11 697 889	(14 461 509)	199 451 031	
Net underwriting income for the year ended 31 Dec 2019	-	-	-	18 241 642	-	-	-	(3 232 801)	15 008 841	
Net underwriting income for the year ended 31 Dec 2018	-	-	-	9 393 263	-	-	-	(155 728)	9 237 535	
Depreciation and Amortisation for the year ended 31 Dec 2019	17 867 777	6 715 917	127 328	1 192 266	46 527	161 194	548 395	202 224	26 861 628	
Depreciation and Amortisation for the year ended 31 Dec 2018	7 966 969	1 351 587	38 552	366 968	42 719	-	92 824	71 430	9 931 049	
Impairment of assets for the year ended 31 Dec 2019	27 349 496	(1 192 562)	585	2 513 280	-	195 608 538	161 351	-	224 440 688	
Impairment of assets for the year ended 31 Dec 2018	(1 165 914)	1 551 439	(103 122)	(376 052)	-	-	(235 281)	-	(328 930)	
RESULTS										
Profit before taxation for the year ended 31 Dec 2019	617 186 197	140 608 221	22 081 515	69 010 704	123 981 653	150 722 792	51 301 098	(50 087 826)	1 124 804 354	
Profit after taxation for the year ended 31 Dec 2018	73 311 869	4 589 271	1 727 591	4 777 139	1 902 938	-	3 377 616	(6 596 297)	83 090 127	
CASH FLOWS:										
Generated from in operating activities for the year ended 31 Dec 2019	1 787 457 603	20 065 519	1 100 743	21 357 605	5 259 801	(1 565 277 387)	35 390 252	1 515 844 894	1 821 199 030	
Generated from in operating activities for the year ended 31 Dec 2018	284 328 135	5 871 407	2 317 781	(663 597)	(2 182 999)	-	(3 016 856)	22 985 682	309 639 553	
Used in investing activities for the year ended 31 Dec 2019	(45 106 366)	(1 117 143)	(1 277 344)	(5 975 215)	(629 495)	(3 831 317)	(5 601 987)	(5 221 452)	(68 760 319)	
Used in investing activities for the year ended 31 Dec 2018	(6 059 008)	(315 379)	(1 745 643)	-	(331 169)	-	(821 396)	(9 673 414)	(18 946 009)	
Used in financing activities for the year ended 31 Dec 2019	(51 740 049)	(143 654)	(422 646)	(1 950 750)	(55 450)	967 500	(12 010 627)	52 773 466	(12 582 210)	
Used in financing activities for the year ended 31 Dec 2018	(5 440 000)	-	(61 397)	-	-	-	(3 958 747)	5 498 195	(3 961 949)	
TOTAL ASSETS AND LIABILITIES										
Reportable segment liabilities for the year ended 31 Dec 2019	13 683 775 514	467 820 254	11 343 399	103 853 855	34 436 311	905 487 918	11 809 751	(295 969 834)	14 922 557 168	
Reportable segment liabilities for the year ended 31 Dec 2018	2 016 230 256	106 074 036	550 887	15 803 629	8 574 458	-	7 842 664	(20 943 704)	2 134 132 226	
Total segment assets for the year ended 31 Dec 2019	16 689 788 306	958 983 256	31 004 181	233 737 175	192 116 999	1 015 688 318	199 112 376	(2 360 421 769)	16 960 008 842	
Total segment assets for the year ended 31 Dec 2018	2 207 889 932	192 672 700	4 999 105	45 401 376	21 113 825	-	53 574 405	(75 718 583)	2 449 932 760	

35. RELATED PARTIES

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

Loans and advances to Directors' companies

AUDITED INFLATION ADJUSTED						
	Gross limits ZWL\$		Utilised limits 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 limits ZWL\$		Utilised limits 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.

Transactions with Directors' companies

Interest income
Commission and fee income

36. CLOSING EXCHANGE RATES

USA
ZAR
GBP
EUR

INFLATION ADJUSTED		HISTORICAL	
AUDITED 31 DEC 2019 ZWLS	AUDITED 31 DEC 2018 ZWLS	UNAUDITED 31 DEC 2019 ZWLS	UNAUDITED 31 DEC 2018 ZWLS
-	1 887 022	-	303 795
1 494	16 970	577	2 732
1 494	1 903 992	577	306 527
16.7734	1.0000	16.7734	1.0000
0.8424	14.4194	0.8424	14.4194
21.9983	1.2687	21.9983	1.2687
18.7963	1.143	18.7963	1.143

37. RISK MANAGEMENT

37.1 Risk overview

CBZ Group Enterprise Wide Risk Management Framework is anchored on the desire to uphold a High Risk Management and Compliance Culture as one of the major strategic thrusts and is supported by a clearly defined risk appetite in terms of various key exposures. This approach has given direction to the Group's overall Going Concern underpinned by robust strategic planning and policies. Through the CBZ Group risk management function, the Group regularly carries risk analysis through value at risk (VaR) assessments, stress testing as well as simulations to ensure that there is congruency or proper alignment between its strategic focus and its desired risk appetite.

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 risk taking remains within the set risk benchmarks. The Group Internal Audit function on the other hand provides independent assurance on the adequacy and effectiveness of the deployed risk management processes.

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

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

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

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

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

37.3 Credit risk

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

Credit risk management framework

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

The Group uses an internal rating system based on internal estimates of probability of default over a one year horizon and customers are assessed against a range of both quantitative and qualitative factors. Credit concentration risk is managed within set benchmarks by counterparty or a group of connected counterparties, by sector, maturity profile and by credit rating. Concentration is monitored and reviewed through the responsible risk committees set up by

Collateral
Government guarantee
Cash cover
Mortgage bonds
Notarial general covering bonds

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 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	349 263 721	33 565 478	21 942 162	–	–	3 119 610 243	371 205 883
Special mention	"4a – 7c"	20 130 845	9 632 032	48 435 386	117 731 719	–	–	68 566 231	127 363 751
Non-performing	"8 – 10"	–	–	–	–	104 904 451	100 130 234	104 904 451	100 130 234
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 AMOUNT 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	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	

GROSS CARRYING AMOUNT 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	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 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	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	

ECL RECONCILIATION 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	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 Adjustment	(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

ECL RECONCILIATION		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	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	

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 facilities, and accrued interest from missed payments.

The Loss Given Default (LGD)

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

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

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

Significant increase in credit risk and Stage Recognition

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

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

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

- i)

The counterparty rating deteriorates.
- ii)

Breaches in conditionality or covenants.
- iii)

Deterioration in account conduct.
- iv)

Any corporate action relating to changes in corporate structure, control, acquisitions or disposals,
- v)

Significant changes in executive leadership.
- vi)

Any other factor that is reasonably expected to have a negative impact on prospects for repayment, including but not limited to legislative changes, perceived sectoral risks, and negative media coverage.
- vii)

Actual or expected significant change in the financial instrument's external credit rating (Credit Reference Bureau rating).
- viii)

Declining Asset Quality
- ix)

Reduction in financial support from the parent company
- x)

Expected changes in the loan agreement terms and conditions.
- xi)

Changes in group parents payment pattern
- xii)

Decision to change collateral
- xiii)

Deterioration of macro-economic factors of the borrower

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

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

Stage 1: (Performing)

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

Stage 2: (Underperforming)

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

Stage 3: (Credit Impaired)

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

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

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

Purchased or originated credit impaired (POCI)

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

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

Debt instruments measured at fair value through OCI

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

Cure, Modification and Forbearance of Financial Assets

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

Curing

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

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

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

Account Cure	Impairment triggers
Move from stage 3 to stage 2 (decrease in credit risk)	<div><div>•</div>Modifications</div>
Move from stage 3 to stage 1 (decrease in credit risk)	<div><div>•</div>Restructured loans</div>
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)	<div><div>•</div>Arrears re-spread</div> <div><div>•</div>Arrears deferred</div> <div><div>•</div>Loan term extended</div> <div><div>•</div>Arrears deferred and re-spread</div>

Modification and Forbearance

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

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

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

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

Derecognition

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

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

Write-offs

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

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, liquidity coverage ratio,net stable funding ratio as well as prudential liquidity ratio.

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

37.4.1 Contractual Gap analysis

CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2019

INFLATION 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
Loans 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
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)

*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

INFLATION 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	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	12 914 671 236
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	1 191 754 472
Loans 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
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 customers	174 353 602	31 146 086	25 084 057	48 777 699	85 614 868	122 019 783	486 996 095
Insurance assets	914 188	3 571 866	–	174 574	–	–	4 660 628
Financial guarantees	39 160	7 160 176	910 976	2 383 616	–	–	10 493 928
Current tax receivable	–	895 211	–	394 163	–	–	1 289 374
Other liquid assets	672 584	26 142 851	–	–	–	–	26 815 435
Total assets	572 662 306	132 465 826	70 199 223	127 300 175	289 945 812	1 029 703 309	2 222 276 651
Liabilities							
Deposits	1 705 837 398	271 275 832	30 004 585	22 457 367	31 147 671	18 432 542	2 079 155 395
Insurance liabilities	–	2 870 359	1 324 675	–	–	–	4 195 034
Other liabilities	1 798 626	35 062 879	456 811	271 599	–	–	37 589 915
Current tax payable	106 655	–	–	–	–	–	106 655
Life Fund	497 124	–	–	–	–	–	497 124
Investment contract liabilities	2 393 424	–	–	–	–	–	2 393 424
Financial guarantees	39 160	7 160 176	910 976	2 383 616	–	–	10 493 928
Capital Commitments	–	2 944 505	–	5 453	–	–	2 949 958
Total liabilities	1 710 672 387	319 313 751	32 697 047	25 118 035	31 147 671	18 432 542	2 137 381 433
Liquidity gap	(1 138 010 081)	(186 847 925)	37 502 176	102 182 140	258 798 141	1 011 270 767	84 895 218
Cumulative liquidity gap	(1 138 010 081)	(1 324 858 006)	(1 287 355 830)	(1 185 173 690)	(926 375 549)	84 895 218	84 895 218

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

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

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

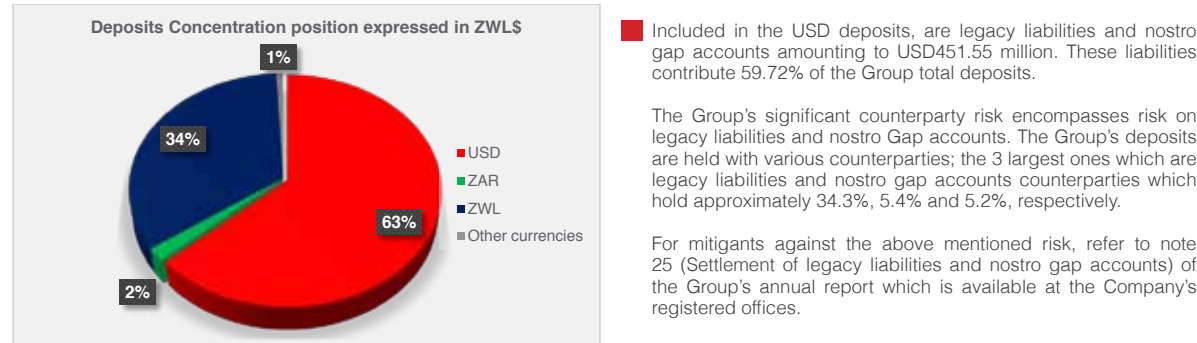
Details of the liquidity ratios for the relevant Group SBUs as at the reporting date and during the reporting year were as follows:

	CBZ Bank Limited %
At 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 losses 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;



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



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Banking | Insurance | Investments | Agro-Business

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

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 ZWL\$21 516 028 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

INFLATION ADJUSTED							
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	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	558 585 537	–	–	–	–	–
Property and equipment	1 021 934 811	1 007 782 649	1 474 512	12 677 650	–	–	–
Deferred taxation	106 066 973	106 066 973	–	–	–	–	–
Total assets	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							
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

INFLATION ADJUSTED						
Position 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

HISTORICAL							
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	–	–	–	–	–
Total assets	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							
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	1 423 998 444	1 394 511 702	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	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

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

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+	A	A	A	A	A+	A+	A+	A+	A	A	A

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

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

CBZ Asset Management Private Limited												
Rating agent	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Global Credit Rating (Manager quality)	MO2 _{neg}	A	A	A	A	-	-	-	-	-	-	-

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	
Low –	reflects a lower than average probability of an adverse impact on an institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the institution's overall financial condition.
Moderate –	could reasonably be expected to result in a loss which could be absorbed by an institution in the normal course of business.
High –	reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the institution.
Adequacy of Risk Management Systems	
Weak –	risk management systems are inadequate or inappropriate given the size complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written down policies and procedures.
Acceptable –	management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses these have been recognised and are being addressed. Management information systems are generally adequate.
Strong –	management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the financial institution's risk tolerance responsibilities are effectively communicated.
Overall Composite Risk	
Low Risk –	would be assigned to low inherent risk areas. Moderate risk areas may be assigned a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.
Moderate Risk –	risk management effectively identifies and controls all types of risk posed by the relevant functional area significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organization.
Direction of Overall Composite Risk Rating	
Increasing–	based on the current information composite risk is expected to increase in the next twelve months.
Decreasing–	based on current information composite risk is expected to decrease in the next twelve months.
Stable –	based on the current information composite risk is expected to be stable in the next twelve months.

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 available 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 Tourism 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

i. Legacy liabilities and nostro gap accounts

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.

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With a firm foundation, you can achieve your goals. We are committed to partnering you realise your dreams.

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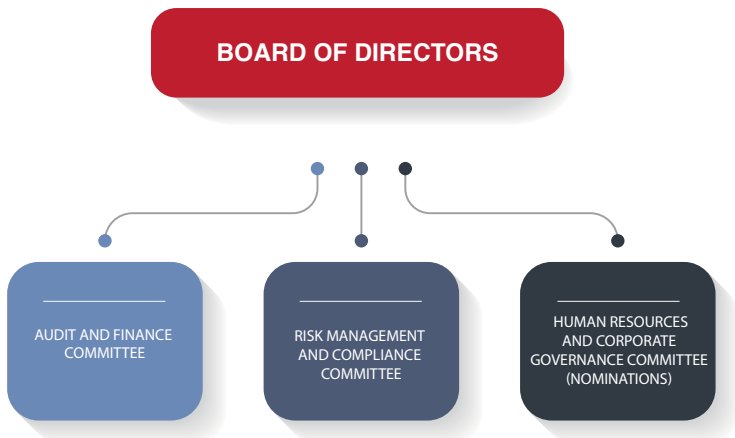


CORPORATE GOVERNANCE

The CBZ Holdings Limited governance framework supports the principles of integrity, strong ethical values and professionalism integral to the company's business. The Board recognises 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 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 objectives.

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

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**			

Key
* - Executive Director
** - Ex-Officio Member

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 F.M	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

Key
* - Executive Director
** - Not Member

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 BOARDS
Meetings held	4	4	4	4	12	4
R Daves	**	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

Key
* - Executive Director
** - 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

Key
* - Executive Director
** - Ex-Officio Member

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



AUDITED FINANCIAL RESULTS

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

STATEMENT OF FINANCIAL POSITION 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\$
Notes					
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		-	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		11 100 598	-	11 100 598	-
Deferred tax liability	21.2	165 392 984	-	145 804 962	-
Lease liability		4 003 803	-	4 003 803	-
TOTAL LIABILITIES		13 735 423 974	12 523 811 810	13 683 775 514	2 016 230 256
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\$
Audited 31 Dec 2018							
Opening balance	31 791 568	103 866 887	77 006 429	—	—	955 797 824	1 168 462 708
Impact of adopting IFRS 9	—	—	—	18 583 817	—	(366 870 251)	(348 286 434)
Restated opening balance	31 791 568	103 866 887	77 006 429	18 583 817	—	588 927 573	820 176 274
Profit for the year	—	—	—	—	—	391 499 902	391 499 902
Total comprehensive income for the year	—	—	12 963 119	(354 901)	—	—	12 608 218
Dividend paid	—	—	—	—	—	(33 790 550)	(33 790 550)
Effects of Applying IAS 29	—	—	(89 969 548)	—	—	89 969 548	—
Closing balance	31 791 568	103 866 887	—	18 228 916	—	1 036 606 473	1 190 493 844
Audited 31 Dec 2019							
Opening balance	31 791 568	103 866 887	—	18 228 916	—	1 036 606 473	1 190 493 844
Profit for the year	—	—	—	—	—	216 471 064	216 471 064
Total comprehensive income for the year	—	—	14 624 545	11 442 809	259 794 511	—	285 861 865
Dividend paid	—	—	—	—	—	(98 043 033)	(98 043 033)
Closing balance	31 791 568	103 866 887	14 624 545	29 671 725	259 794 511	1 155 034 504	1 594 783 740
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 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

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		666 134 118	455 376 583	617 186 197	73 311 869
Non-cash items:					
Depreciation		47 887 858	42 512 181	17 033 400	6 844 110
Amortisation of intangible assets		3 000 335	6 974 637	834 377	1 122 859
Monetary loss		411 515 069	-	-	-
Write offs and impairments of fixed assets		15 808	1 909 060	2 544	307 343
Impairments on land inventory		-	13 809 833	475 074	2 223 269
Fair value adjustment on investment property		(7 250 513)	9 887 128	(96 285 000)	1 591 746
Credit loss expense		26 871 878	(8 721 820)	26 871 878	(1 404 141)
Loss/(profit) on sale of property and equipment		840 863	(85 830)	19 650	(13 818)
Interest on lease liability		1 630 150	-	129 538	-
Unrealised loss/(gain) on foreign currency positions		(349 862 348)	6 417 883	(349 862 348)	1 033 226
Exchange gains on functional currency change		(461 447 891)	-	(83 652 444)	-
Operating cash flow before changes in operating assets and liabilities		339 335 327	528 079 655	132 752 866	85 016 463
Changes in operating assets and liabilities					
Deposits		10 834 523 861	1 219 184 220	3 408 606 963	196 278 589
Loans and advances to customers		(6 853 815 574)	(57 735 167)	(2 014 216 549)	(9 294 885)
Money market assets		104 906 791	(176 069 418)	31 971 895	(28 345 722)
Land inventory		46 457 798	(44 640 487)	6 375 296	(7 186 750)
Financial securities		294 171 082	151 330 201	89 652 984	24 362 913
Other assets		2 238 891 077	101 271 630	(682 426 867)	16 303 897
Other liabilities		(2 837 804 486)	95 719 389	845 523 350	15 410 031
Corporate tax paid		3 837 330 549	1 289 060 368	1 685 487 072	207 528 073
Net cash inflow from operating activities		4 125 380 322	1 766 103 855	1 787 457 603	284 328 135
CASH FLOWS FROM INVESTING ACTIVITIES					
Net change in investments		-	1 475 231	-	237 500
Proceeds on disposal of property and equipment		137 927	2 861 252	137 927	460 638
Purchase of property and equipment		(76 948 316)	(41 681 213)	(44 808 683)	(6 710 332)
Purchase of intangible assets		(536 385)	(290 785)	(435 610)	(46 814)
Net cash outflow from investing activities		(77 406 774)	(37 635 515)	(45 106 366)	(6 059 008)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(98 043 033)	(33 790 550)	(50 256 000)	(5 440 000)
Lease liability payment		(3 930 907)	-	(1 354 511)	-
Interest on lease liability		(1 630 150)	-	(129 538)	-
Net cash outflow from financing activities		(103 604 090)	(33 790 550)	(51 740 049)	(5 440 000)
NET INCREASE IN BALANCES WITH BANKS AND CASH		3 944 369 458	1 694 677 793	1 690 611 188	272 829 127
Balances with banks and cash at the beginning of the year		2 233 604 548	538 926 755	359 591 883	86 762 756
Exchange gains on foreign cash balances		278 084 372	-	278 084 372	-
Inflation effects on cash and cash equivalents		(4 127 770 935)	-	-	-
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

1. INCORPORATION ACTIVITIES

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

2. NET INTEREST INCOME

Interest income					
Overdrafts	152 570 240	120 383 499	85 723 442	19 380 749	
Loans	85 270 440	147 163 413	41 477 191	23 692 094	
Home loans	58 455	116 279	17 486	18 720	
Staff loans	8 925 026	17 806 950	2 737 740	2 866 772	
Securities investments	251 089 793	412 297 152	83 024 194	66 376 436	
Other investments	5 844 268	9 479 711	2 061 911	1 526 155	
	503 758 222	707 247 004	215 041 964	113 860 926	
Interest expense					
Call deposits	2 028 038	4 135 510	493 980	665 783	
Savings deposits	37 586 782	119 513 491	14 942 826	19 240 685	
Money market deposits	86 956 325	129 714 884	33 985 139	20 885 139	
Other Offshore deposits	26 254 983	21 071 742	13 019 946	3 392 376	
Lease liability	1 630 150	-	129 538	-	
Other	1 347 122	-	1 632 635	-	



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Banking | Insurance | Investments | Agro-Business

5. TAXATION

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	67 946 754	46 796 955	42 778 144	7 533 924
Deferred tax expense	381 716 300	17 079 726	79 239 922	2 749 694
Tax expense	449 663 054	63 876 681	122 018 066	10 283 618
5.2 Tax rate reconciliation				
Notional tax	%	%	%	%
Aids levy	25.00	25.00	25.00	25.00
Non deductible expenses	0.75	0.75	0.75	0.75
Exempt income	59.97	11.56	14.92	11.56
Effect on opening deferred taxes of reduction in tax rate	(19.55)	(23.08)	(21.10)	(23.08)
Tax benefits	1.36	-	0.24	-
Effective rate	(0.03)	(0.20)	(0.04)	(0.20)
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	4 802 322	4 495 629	100 166 788	723 758
Deferred tax expense on fair value adjustment on financial assets	602 253	(88 725)	2 094 612	(14 283)
	5 404 575	4 406 904	102 261 400	709 475

6. EARNINGS PER SHARE

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

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

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

	INFLATION ADJUSTED		HISTORICAL	
	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	42.29	76.49	96.75	12.31
Diluted earnings	42.29	76.49	96.75	12.31
6.2 EARNINGS				
Basic (earnings attributable to holders of parent)	216 471 064	391 499 902	495 168 131	63 028 251
Fully Diluted	216 471 064	391 499 902	495 168 131	63 028 251
Number of shares used in calculations (weighted)				
Basic	511 817 951	511 817 951	511 817 951	511 817 951
Fully Diluted	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	511 817 951	511 817 951	511 817 951	511 817 951
Less treasury shares held	-	-	-	-
Weighted average number of shares used for basic EPS	511 817 951	511 817 951	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	221 536 148	93 829 739	221 536 148	15 105 813
Nostro accounts	898 478 022	236 457 162	898 478 022	38 067 650
Balance with the Reserve Bank of Zimbabwe	1 046 277 029	1 481 040 858	1 046 277 029	238 435 345
RBZ statutory reserve	161 996 244	422 276 789	161 996 244	67 983 075
	2 328 287 443	2 233 604 548	2 328 287 443	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		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
9. MONEY MARKET ASSETS				
AMA Bills	-	268 336 749	-	43 200 000
Treasury placements	216 280 800	93 172 482	216 280 800	15 000 000
Accrued interest	245 886	5 642 196	245 886	908 347
Total gross money market	216 526 686	367 151 427	216 526 686	59 108 347
Expected credit loss	(53 372)	(15 455)	(53 372)	(2 488)
Total net money market assets	216 473 314	367 135 972	216 473 314	59 105 859
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	-	273 887 760	-	44 093 667
	216 526 686	367 151 427	216 526 686	59 108 347
10. FINANCIAL SECURITIES				
Treasury bills	1 159 202 965	7 546 495 810	1 159 202 965	1 214 923 492
Accrued interest	29 683 148	165 909 568	29 683 148	26 710 070
Total gross financial securities	1 188 886 113	7 712 405 378	1 188 886 113	1 241 633 562
Expected credit loss	(51 819)	(337 633)	(51 819)	(54 356)
Total net financial securities	1 188 834 294	7 712 067 745	1 188 834 294	1 241 579 206
Maturity analysis				
Between 0 and 3 months	66 797 345	389 783 425	66 797 345	62 751 912
Between 3 and 6 months	11 557 717	263 750 414	11 557 717	42 461 638
Between 6 and 12 months	34 438 671	172 085 624	34 438 671	27 704 364
Between 1 and 5 years	151 222 118	1 248 710 772	151 222 118	201 032 120
Above 5 years	924 870 262	5 638 075 143	924 870 262	907 683 528
	1 188 886 113	7 712 405 378	1 188 886 113	1 241 633 562
11. LOANS AND ADVANCES TO CUSTOMERS				
Overdrafts	2 102 137 828	1 881 145 113	2 102 137 828	302 848 825
Loans	426 035 955	682 888 284	426 035 955	109 939 373
Staff loans	47 080 600	277 278 529	47 080 600	44 639 553
Mortgage advances	54 211	1 171 072	54 211	188 533
Interest accrued	16 024 911	25 773 794	16 024 911	4 149 368
Total gross loans and advances to customers	2 591 333 505	2 868 256 792	2 591 333 505	461 765 652
Allowance for Expected Credit Loss (ECL)	(104 056 021)	(575 722 289)	(104 056 021)	(92 686 533)
Total net loans and advances to customers	2 487 277 484	2 292 534 503	2 487 277 484	369 079 119
11.1 Maturity analysis				
Less than 1 month	1 795 356 499	1 459 329 957	1 795 356 499	234 940 069
Between 1 and 3 months	16 641 155	226 242 837	16 641 155	36 423 228
Between 3 and 6 months	31 076 191	181 451 701	31 076 191	29 212 225
Between 6 months and 1 year	510 228 144	329 484 201	510 228 144	53 044 235
Between 1 and 5 years	198 492 064	380 336 972	198 492 064	61 231 111
More than 5 years	39 539 452	291 411 124	39 539 452	46 914 784
	2 591 333 505	2 868 256 792	2 591 333 505	461 765 652

	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.

11.3

Loans to directors and key management personnel and employees

Loans to directors and key management personnel
Included in advances are loans to directors and key management:
Opening balance 52 387 088
Advances made during the year 17 052 611
Monetary adjustment (54 808 439)
Repayments during the year (1 438 845)
Closing balance 13 192 415

Loans to employees
Included in advances are loans to employees:
Opening balance 224 891 441
Advances made during the year 21 137 665
Monetary adjustment (183 399 096)
Repayments during the year (28 741 825)
Closing balance 33 888 185

11.4

Allowance for Expected Credit Loss (ECL)

Opening balance 575 722 289
IFRS 9 opening adjustment -
Adjusted opening balance 575 722 289
Credit loss expense on loans and advances 22 203 371
Interest in suspense 3 922 620
Monetary adjustment (449 372 940)
Amounts written off during the year (48 419 319)
Closing balance 104 056 021

12.

IMPAIRMENT ON FINANCIAL INSTRUMENTS

12.1

Expected credit loss expense (ECL)

The table below shows the ECL charges on financial instruments for the year recorded in the 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 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 receivables	430	-	409	-	95 946	-	96 785	-
Expected credit loss expense	20 165 405	(11 179 214)	(8 883 958)	(34 611 902)	15 590 431	44 386 975	26 871 878	(1 404 141)

13.

OTHER ASSETS

Prepayments and deposits
*Receivables

*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.

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.

14.

LAND INVENTORY

Opening balance 283 206 945
Additions 35 997 075
Foreign Currency translation movement 403 444 511
Land Inventory sales (46 554 521)
Write offs (22 308 248)
Impairment loss -
Closing balance 653 785 762

15.

EQUITY INVESTMENTS

Opening balance 27 253 354
Impact of IFRS 9 fair value adjustment -
Investments in equities during the year -
Investment disposed during the year -
Foreign currency translation movement 2 593 786
Fair value adjustment through other comprehensive income 12 045 062
Total 41 892 202

16.

CATEGORIES OF FINANCIAL ASSETS

INFLATION ADJUSTED				
	At fair value through profit or loss ZWL\$	At fair value through FVOCI ZWL\$	At amortised cost ZWL\$	Total carrying amount ZWL\$
Audited 31 December 2019				
Balances with banks and cash	-	-	2 328 287 443	2 328 287 443
Money market assets	-	-	216 473 314	216 473 314
Financial securities	-	-	1 188 834 294	1 188 834 294
Loans and Advances to customers	-	-	2 487 277 484	2 487 277 484
Equity Investments	-	41 892 202	-	41 892 202
Other monetary assets	-	-	7 631 793 892	7 631 793 892
Total	-	41 892 202	13 852 666 427	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 -

Unaudited 31 December 2019

Balances with banks and cash -
Money market assets -



AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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17. FAIR VALUE MEASUREMENT

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		Level 2		Level 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\$
Equity investments	–	–	–	–	41 892 202	27 253 354	27 253 354
Land and Buildings	–	–	454 299 082	193 078 229	–	–	454 299 082
Investment properties	–	–	116 933 000	43 542 606	–	–	116 933 000
Total assets at fair value	–	–	571 232 082	236 620 835	41 892 202	27 253 354	613 124 284

HISTORICAL							
	Level 1		Level 2		Level 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\$
Equity investments	–	–	–	–	41 892 202	4 387 565	4 387 565
Land and Buildings	–	–	454 299 082	31 084 000	–	–	454 299 082
Investment properties	–	–	116 933 000	7 010 000	–	–	116 933 000
Total assets at fair value	–	–	571 232 082	38 094 000	41 892 202	4 387 565	613 124 284

18. PROPERTY AND EQUIPMENT

INFLATION ADJUSTED								
	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computers ZWL\$	Equipment ZWL\$	Furniture & fittings ZWL\$	Work in progress ZWL\$
Audited 31 December 2019								
COST								
Opening balance	23 293 120	169 785 108	4 638 680	32 203 708	143 347 901	60 536 286	35 935 117	19 754 100
Right of use assets	–	21 379 734	–	–	–	–	–	21 379 734
FCT movement	31 028 913	226 171 813	–	–	–	–	–	257 200 726
Additions	–	267 297	–	527 480	18 665 669	2 171 146	2 846 448	76 948 316
Revaluation gain/ (loss)	8 577 967	(3 240 363)	–	–	–	–	–	5 337 604
Disposals	–	–	–	(1 612 677)	(4 432 058)	(538 455)	(759 225)	(7 342 415)
Transfers to intangible assets	–	–	–	–	–	–	–	(602 672)
Transfers to Investment Properties	–	(1 801 335)	–	–	–	–	–	(1 801 335)
Write offs	–	–	–	–	(16 094)	(131 360)	(3 914)	(151 368)
Transfers(PPE Inter categories)	–	216 562	–	–	2 071 520	868 127	1 885 549	(5 041 758)
Closing balance	62 900 000	412 778 816	4 638 680	31 118 511	159 636 938	62 905 744	39 903 975	66 579 946

Accumulated depreciation								
Opening balance	–	–	2 923 225	26 716 470	75 594 761	45 456 145	19 729 671	–
Impact of IFRS 16	–	6 931 215	–	–	–	–	–	170 420 272
Charge for the year	–	14 089 263	411 069	1 698 915	18 222 530	3 469 892	3 064 974	–
Disposals	–	–	–	(1 451 409)	(3 952 581)	(467 177)	(492 458)	–
Write offs	–	–	–	–	(14 485)	(118 224)	(2 851)	–
Revaluation	–	(14 089 263)	–	–	–	–	–	(14 089 263)
Closing balance	–	6 931 215	3 334 294	26 963 976	89 850 225	48 340 636	22 299 336	–

Net Book Value	62 900 000	405 847 601	1 304 386	4 154 535	69 786 713	14 565 108	17 604 639	66 579 946
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Audited 31 December 2018								
COST								
Opening balance	23 417 350	166 514 754	3 775 747	33 296 385	118 856 700	56 744 216	35 087 502	451 614 933
Revaluation surplus	(124 230)	5 195 211	680 762	–	22 870 229	4 061 854	1 097 094	6 931 215
Impairments	–	(27 753)	–	–	–	–	–	5 070 981
Disposals	–	(2 360 370)	–	(1 092 677)	(969 919)	(284 692)	(264 337)	(2 753)
Transfers to intangible assets	–	–	–	–	–	–	–	(4 971 995)
Write offs	–	–	–	–	(97 259)	(12 423)	(9 441)	(1 888 985)
Transfers(PPE Inter categories)	–	381 684	182 171	–	2 688 150	27 331	24 299	(1 888 985)
Closing balance	23 293 120	169 785 108	4 638 680	32 203 708	143 347 901	60 536 286	35 935 117	19 754 100

Accumulated depreciation								
Opening balance	–	–	2 522 546	23 519 126	59 750 718	40 322 087	16 481 001	–
Charge for the year	–	12 457 242	400 679	4 101 856	16 788 414	5 357 306	3 406 684	–
Disposals	–	(65 568)	–	(904 512)	(856 839)	(212 067)	(157 579)	–
Writeoffs	–	–	–	–	(87 532)	(11 181)	(435)	–
Revaluation	–	(12 387 755)	–	–	–	–	–	(12 387 755)
Impairments	–	(3 919)	–	–	–	–	–	(3 919)
Closing balance	–	–	2 923 225	26 716 470	75 594 761	45 456 145	19 729 671	–

Net Book Value	23 293 120	169 785 108	1 715 455	5 487 238	67 753 140	15 080 141	16 205 446	19 754 100
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HISTORICAL								
	Land ZWL\$	Buildings ZWL\$	Leasehold improvements ZWL\$	Motor vehicles ZWL\$	Computers ZWL\$	Equipment ZWL\$	Furniture & fittings ZWL\$	Work in progress ZWL\$
Unaudited 31 December 2019								
COST								
Opening balance	3 750 000	27 334 000	746 789	5 184 531	23 077 828	9 745 842	5 785 257	3 180 247
Right of use assets	–	5 358 314	–	–	–	–	–	5 358 314
FCT movement	5 625 000	41 001 000	–	–	–	–	–	46 626 000
Additions	–	50 579	–	487 523	12 318 179	869 147	1 421 361	29 661 894
Revaluation gain	53 525 000	323 268 638	–	–	–	–	–	376 793 638
Disposals	–	–	–	(259 627)	(713 523)	(86 688)	(122 230)	(1 182 068)
Transfers to intangible assets	–	–	–	–	–	–	–	(97 025)
Transfers to other assets	–	–	–	–	–	–	–	(300 978)
Transfers to Investment Properties	–	(290 000)	–	–	–	–	–	(290 000)
Write offs	–	–	–	–	(2 591)	(21 147)	(630)	(24 368)
Transfers(PPE Inter categories)	–	34 865	–	–	333 498	139 761	303 557	(811 681)
Closing balance	62 900 000	396 757 396	746 789	5 412 427	36 013 391	10 646 915	7 387 315	31 632 457

Accumulated depreciation								
Opening balance	–	–	470 615	4 301 131	12 170 132	7 318 064	3 176 314	–
Impact of IFRS 16	–	1 373 010	–	–	–	–	–	27 436 256
Charge for the year	–	10 778 110	66 179	289 262	3 386 887	600 052	539 900	–
Disposals	–	–	–	(233 665)	(636 333)	(75 212)	(79 281)	–
Write offs	–	–	–	–	(2 832)	(19 033)	(459)	–
Revaluation	–	(10 778 110)	–	–	–	–	–	(10 778 110)
Closing balance	–	1 373 010	536 794	4 356 728	14 918 354	7 823 871	3 636 474	–

Net Book Value	62 900 000	395 384 386	209 995	1 055 699	20 095 037	2 823 044	3 750 841	31 632 457
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Unaudited 31 December 2018								
COST								
Opening balance	3 770 000	26 807 500	607 864	5 360 443	19 134 947	9 135 350	5 648 798	2 241 372
Additions	–	13 134	109 597	–	3 681 918	653 925	176 623	2 075 134
Revaluation(loss)/gain	(20 000)	836 386	–	–	–	–	–	–
Impairments	–	(4 468)	–	–	–	–	–	–
Disposals	–	(380 000)	–	(175 912)	(156 149)	(45 833)	(42 556)	(800 450)
Transfers to intangible assets	–	–	–	–	–	–	–	(304 111)
Write offs	–	–	–	–	(15 658)	(2 000)	(1 520)	(300 290)
Transfers (PPE Inter categories)	–	61 448	29 328	–	432 770	4 400	3 912	(531 858)
Closing balance	3 750 000	27 334 000	746 789	5 184 531	23 077 828	9 745 842	5 785 257	3 180 247

Accumulated depreciation								
Opening balance	–	–	406 109	3 786 385	9 619 372	6 491 523	2 653 305	–
Charge for the year	–	2 005 513	64 506	660 365	2 702 796	862 482	548 448	–
Disposals	–	(10 556)	–	(145 619)	(157 944)	(34 141)	(25 369)	–
Write offs	–	–	–	–	(14 092)	(1 800)	(70)	–
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	–

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
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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, quality and location to the properties owned by the Bank;
- The reasonableness of the market values of commercial properties so determined, per the above bullet, was assessed by reference to the properties in the transaction; and
- The values per square metre of lettable space for both the subject properties and comparables were analysed.

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

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

- Adjustments were made to the following aspects:
- Age of property - state of repair and maintenance
 - Aesthetic quality - quality of fixtures and fittings
 - Structural condition - location
 - Accommodation offered - size of land.

The maximum useful lives of property and equipment are as follows:

- 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\$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.

INFLATION ADJUSTED				HISTORICAL			
	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	21 379 734	–	5 358 314	–	–	–	–
Depreciation	(6 931 215)	–	(1 373 010)	–	–	–	–
	14 448 519	–	3 985 304	–	–	–	–
18.1b Lease liability							
Impact of IFRS 16	21 379 734	–	5 358 314	–	–	–	–
Interest	1 630 150	–	129 538	–	–	–	–
Repayment	(5 561 057)	–	(1 484 049)	–	–	–	–
Monetary adjustment	(13 445 024)	–	–	–	–	–	–
	4 003 803	–	4 003 803	–	–	–	–
18.1c Lease liability maturity analysis							
Less than one month	178 829	–	178 829	–	–	–	–
One to three months	536 488	–	536 488	–	–	–	–
Three months to six months	536 488	–	536 488	–	–	–	–
Six months to one year	949 196	–	949 196	–	–	–	–
One to five years	2 095 679	–	2 095 679	–	–	–	–
	4 296 680	–	4 296 680	–	–	–	–

INFLATION ADJUSTED		HISTORICAL	
AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
18.1d Amounts recognised in statement of profit or loss for the year ended 31 December 2019			
Interest on lease liabilities	1 630 150	–	129 538
Expenses relating to short term leases	1 643 071	–	758 664
	3 273 221	–	888 202

18.1e	Amounts recognised in statement of cash flow			
	Total cash outflow for leases	5 561 057	-	1 484 049
19.	INVESTMENT PROPERTIES			
	Opening balance	43 542 606	37 747 278	7 010 000
	Fair value adjustment	7 250 513	(9 887 129)	96 285 000
	Additions	6 335 165	15 682 457	(1 591 746)
	Transfer from property and equipment	1 801 335	-	2 833 000
	Foreign currency translation movement	58 003 381	-	2 524 746
	Closing balance	116 933 000	43 542 606	116 933 000
				7 010 000



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	INFLATION ADJUSTED		HISTORICAL	
	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
25.1 Share premium	103 866 887	103 866 887	16 721 711	16 721 711
Closing balance	103 866 887	103 866 887	16 721 711	16 721 711
25.2 Revaluation reserve				
Opening balance	-	77 006 429	14 484 354	12 397 399
Net revaluation gain	14 624 545	12 963 119	287 404 960	2 086 955
Effect of applying IAS 29	-	(89 969 548)	-	-
Closing balance	14 624 545	-	301 889 314	14 484 354
25.3 Retained earnings				
Opening balance	1 036 606 473	955 797 824	152 400 726	153 875 555
Impact of adopting IFRS 9	-	(366 870 251)	-	(59 063 080)
Restated balance	1 036 606 473	588 927 573	152 400 726	94 812 475
Profit for the year	216 471 064	391 499 902	495 168 131	63 028 251
Effect of applying IAS 29	-	89 969 548	-	-
Dividend paid	(98 043 033)	(33 790 550)	(50 256 000)	(5 440 000)
Closing balance	1 155 034 504	1 036 606 473	597 312 857	152 400 726
25.4 Fair value reserve				
Opening balance	18 228 916	-	2 934 705	-
Impact of adopting IFRS 9	-	18 583 817	-	2 991 841
Restated balance	18 228 916	18 583 817	2 934 705	2 991 841
Other comprehensive income	11 442 809	(354 901)	34 939 817	(57 136)
Closing balance	29 671 725	18 228 916	37 874 522	2 934 705
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	-	23 229 770	-	3 739 801
Deferred tax in relation to the above	-	(4 645 953)	-	(747 960)
Total change in equity due to adopting IFRS 9	-	18 583 817	-	2 991 841
25.5 Foreign currency translation reserve				
Opening balance	-	-	-	-
Exchange gains on change of functional currency	259 794 511	-	47 096 208	-
Total	259 794 511	-	47 096 208	-

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 limits ZWL\$		Utilised limits 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 limits ZWL\$		Utilised limits 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		HISTORICAL	
	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	-	1 721 529	-	277 152
Commission and fee income	1 494	16 864	577	2 715
	1 494	1 738 393	577	279 867
(b) Deposits from directors and key management personnel:				
Closing balance	21 753	251 758	21 753	40 531
Interest expense on deposits from directors and key management personnel	382	1 559	210	251
(c) Balances with group companies:				
Amounts due from group companies	-	172 541 364	-	27 777 729
Deposits held for group companies	9 295 059	129 063 137	9 295 059	20 778 095
(d) Transactions with group companies:				
Interest income on amounts due from group companies	58 652 299	6 135 664	47 441 398	987 791
Interest expense on amounts due to group companies	5 021 894	5 183 050	2 997 178	834 428
Non interest income from group companies	1 146 448	3 764 535	539 041	606 059
Costs charged by group companies	50 744 538	40 450 835	19 087 443	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 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		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 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.

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

	INFLATION ADJUSTED				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	96 317 543	35 795 536	526 727 856	278 087 720	96 317 543	35 795 536	84 798 834	44 769 826
Agriculture	1 754 644 321	15 685 626	830 145 826	118 417 199	1 754 644 321	15 685 626	133 646 622	19 064 191
Mining	120 839 846	6 310 585	89 560 726	3 582 923	120 839 846	6 310 585	14 418 537	576 821
Manufacturing	126 170 423	16 648 111	286 854 084	59 469 660	126 170 423	16 648 111	46 181 138	9 574 124
Distribution	287 344 005	15 799 216	522 458 387	74 338 441	287 344 005	15 799 216	84 111 485	11 967 875
Construction	6 185 481	126 279	45 762 099	4 535 376	6 185 481	126 279	7 367 320	730 158
Transport	10 582 068	138 089	45 099 798	6 121 519	10 582 068	138 089	7 260 695	985 514
Communication	1 005 208	69 276	9 560 111	-	1 005 208	69 276	1 539 099	-
Services	175 577 612	19 594 116	362 948 813	18 598 004	175 577 612	19 594 116	58 431 761	2 994 125
Financial organisations	12 666 998	1 569 837 179	149 139 092	-	12 666 998	1 569 837 179	24 010 162	-
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		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL\$	AUDITED 31 DEC 2018 ZWL\$	UNAUDITED 31 DEC 2019 ZWL\$	UNAUDITED 31 DEC 2018 ZWL\$
Collateral analysis				
Government guarantee	1 568 850 746	-	1 568 850 746	-
Cash cover	3 243 344	45 929 232	3 243 344	7 394 227
Mortgage bonds	647 586 908	2 557 064 379	647 586 908	411 666 244
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc.	74 813 659	1 152 057 340	74 813 659	185 471 716
Total	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.

a. Loans and advances to customers

(i) Impairment allowance for loans and advances to customers

	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

	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	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 AMOUNT		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	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)	–	(7 264 501 961)	–	
Gross loans and advances to customers	2 426 793 034	1 538 610 098	71 276 468	815 672 430	93 264 003	513 974 362	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)	(338 989 329)	(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	

(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

c. 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
Internal rating grade								
Performing	"1 – 3c"	216 526 686	367 151 427	–	–	–	–	216 526 686
Total		216 526 686	367 151 427	–	–	–	–	216 526 686

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
Internal rating grade								
Performing	"1 – 3c"	216 526 686	59 108 347	–	–	–	–	216 526 686
Total		216 526 686	59 108 347	–	–	–	–	216 526 686

(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 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

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
Internal rating grade								
Performing	"1 – 3c"	82 387 565	64 537 019	–	–	–	–	82 387 565
Total		82 387 565	64 537 019	–	–	–	–	82 387 565

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
Internal rating grade								
Performing	"1 – 3c"	82 387 565	10 389 927	–	–	–	–	82 387 565
Total		82 387 565	10 389 927	–	–	–	–	82 387 565

(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

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	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 guarantees	81 490 514	10 287 806	–	–	–	–	81 490 514	10 287 806

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

INFLATION 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	2 328 287 443	–	–	–	–	–	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
Financial guarantees	154 200	11 053 044	996 322	6 581 823	63 602 176	–	82 387 565
Other liquid assets	7 574 053 486	57 740 406	–	–	–	–	7 631 793 892
Total assets	11 769 222 621	224 520 970	42 382 352	530 760 225	405 345 833	962 821 991	13 935 053 992
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	–	839 701 713	–	–	–	–	839 701 713
Current tax payable	–	11 100 598	–	–	–	–	11 100 598
Lease liability	162 147	490 506	496 662	888 206	1 966 282	–	4 003 803
Financial guarantees	154 200	11 053 044	996 322	6 581 823	63 602 175	–	82 387 565
Capital Commitments	–	16 654 281	–	–	–	–	16 654 281
Total liabilities	11 845 056 502	1 078 516 764	33 128 795	436 466 658	237 918 359	4 498 090	13 635 585 168
Liquidity gap	(75 833 881)	(853 995 794)	9 253 557	94 293 567	167 427 474	958 323 901	299 468 824
Cumulative liquidity gap	(75 833 881)	(929 829 675)	(920 576 118)	(826 282 551)	(658 855 077)	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.

INFLATION 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	2 233 604 548	–	–	–	–	–	2 233 604 548
Money market assets	93 248 212	–	–	273 887 760	–	–	367 135 972
Financial securities	–	389 445 793	263 750 413	172 085 624	1 248 710 772	5 638 075 143	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
Financial guarantees	243 242	44 326 349	5 161 606	14 805 822	–	–	64 537 019
Current tax receivable	–	5 560 602	–	–	–	–	5 560 602
Other liquid assets	–	195 245 104	–	–	–	–	195 245 104
Total assets	3 486 944 178	816 462 502	414 787 484	725 663 255	1 554 477 173	5 872 350 901	12 870 685 493
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
Financial guarantees	243 242	44 326 349	5 161 606	14 805 822	–	–	64 537 019
Capital Commitments	–	15 384 441	–	–	–	–	15 384 441
Total liabilities	10 007 975 509	1 961 364 401	191 503 992	154 299 724	174 095 913	114 493 731	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



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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 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 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\$	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 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\$	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)	—	—

HISTORICAL								
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	—	—	—	—	—	—	145 804 962	145 804 962
Lease liability	162 147	490 506	496 662	888 206	1 966 282	—	—	4 003 803
Equity	—	—	—	—	—	—	1 006 012 792	1 006 012 792
Total liabilities and equity	11 844 902 302	200 007 128	32 132 472	429 884 835	174 316 184	4 498 090	2 004 047 295	14 689 788 306
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)	—	—

HISTORICAL								
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\$	Non interest bearing ZWL\$	Total ZWL\$
Assets								
Balances with banks and cash	38 067 650	—	—	—	—	—	321 524 233	359 591 883
Money market assets	15 012 192	—	—	44 093 667	—	—	—	59 105 859
Financial securities	—	62 697 556	42 461 638	27 704 364	201 032 120	907 683 528	—	1 241 579 206
Loans 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 equipment	—	—	—	—	—	—	51 368 238	51 368 238
Intangible assets	—	—	—	—	—	—	1 337 595	1 337 595
Deferred 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 quarterly basis. Furthermore, the Bank Management ALCO which meets on a monthly basis, reviews performance against set benchmarks embedded under acceptable currencies, currency positions as well as stop loss limits. Derivative contracts with characteristics and values derived from underlying financial instruments, exchange rates which relate to futures, forwards, swaps and options can be used to mitigate exchange risk.

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

FOREIGN CURRENCY POSITION

Foreign currency position as at 31 December 2019

INFLATION 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	—	—	—	—	—
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

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.



AUDITED FINANCIAL RESULTS

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 ADJUSTED		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	(2 761 038)	(5 609 207)	(826 379)	(903 036)
Net claims	(10 410 505)	(18 984 851)	(3 565 838)	(3 056 404)
Underwriting profit	23 221 155	41 310 882	8 485 014	6 650 710
Operating expenditure	(36 893 517)	(19 796 388)	(12 810 000)	(3 187 055)
Transfer to annuity reserve	(1 664 428)	(195 822)	(1 664 428)	(31 526)
Expected credit loss	(216 287)	(1 170 197)	(216 287)	(188 392)
Monetary loss	(28 831 385)	-	-	-
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	-	-	15 902 881	-
Exchange gains on change of functional currency	14 066 440	-	2 550 000	-
Other comprehensive income for the year net of tax	14 066 440	-	18 452 881	-
Total comprehensive income	(23 646 039)	27 165 891	77 393 483	4 373 484

STATEMENT OF FINANCIAL POSITION

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				
Current assets				
Cash and cash equivalents	1 887 062	8 361 945	1 887 062	1 346 204
Money market assets	7 374 983	64 745 837	7 374 983	10 423 545
Financial securities	2 920 178	20 885 648	2 920 178	3 362 417
Equity investments	4 626 218	28 296 880	4 626 218	4 555 564
Insurance contract assets	1 915 616	3 832 321	632 327	616 972
Other receivables	289 611	441 346	242 279	71 053
Current tax receivables	10 408	267	10 408	43
	19 024 076	126 564 244	17 693 455	20 375 798
Non-current assets				
Intangible assets	669 724	1 529 346	107 819	246 212
Property and equipment	27 903 054	12 012 467	22 902 817	1 933 908
Investment properties	70 465 000	28 815 143	70 465 000	4 639 000
	99 037 778	42 356 956	93 475 636	6 819 120
TOTAL ASSETS	118 061 854	168 921 200	111 169 091	27 194 918
EQUITY AND LIABILITIES				
Liabilities				
Life fund	3 934 894	9 898 676	3 934 894	1 593 605
Investment contract liabilities	3 409 051	14 866 750	3 409 051	2 393 424
Other payables	6 655 392	12 720 348	6 655 392	2 047 871
	13 999 337	37 485 774	13 999 337	6 034 900
Equity				
Share capital	12	12	2	2
Share premium	8 621 635	8 621 635	1 388 012	1 388 012
Revaluation reserve	-	-	15 902 881	-
Foreign currency translation reserve	14 066 440	-	2 550 000	-
Revenue reserves	81 374 430	122 813 779	77 328 859	19 772 004
	104 062 517	131 435 426	97 169 754	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 capital ZWL\$	Share premium ZWL\$	Revaluation reserve ZWL\$	FCTR ZWL\$	Revenue reserves ZWL\$	Total ZWL\$
	INFLATION ADJUSTED					
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	-	-	-	-	(3 726 870)	(3 726 870)
Closing balance	12	8 621 635	-	14 066 440	81 374 430	104 062 517
Audited 31 December 2018						
Opening balance	12	8 621 635	-	-	101 412 432	110 034 079
Total comprehensive income	-	-	-	-	27 165 891	27 165 891
Dividend paid	-	-	-	-	(5 764 544)	(5 764 544)
Closing balance	12	8 621 635	-	-	122 813 779	131 435 426
	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	-	-	-	-	(1 383 747)	(1 383 747)
Closing balance	2	1 388 012	15 902 881	2 550 000	77 328 859	97 169 754
Unaudited 31 December 2018						
Opening balance	2	1 388 012	-	-	16 326 564	17 714 578
Total comprehensive income	-	-	-	-	4 373 484	4 373 484
Dividend paid	-	-	-	-	(928 044)	(928 044)
Closing balance	2	1 388 012	-	-	19 772 004	21 160 018

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	(37 620 846)	27 285 971	59 004 667	4 392 816
Non cash items:				
Depreciation	1 110 617	427 987	461 191	76 147
Amortisation	859 622	860 249	138 393	138 493
Unearned premium movement	2 738 464	977 727	488 266	157 406
Monetary loss	28 831 385	-	-	-
Claims incurred but not reported	165 837	(380 485)	188 595	(61 255)
Unearned commission on reinsurance premium movement	97 510	(154 623)	(76 728)	(24 893)
Fair value adjustment on investment properties	(29 056 747)	(1 339 889)	(60 249 501)	(215 711)
Write offs and impairment of fixed assets	6 068 121	303 916	(48 928)	48 928
Write offs of other assets	-	7 572	-	1 219
Fair value adjustment on financial instruments	29 591 413	(1 174 855)	(977 793)	(189 142)
Loss on sale of property and equipment	39 286	34 772	(3 549)	5 598
Annuity reserve movement	1 664 428	195 824	1 664 428	31 526
Credit loss expense	156 883	2 081	156 883	335
Impairment on insurance assets	59 404	1 160 544	59 404	186 838
Unrealised loss on foreign currency position	1 074 299	-	1 074 299	-
Profit on sale of investment property	(265 763)	-	(428 310)	-
Operating profit before changes in operating assets and liabilities	5 513 913	28 251 791	1 451 317	4 548 305
Changes in operating assets and liabilities				
Other receivables	35 012	1 511 015	(105 024)	243 261
Insurance contract assets	(179 069)	(1 025 618)	1 969	(165 116)
Other payables	10 971 680	(1 010 126)	3 530 225	(162 622)
Money market assets	9 574 517	4 702 943	2 917 975	757 135
Financial securities	1 364 798	(9 794 745)	415 943	(1 576 873)
Life assurance investment contract liabilities	3 332 495	3 642 982	1 015 627	586 490
	25 099 433	(1 973 548)	7 776 715	(317 725)
Corporate tax paid	(101 774)	(59 606)	(74 429)	(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	(10 926 043)	(22 342 408)	(2 559 038)	(3 596 943)
Proceeds on disposal of equity investments	5 005 291	797 060	3 466 177	128 320
Purchase of property and equipment	(9 471 149)	(7 564 413)	(3 008 772)	(1 217 808)
Proceeds on disposal of property and equipment	17 758	2 969	17 827	478
Proceeds on disposal of investment properties	459 500	-	459 500	-
Purchase of investment properties	(12 786 881)	(6 418 963)	(5 607 689)	(1 033 400)
Net cash outflow from investing activities	(27 701 490)	(35 525 754)	(7 231 995)	(5 719 353)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(3 726 870)	(5 764 544)	(1 383 747)	(928 044)
Net cash outflow from financing activities	(3 726 870)	(5 764 544)	(1 383 747)	(928 044)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(916 788)	(15 071 661)	537 861	(2 426 413)
Cash and cash equivalents at the beginning of the year	8 361 945	23 433 606	1 346 204	3 772 617
Exchange gains on foreign cash balances	2 997	-	2 997	-
Effects of IAS 29	(5 561 092)	-	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1 887 062	8 361 945	1 887 062	1 346 204

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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\$
Gross written premium	168 262 874	81 706 884	80 284 899	13 154 133
Reinsurance premium	(95 368 390)	(39 781 965)	(49 296 292)	(6 404 568)
Net written premium	72 894 484	41 924 919	30 988 607	6 749 565
Unearned premium movement	(1 366 116)	(3 098 713)	(13 316 488)	(498 867)
Net earned premium	71 528 368	38 826 206	17 672 119	6 250 698
Net commission	101 041	(833 091)	276 529	(134 121)
Net claims	(15 833 174)	(20 957 753)	(8 192 021)	(3 374 025)
Technical result	55 796 235	17 035 362	9 756 627	2 742 552
Operating expenditure	(24 774 071)	(15 593 726)	(8 131 271)	(2 511 734)
Impairment loss	(1 943 262)	72 544	(1 943 262)	12 952
Underwriting profit	29 078 902	1 514 180	(317 905)	243 770
Other income	(5 337 796)	707 949	2 507 366	113 975
Monetary loss	(43 413 554)	-	-	-
Profit before taxation	(19 672 448)	2 222 129	2 189 460	357 745
Taxation	(6 763 565)	1 237 246	2 990 732	199 186
Profit for the year	(26 436 013)	3 459 375	5 180 192	556 931
Other comprehensive income				
Gains on property revaluations	-	-	21 721 116	-
Foreign currency translation gains	14 066 440	-	2 550 000	-
Deferred income tax relating to components of other comprehensive income	-	-	(5 207 175)	-
Other comprehensive income for the year net of tax	14 066 440	-	19 063 941	-
Total comprehensive income for the year	(12 369 573)	3 459 375	24 244 133	556 931
Basic earnings per share (cents)	(1 692.08)	221.42	331.57	35.65
Diluted earnings per share (cents)	(1 692.08)	221.42	331.57	35.65

STATEMENT OF FINANCIAL POSITION

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
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\$
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

STATEMENT OF FINANCIAL POSITION
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	417 944	6 315 411	417 944	1 016 729
Money market assets	1 821 823	6 504 230	1 821 823	1 047 127
Equity investments	2 099 236	1 599 655	2 099 236	257 531
Other assets	1 958 767	4 053 644	1 958 767	652 603
Investment property	22 868 333	11 367 043	22 868 333	1 830 000
Intangible assets	53 681	47 288	15 291	7 613
Property and equipment	5 376 431	628 772	1 822 787	101 227
Deferred taxation	-	535 898	-	86 275
TOTAL ASSETS	34 596 215	31 051 941	31 004 181	4 999 105
LIABILITIES				
Current taxation	52 110	662 482	52 110	106 655
Other liabilities	3 760 011	2 759 351	3 760 011	444 232
Lease liability	1 738 832	-	1 738 832	-
Deferred taxation	4 869 475	-	4 724 618	-
TOTAL LIABILITIES	10 420 428	3 421 833	10 275 571	550 887
EQUITY				
Share capital	391 355	391 355	63 005	63 005
Share premium	11 956 787	11 956 787	1 924 944	1 924 944
Revenue reserves	12 125 176	15 281 966	18 740 661	2 460 269
Fair value reserve	(297 531)	-	-	-
TOTAL EQUITY	24 175 787	27 630 108	20 728 610	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 ADJUSTED					
Audited 31 December 2018					
Opening balance	391 355	11 956 787	-	7 901 108	20 249 250
Total comprehensive income	-	-	-	7 762 225	7 762 225
Dividend paid	-	-	-	(381 367)	(381 367)
Closing balance	391 355	11 956 787	-	15 281 966	27 630 108
Audited 31 December 2019					
Opening balance	391 355	11 956 787	-	15 281 966	27 630 108
Loss for the year	-	-	-	(2 685 785)	(2 685 785)
Other comprehensive loss	-	-	(297 531)	-	(297 531)
Dividend paid	-	-	-	(471 005)	(471 005)
Closing balance	391 355	11 956 787	(297 531)	12 125 176	24 175 787
HISTORICAL					
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
Total comprehensive income	-	-	-	16 561 512	16 561 512
Dividend paid	-	-	-	(281 120)	(281 120)
Closing balance	63 005	1 924 944	-	18 740 661	20 728 610

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	7 904 907	601 987	(18 906 640)	96 915
Depreciation and amortisation	574 082	239 463	127 327	38 552
Monetary loss	8 013 845	-	-	-
Expected credit losses expense	(223)	223	(36)	36
Exchange gains on change of functional currency	(15 142 109)	-	(2 745 000)	-
Unrealised gain on foreign currency position	(461)	-	(461)	-
Loss on sale of property and equipment	2 856	1 658	154	267
Impairment of assets	3 859	19 169	585	3 086
Interest on lease liability	188 875	-	71 998	-
Operating cash inflow before changes in operating assets and liabilities	5 072 032	11 593 428	629 443	1 866 447
Changes in operating assets and liabilities				
Money market assets	4 682 630	4 084 160	(774 660)	657 516
Equity investments	(3 924 895)	(261 788)	(843 281)	(42 147)
Other assets	2 094 877	1 659 607	(1 306 164)	267 183
Other liabilities	1 000 660	(5 727)	3 315 779	(922)
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	(1 234 008)	(10 675 361)	(385 118)	(1 718 645)
Proceeds on disposal of equipment	365	3 143	122	506
Purchase of equipment	(173 205)	(91 194)	(36 357)	(14 681)
Purchase of intangible assets	(30 558)	(47 145)	(12 710)	(7 591)
Net cash outflow from investing activities	(1 437 406)	(10 810 557)	(434 063)	(1 740 411)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(471 005)	(381 367)	(281 120)	(61 397)
Lease liability repayment	(176 944)	-	(69 528)	-
Interest on lease liability	(188 875)	-	(71 998)	-
Net cash outflow from financing activities	(836 824)	(381 367)	(422 646)	(61 397)
NET INCREASE IN BALANCES WITH BANKS AND CASH	5 331 593	3 172 467	(599 246)	510 740
Balances with banks and cash at the beginning of the year	6 315 411	3 142 944	1 016 729	505 989
Exchange gains on foreign cash balances	461	-	461	-
Inflation effects on cash and cash equivalents	(11 229 521)	-	-	-
BALANCES WITH BANKS AND CASH AT THE END OF THE YEAR	417 944	6 315 411	417 944	1 016 729

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