2019
Annual Report

Partners for Success

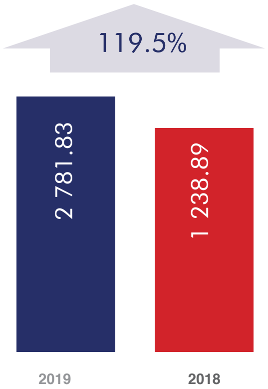
Banking | Insurance | Investments | Agro-Business

cbz Holdings

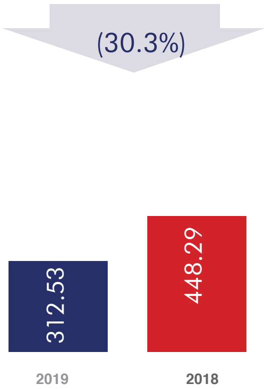
TABLE OF CONTENTS

GROUP SALIENT FEATURES

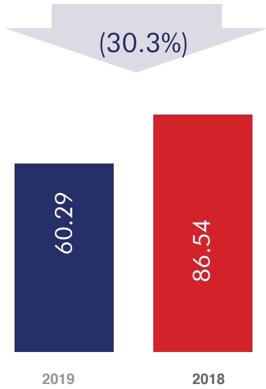
INFLATION ADJUSTED



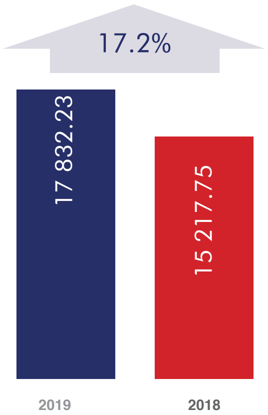
Total Income
(US$ million)



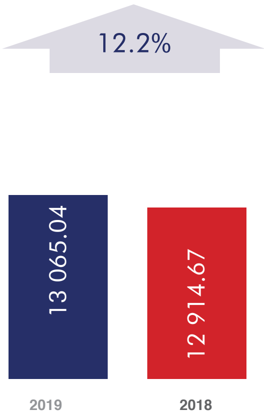
Profit after tax
(US$ million)



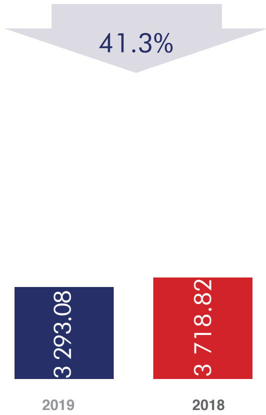
Basic earnings per share
(US$ cents)



Total assets
(US$ million)

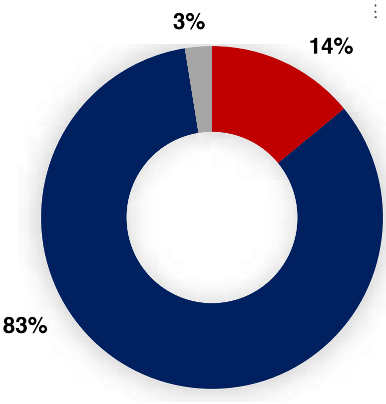


Total deposits
(US$ million)



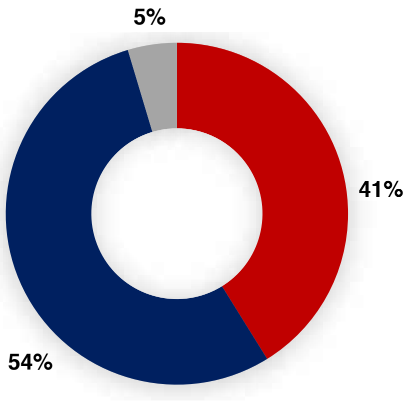
Gross advances
(US$ million)

Income Diversification



2019

- Net Interest Income
- Non Interest Income
- Net Underwriting Income



2018

Key Ratios

Return on assets

2019
5.3%
2018
3.6%

Return on Equity

2019
13.1%
2018
23.1%

Cost to income

2019
40.1%
2018
59.7%

CORPORATE **PROFILE**

BUSINESS **OVERVIEW**

Group Overview

To fully appreciate the essence of CBZ Holdings' journey, we have to begin at its origin and foundation - our key birthmarks.

Founded in 1980 as the Bank of Credit and Commerce Zimbabwe Limited (BCCZ) that was a joint venture between the Government of Zimbabwe and the Bank of Credit and Commerce International Holdings Limited (BCCIH). In 2004 a new vision was adopted propelling the establishment of CBZ Holdings (CBZH) as an entity poised to provide all client segments with a one-stop shopping experience for financial services. Over the years, CBZH has diversified its operations to insurance – CBZ Insurance Operations (CBZ Insurance, CBZ Life, CBZ Risk Advisory), asset management – Datvest, properties – CBZ Properties, investment banking – CBZ Capital, Micro-finance Redsphere and agriculture sector – CBZ Agro-Yield.

We are a proudly Zimbabwean entity that came into being shortly after Zimbabwe's formal political transition to democracy. This allowed us to set new business norms and change the face of doing business by establishing a socially embedded enterprise that uses its business success to transform lives and make a difference in our communities. As such, we are driven by a commitment to serve the broader interests of communities at large.

As a holding company, we aim to create a portfolio of businesses, which are market leaders and can deliver sustainable earnings, attractive dividend yield and long-term capital growth. Such a business approach is based on sound business principles and excellent financial results to transform lives and make a difference in our communities, both internally and externally.

Group Business Model

Our ultimate objective is to thrive to keep our clients at the heart of everything we do by offering a better, modern approach to build and manage wealth in various forms as their Partners for Success in all the market segments that we operate in. We are long-term investors focusing on high-quality growth opportunities through a 'Thematic Growth Strategy' approach. The process is primarily top-down investment approach with a focus on broader, macroeconomic themes. The themes help in formulating strategic context, getting behind future tailwinds, narrowing the universe, and focusing further research while avoiding spot forecasting or market timing.

We are always looking closely at industries and businesses and act as catalytic to create economic value for our clients, investors, stakeholders and the economy at large. We have a deep concern for upscaling the Zimbabwean economy, hence our desire to always look for great new adventures and challenges. This performance is achieved by partnering with all key stakeholders and exceptional management teams as we are represented on all the relevant strategic and governance forums and provides our subsidiaries with a responsible and stable shareholder of reference.

The Group also believes that through the utilization of the origination capabilities, operating platforms and distribution networks of these businesses, it can diversify, through capturing a larger share of profits, from providing investment banking, asset management, advisory, and insurance tailored offerings. Through the tailored offerings, the Group will, over time, offer differentiated value propositions for customers and generate new and potentially meaningful revenue streams.

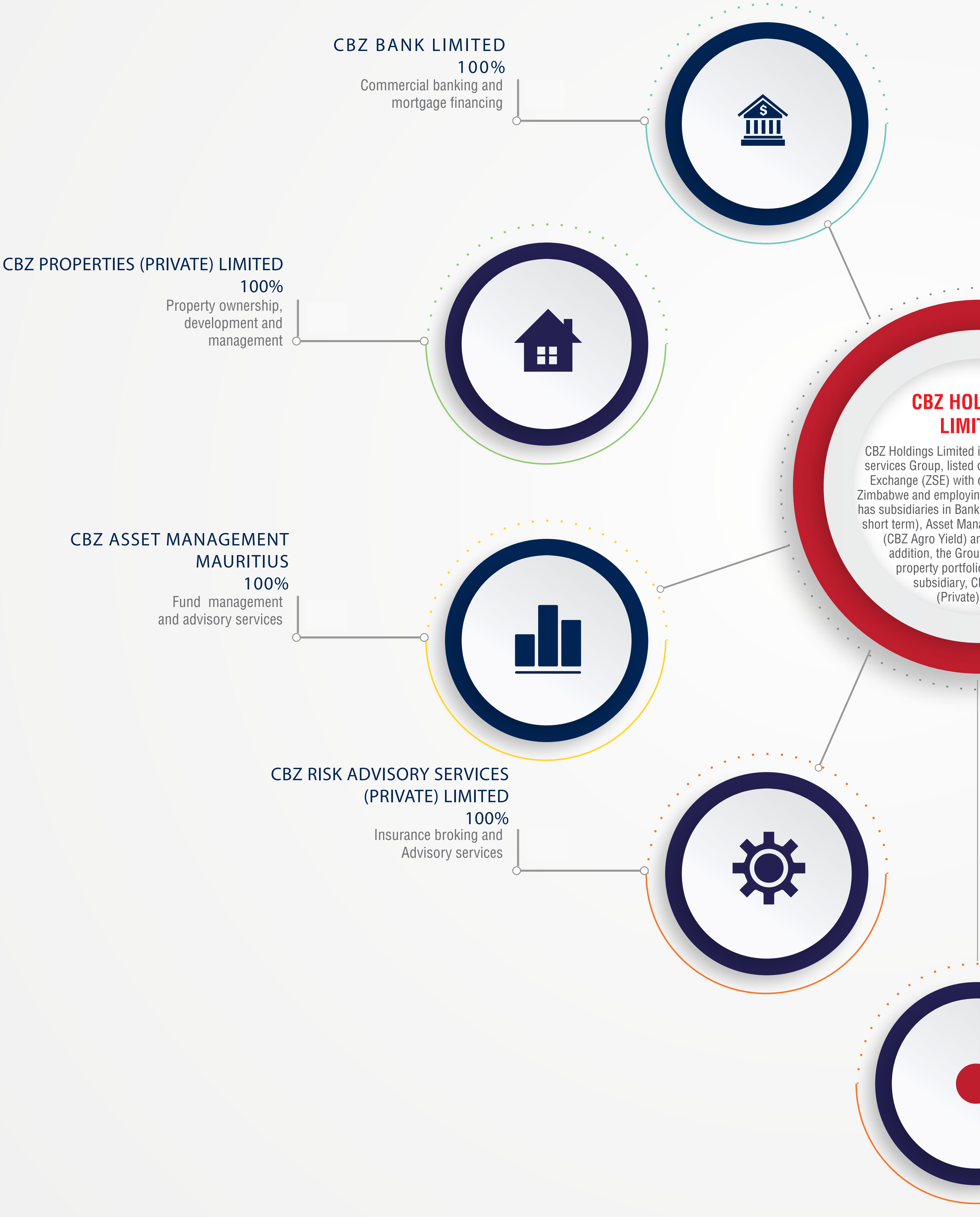
Agriculture and mining remain key growth sectors for Zimbabwe, and the newfound interest in agriculture for CBZ Holdings in 2019 through CBZ Agro-Yield is anchored on delivering digital agri-technologies. To bring the full benefit across the agriculture value chain, CBZ Agro-Yield is exploring the following four areas of digitalization:

1. Precision agriculture,
2. Connected supply chain,
3. Digital marketplace and
4. Autonomous operations.

The Group's strategy is to broaden its financial services offering as it enables a comprehensive customer offering and experience.

CBZ Holdings represents an exciting opportunity to build new businesses and make a difference in individual lives.

GROUP **STRUCTURE**



LDINGS
TED

s a diversified financial
on the Zimbabwe Stock
operations throughout
g 1 285 staff. The Group
ing, Insurance (long and
agement,Agro Business
nd Risk Advisory. In
p has a significant
o managed by its
BZ Properties
Limited.

CBZ AGRO YIELD
100%
Agriculture based financing

CBZ LIFE LIMITED
100%
Long term insurance

CBZ INSURANCE
(PRIVATE) LIMITED 98.4%
Short term insurance

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED
T/A DATVEST 100%
Fund management
and advisory services

Redsphere
100%
Micro finance

GROUP **COMMUNICATION** STATEMENTS

GROUP
CHAIRMAN'S STATEMENT

Marc Holtzman
Group Chairman

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.

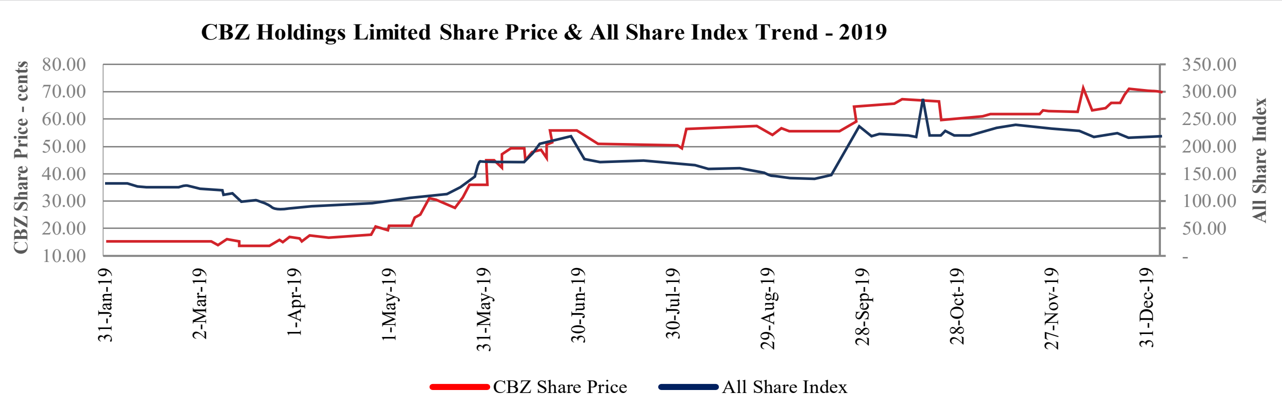
However, the lack of necessary interventions such as Balance of Payments and budgetary support to buttress the reform efforts evidently affected policy conduct during the period under review. This was reflected through foreign currency shortages, exchange rate weaknesses and inflationary pressures. Additionally, 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 revolved around cost escalations, while the trade, mining, agriculture and manufacturing sectors presented greater business opportunities.

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

Share Price Performance
The CBZH share price advanced by 349.7% to close at ZW 69.71c in 2019, outperforming the overall market, as shown in the graph overleaf.

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,



Source: Zimbabwe Stock Exchange, CBZ Research

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.

Dividend

The Board has proposed the declaration of a final dividend of $120 000 000 or 22.99 cents per share. This declaration translates to a growth of 1766.1% on the comparative 2018 final dividend.

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

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

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

....

Marc Holtzman
Group Chairman
24 June 2020

GROUP CHIEF
EXECUTIVE OFFICER'S STATEMENT

Dr. Blessing Mudavanhu
Group Chief Executive Officer

Operating Environment Overview

The global economy slowed in the current year with the International Monetary Fund (IMF) estimating a global growth of 2.9% driven by weakness in global trade and investments.

Zimbabwe's economy contracted by 12.8% (AFDB) in 2019, the first recession since the adoption of the multicurrency system in 2009. This was mainly due to poor performance mining, tourism, manufacturing and agriculture compounded the contractionary effects of fiscal consolidation and foreign currency shortages. Zimbabwe's vulnerability to climate change and environmental shocks - Cyclone Idai and the ongoing drought further amplified the deepening socio-economic impact. This also adversely affected electricity generation leading to constricted economic activity and widespread load-shedding.

Following the February 2019 unpegging of the exchange rate from the US dollar and the June 2019 introduction of the new currency—the Zimbabwe dollar —the exchange rate deteriorated from 2.5 Zimbabwe dollars per US dollar in February 2019 to 22 Zimbabwe dollars per US dollar in December 2019. Inflation increased from single digits in 2018 to more than 500% at the end of 2019, primarily due to exchange rate movements and occasionally by shortages of basic goods, inclusive of fuel and electricity.

In response to the noted challenges the Government of Zimbabwe through its various regulatory bodies, gazette several reforms namely strengthening fiscal management, improving the financial stability framework, developing a transparent and better-functioning FX market, and supporting governance reforms in a bid to make significant strides towards socio-economic transformation. The objectives of the reforms are to achieve economic stability and sustainable growth through accountability, transparency, and viability across the breadth of the economy; however, some of the structural reforms have lagged, hampering the economic development, business climate and the ease of doing business.

In spite of these challenges, the Group managed to record a commendable financial performance. This affirmed the strength of the Group's strategy, its ability to manage strategic risks, and the positive impact of the continued support from all stakeholders.

Business Performance

The Zimbabwean economy has had its own unique underlying conditions in 2019, and its challenges are still persistent. However, amid these economic challenges, Zimbabwe's opportunities are still vastly owning to its ability to harness the potential of its resources and people.

I am pleased to report on the performance of CBZ Holdings Limited (CBZH) for the year ended 31 December 2019. The figure below summarizes the Group's performance.

The key performance drivers for 2019 were mainly anchored on diversifying and growing alternatives leveraging on both transactional business, asset growth and improving asset quality. During 2019, the Group's focus also incorporated, creating cost-effective and efficient operating platforms through its digital transformation initiative. These were the main drivers of profitability, deposits, premium and assets under management growth.

HISTORICAL

Measure	Dec 2019	Dec 2018	Change
Profit after tax	$925.0 m	$72.2m	▲ 100.0%
Total advances	$3.0bn	$487.0m	▲ 100.0%
Total deposit	$13.1bn	$2.1bn	▲ 100.0%
Total assets	$16.9bn	$6.4m	▲ 100.0%
Return on Equity	78%	$23.1%	▲ 55.5%
Non Performing Loans	3.2%	16.7%	▼ 13.5%
Cost to Income Ratio	29.8%	59.7%	▼ 29.9%
Net Interest Margin	10%	3.5%	▲ 6.5%

INFLATION ADJUSTED

Measure	Dec 2019	Dec 2018	Change
Profit after tax	$312.5m	$488.3m	▼ 30.3%
Total advances	$3.01bn	$3.02bn	▼ 0.4%
Total deposit	$13.1bn	$2.1bn	▲ 1.2%
Total assets	$17.8bn	$15.2m	▲ 17.2%
Return on Equity	13.1%	$23.1%	▼ 10.0
Non Performing Loans	3.2%	16.7%	▼ 13.5%
Cost to Income Ratio	40.1%	59.7%	▼ 19.6%
Net Interest Margin	10%	3.5%	▲ 6.5%

Given our diverse financial services offering, the businesses produced a positive performance posting a profit of $312.5 million ($448.3 million: 2018) underpinned by real business growth in our subsidiaries namely CBZ Bank and also following the increased Group footprint in the agriculture sector through CBZ Agro-Yield. Fair value gains on investments properties, quality top-line growth, effective cost management and improved credit operations and recoveries further bolstered the Group's positive performance in 2019.

NPLs decreased to 3.2% from 16.7% in December 2018, primarily due to the implementation of a proactive regimented credit administration structure in line with IFRS 9 and Basel II requirements to improve our credit risk-based decision, asset quality, credit recoveries and further streamline lending processes.

Given the challenging macroeconomic environment, we continue to look for relevant and innovative ways to assist our clients by delivering excellent client experiences to ensure a deep and loyal customer and client bases and the Group's ongoing concern.
CBZ Holdings is and continues to be determined to deliver solutions that provide value for money to clients across our subsidiaries.

Strategic Overview

We remain focused on delivering on our purpose to enable clients to improve their financial lives. This is done with an unwavering commitment to provide credit extensions to small and medium enterprises and small consumer loans that can transform people's lives. This pursuit has seen us diversify our operations to microfinance – Red Sphere Finance and agriculture sector – CBZ Agro-Yield.

CBZ Holdings is and continues to look for avenues to play a distinct and catalytic role to transform the Zimbabwean economy. We aim at encouraging the economic participation of entrepreneurial businesses that form the backbone of the economy by opening new business frontiers for both existing and upcoming entrepreneurs, and the effective allocation of capital.

Outlook

At the time of concluding this note, the Covid-19 pandemic had reached our borders, and all indications point to a global stress event that is testing all businesses' financial, operational and commercial resilience – a global human and economic catastrophe. Economists and analysts worldwide are predicting a global recession for 2020.

Against this backdrop, the financial services sector is experiencing a challenging economic climate having to adapt rapidly and at scale to current constraints and market conditions. As the situation evolves, I am mindful that we should expect to see a shift in our focus and a re-prioritization of core business activities as we reshape our strategy to maintain business continuity, build resilience, prepare for recovery and to preserve shareholder value.

In this regard, reimaging the post-Covid-19 return requires us to build a cohesive team both in management and the supporting structures focusing on rebuilding operations; rethinking the organization; and accelerating the adoption of automation and digital solutions.

Change is inevitable, and disruption is the new normal. Our continued investment in digital development, new payment solutions, and advanced data management and analytics will allow us to create ecosystems and facilitate the aggregation a wide range of products and services. Such initiatives will help our customers on their entire journey, including outside the narrow confines of what currently constitutes banking.

It is my firm belief that digital transformation race is a marathon and the winners have not emerged yet, despite what many infer. We continue to invest in accelerating the transition to seamless omnichannel integration by breaking the channel silos between physical and digital channels. We are doing this using leading technology that adapts to any business, store, industry, or customer journey to building modern infrastructures allowing for a unified commerce.

Our strategy remains to focus on our clients and stakeholders to help them make better financial decisions.

Dr. Blessing Mudavanhu
Group Chief Executive Officer
24 June 2020

SHAREHOLDER **INFORMATION**

ANALYSIS OF **SHAREHOLDERS**

ANALYSIS BY SHAREHOLDER TYPE

Industry	Holders	% of Holders	Shares	% of Shares
COMPANIES	374	3.44	285 787 795	54.75
INDIVIDUALS	10 273	94.51	27 750 783	5.32
NON RESIDENTS	33	0.30	97 501 515	18.68
PENSION FUND	98	0.90	102 293 736	19.60
NOMINEES	46	0.42	3 267 653	0.63
INVESTMENTS TRUSTS & PROPERTY COMPANIES	31	0.29	1 181 747	0.23
INSURANCE	15	0.14	4 232 879	0.81
Total	**10 870**	**100.00**	**522 016 108**	**100.00**

Size of Shareholding	Holders	% of Holders	Shares	% of Shares
0 - 5 000	9 743	89.63	7 582 106	1.45
5 001 - 10 000	440	4.05	3 209 671	0.61
10 001 - 25 000	358	3.29	5 609 255	1.07
25 001 - 100 000	215	1.98	11 276 783	2.16
100 001 - 200 000	43	0.40	6 101 805	1.17
200 001 - 500 000	38	0.35	12 330 288	2.36
500 001 -	33	0.30	475 906 200	91.17
Total	**10 870**	**100.00**	**522 016 108**	**100.00**

CONSOLIDATED TOP 10 AS AT 31 DECEMBER 2019

SHAREHOLDER	Shares	% of Total
AKRIBOS WEALTH MANAGERS (PVT) LTD	160 560 934	30.76
GOVERNMENT OF ZIMBABWE	110 000 000	21.07
LIBYAN FOREIGN BANK	96 609 470	18.51
NATIONAL SOCIAL SECURITY AUTHORITY	81 946 808	15.70
LOCAL AUTHORITIES PENSION FUND	7 000 000	1.34
STANBIC NOMINEES (PVT) LTD	6 438 899	1.23
SCB NOMINEES	2 999 417	0.57
REMO INVESTMENT BROKERS (PVT) LTD	2 212 302	0.42
DINKRAIN INVESTMENTS	1 564 632	0.30
ZIMBABWE ELECTRICITY IND. PF	1 222 621	0.23
TOTAL	**470 555 083**	**90.14**
OTHER SHAREHOLDERS	**51 461 025**	**9.86**
SHARES IN ISSUE	**522 016 108**	**100.00**

SHAREHOLDER'S **CALENDAR**

Financial Year End	**31 December 2020**
Anticipated dates	
Half year's Results to 30 June 2020	August 2020
Full year's Results to 31 December 2020	March 2021
Annual report & Annual General meeting	May 2021

CORPORATE **SOCIAL RESPONSIBILITY**

CORPORATE
SOCIAL RESPONSIBILITY

Winners of the CBZ YEP 2019

CBZ Holdings Limited takes a holistic approach towards Corporate Social Responsibility in its business activities to ensure a positive impact on the communities in which it does business.

The Group continues to follow CSR policies and initiatives that are consistent with the standards that are adopted in ISO 26000:2010. The key focus areas included the following: Environmental Responsibility, Education, Human Welfare, Health, Sporting Excellence, Art, Wellness, and Staff Volunteerism.

In 2019, CBZ Holdings was involved in a number of community driven projects as detailed hereunder:

Environmental Responsibility

In 2019 CBZ continued with its thrust to scale up efforts to protect the environment through improving innovative delivery channels for our services by embracing digital product solutions and pushing paperless banking. CBZ's integrated mobile banking app CBZ Touch continues to go a long way in digital transactions where banking, insurance and wealth management converge and transform financial services into a lifestyle. It gives clients unprecedented control and security over their transactions, online without having to visit a branch.

CBZ YEP – Young Entrepreneurship Programme

The Group continued to support the CBZ Youth Entrepreneurship Programme (YEP) in partnership with Empowered Life Trust. The CBZ YEP, which started in 2016, is a practical and results-based initiative that targets youth between 18-30 years of age from all 10 Provinces across Zimbabwe who are keen to start their own business. YEP graduates are required to start businesses that are profitable and are run professionally within a given period of time, whilst receiving training and capacity building. In 2019 the initiative increased in outreach where 400 youths attended two regional workshops held in Bulawayo (for the Southern Region) and in Harare (for the Northern Region). During the year, the program was enhanced to include the rural outreach in areas such as Binga with an aim to empowering young women and men in the district. The top ten finalists each received seed capital as prizes to use in their small businesses. In 2019, the program produced entrepreneurs' country wide, with 40% of these young men and women running registered enterprises.

National Primary and Secondary Schools Debate Championship

CBZ Holdings continued with its partnership with National Association of Primary Heads (NAPH) and Institute of African Knowledge (INSTAK) in bringing "The CBZ Schools Debate Championships". During the year under review the debate competition included Secondary Schools.

The 2019 CBZ National Debate Championship was held in the ten provinces with the final competition held in Harare where twenty schools competed with ten finalists from each province for Primary Schools and 10 finalists for Secondary Schools.

1st Prize St Joseph's Rusere, 2nd Prize Mtshane Primary and 3rd Prize Lady Tait Primary

1st Prize Mtshabezi High, 2nd Prize St Ignatius College and 3rd Prize St Faith's High School.

Makomborero Trust

Makomborero Trust provides Boarding houses and education facilities for secondary school students from disadvantaged communities and this has allowed them to complete their education. CBZ has been supporting the Trust for the past four years by meeting fuel costs required to transport students from their Boarding facility to the various Trust schools around Harare. Makomborero gives the children the chance to fulfil their undeniable potential and gives them hope and a future by enrolling them to Trust schools in Harare.

Tariro Trust

CBZ remains committed to assisting in the development of infrastructure that will increase access to education for marginalized communities. CBZ partnered Tariro Trust an organisation that helps orphaned and vulnerable children, (with emphasis on the marginalized girl child) to have access to quality education. CBZ made a donation towards the payment of school fees for thirty children. Tariro Trust's mission is not just to provide education for these young women, but to be in the community where they support these learners and their families, thus the Trust is a place where the learners can explore their dreams and be encouraged and supported to go out and achieve them. Since Tariro started receiving support from CBZ Holdings, they have managed to increase the number of girls they support by 40%. More than 350 girls have passed through Tariro Trust with 99 % completing Secondary/High School Education.

CBZ Staff handing over a cheque towards the payment of school fees for Tariro Trust.

Copota School for the Blind

M. Hugo Primary School was founded by Margaretha Hugo, in 1927 with 1 student who h ad been rejected by his father because he was born blind. The mother approached Margaretha who then established a school for the blind in Chivi, which school was then relocated to Zimuto at the RCZ Copota farm. Currently the main objective of the school is to take the blind through the formal education curriculum and to teach them various life skills. In 2019 the CBZ donated mattresses to the school.

CBZH handed over of 110 mattresses for Copota School for the Blind Learners in Masvingo.

Philanthropy - Cyclone Idai Participation and Donation

CBZ Holdings and staff donated towards the relief for Cyclone Idai victims and handed over funding, clothing and groceries. The donation went a long way in assisting those that were left homeless by the cyclone.

Donated goods by CBZ Holdings staff members to Cyclone Idai Victims.

CBZ Marathon

CBZ Holdings hosted the CBZ Peter Gradwell Marathon Championship at Old Georgians Sports Club in Harare in 2019, which attracted 1400 participants for the various races ranging from 5km to 10km, 21km and 42.2km. Munyaradzi Jari emerged the winner of the Marathon when he crossed the finish line in 2 hours 23 minutes 6 seconds, beating Prosper Mutwira and Lyno Muchena into second and third positions respectively. Mutwira clocked 2 hours 23 minutes 22 seconds and Muchena followed with a time of 2 hours 25 minutes 19 seconds. Chitate Olivia was the first woman to cross the line in the female category in 2 hrs 53 minutes 6 seconds, ahead of a strong field which included Emillia Mukungatu who came second in 3 hrs 22minutes 28 seconds and Lynnette Tomu finishing third in 3hrs 33minutes and 10 seconds. In the wheelchair category, Samson Muroyiwa won the men's race in 2hrs 53 minutes 55 seconds while Margret Bangajena came first in the women's race clocking 3hrs 46 minutes 23 seconds. The CBZ Marathon gave the Group a huge opportunity to profile the CBZ brand as a responsible and responsive corporate citizen.

Dr. Blessing Mudavanhu (right) handing over the prize to Munyaradzi Jari (left), the winner of the marathon.

Staff Volunteerism

The Group has nurtured a strong culture of staff volunteerism, with staff members contributing various hours in their respective communities as well as providing resources to assist the needy. Listed below are some of the staff volunteerism activities undertaken during the period in review:

CBZ Nembudziya staff donated towards Mtora Mission Hospital, which contributes more than 50% of primary health care delivery in Nembudziya. Most services offered at Mtora Mission Hospital are free of charge. Expecting mothers travel long distances to Mtora Mission Hospital and await delivery of their babies for weeks. During this period the staff members provided foodstuffs and primary pre-natal care necessities to the patients.

CBZ Nembudziya staff donated towards Mtora Mission Hospital

CBZ Bulawayo Staff CSI Initiative to Tohwe Secondary School

Bulawayo staff members combined resources and contributed to Tohwe Matobo Secondary School funds, which we used to purchase sanitary-ware for the underprivileged girl child, as well as cleaning utensils.

Bulawayo staff members combined resources and contributed to Tohwe Matobo Secondary School funds.

CBZ HOLDINGS LIMITED AWARDS

The Group received recognition during the year through a number of awards:

1. ZNCC Awards

- Best Financial Institution supporting MSMEs - Mashonaland Region
- Runner Up - Sustainable Development Goals (SDGs) award.

2. Euromoney - London, United Kingdom Award

- Zimbabwe's Best Bank in 2019 by Euromoney - London, United Kingdom.

3. Global Finance Award

- Best Bank in Zimbabwe 2018 award by Global Finance

4. Top Companies Survey Awards

- CBZ Life - Runner-up - Life Assurer Award - IPEC Categorization.
- CBZ Insurance - Runner-up - Short-term Insurance Category.

5. Zimbabwe Smart-Tech Business Editors Awards

- CBZ Bank - Winner - Best Smart-Tech – Banking Award 2019

CORPORATE
GOVERNANCE

CORPORATE **GOVERNANCE**

Our approach to corporate governance

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

The Board recognizes that it is accountable to Shareholders for good corporate governance and is committed to high standards of governance that are recognised and understood throughout the Group. The Board is primarily accountable to shareholders, while also considering the interests of other stakeholders such as customers, employees, suppliers, regulators and the community. In an environment of 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.

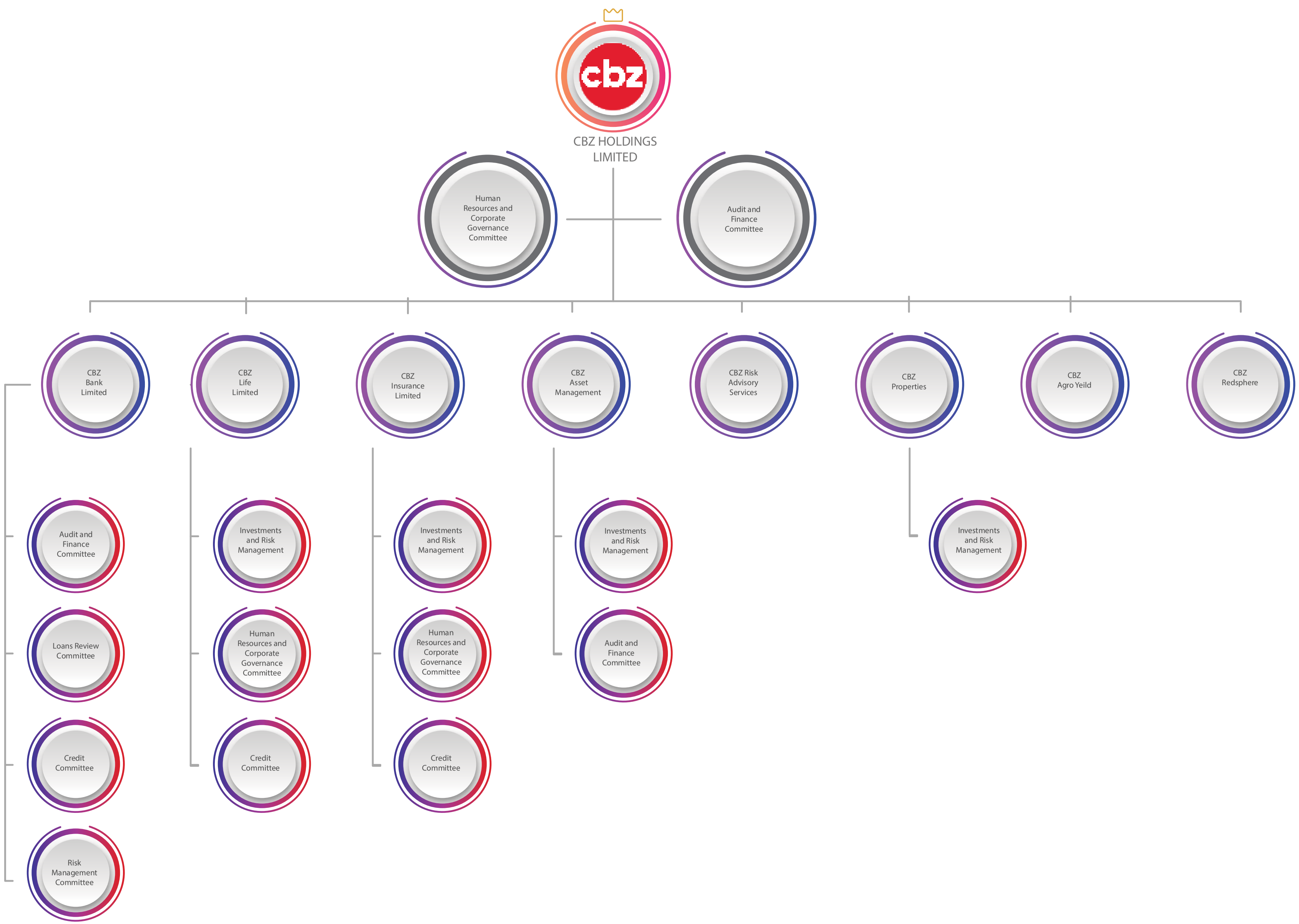
We aim to stay abreast of developments in good governance and practice, and have a well-developed structure that ensures the continued compliance with the Zimbabwe Corporate Governance Code (ZIMCODE 2014), the Zimbabwe Stock Exchange Rules SI134/2019, the Reserve Bank of Zimbabwe Corporate governance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

CORPORATE GOVERNANCE FRAMEWORK

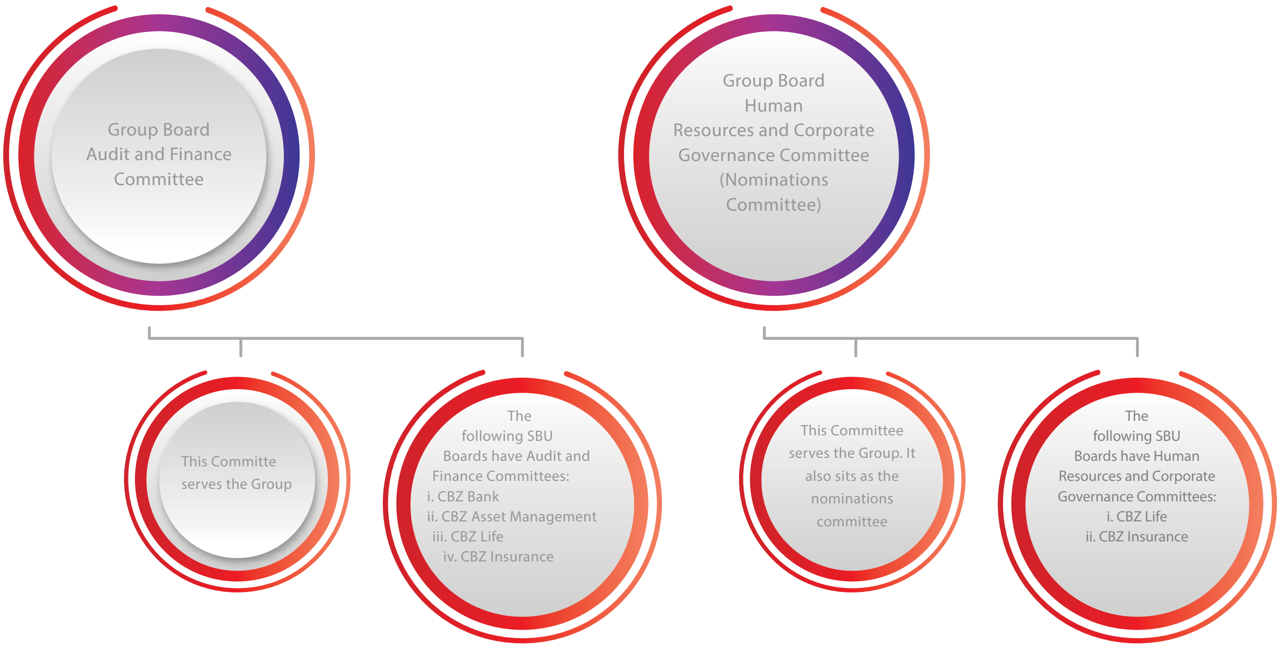
The Company's commitment is to harness principles of good governance as encapsulated in the following diagram:

GROUP GOVERNANCE STRUCTURE

The Group is governed by a framework of Boards and Committees as shown in the following diagram.



Relationship of Group Board Committees with Subsidiaries

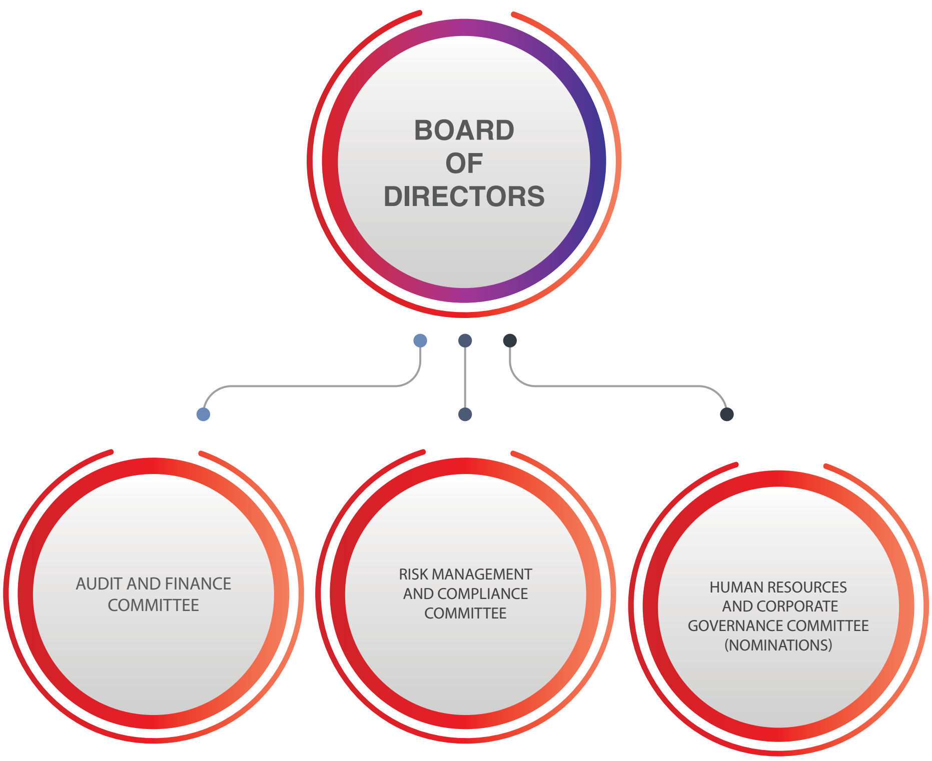


BOARD STRUCTURE AND COMPOSITION

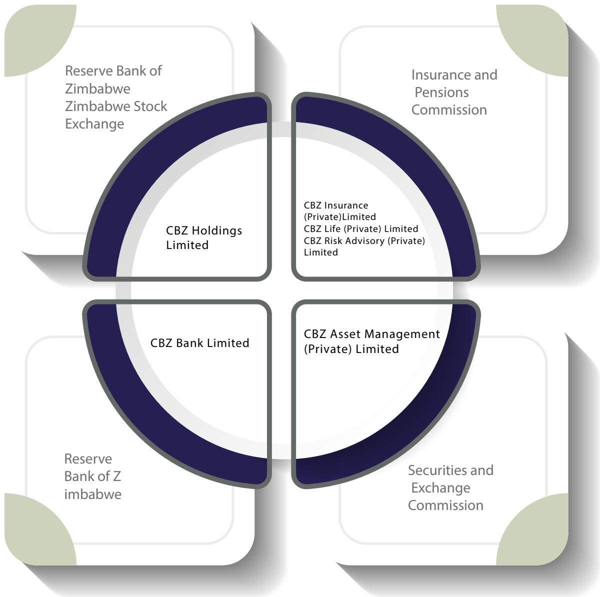
This is the main decision making body, setting the strategic direction of the Group and ensuring that the Group manages risk effectively. The Board is involved in setting measurable objectives to promote a healthy corporate culture that is aligned with strategy and our strong commitment to our stakeholders. 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.

CBZ HOLDINGS LIMITED GOVERNANCE STRUCTURE



Regulation of Group Companies
The Holding Company and its Subsidiary entities are subject to regulation by the following regulatory authorities:-



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.

Role of the Chairman

The role of the Chairman is distinct and separate from that of the Group Chief Executive Officer and there is a clear division of responsibilities with the Chairman leading the Board and the Group Chief Executive Officer managing the Group's business on a day to day basis. The Chairman's key responsibilities are, but not limited to: -

- Provide strong and effective leadership to the Board.
- Ensure the Board is structured effectively and observes the highest standards of integrity and corporate governance.
- Build an effective and complimentary Board with an appropriate balance of skills and personalities
- Facilitate the effective contribution and encourage active engagement by all members of the Board.
- In conjunction with the Group Chief Executive Officer and the Group Legal Corporate Secretary, ensure that Members of the Board receive accurate, timely and clear information to enable the Board to lead the company, make sound decisions and to effectively monitor the performance of executive management
- Manage the business of the Board and set the agenda, style and tone of Board discussions to provide effective decision making and constructive debate
- Ensure that the performance of individual directors and of the Board as a whole and its committees is evaluated annually
- Ensure the Group maintains effective communication with shareholders and other stakeholders

Role of the Group Chief Executive Officer

The Group Chief Executive Officer has responsibility for the Company's business and acts in accordance with the authority delegated by the Board. The Group Chief Executive Officer's key responsibilities are, but not limited to:

- Develop, drive and deliver the strategy and vision of the Group.
- Drive and deliver performance of the company against set performance and sustainability targets and reporting appropriately to the Board about such performance;
- Establish an organizational structure and operating model for the Group and to ensure effective execution of the strategy, sustainability, governance and control imperatives. Ensuring that appropriate Group policies are formulated and implemented;
- Ensure the Group has effective frameworks and structures to identify, assess and mitigate risks;
- Act as champion of the culture and values of the Group, creating an environment where employees are engaged;
- Lead, manage and develop the Group's senior

leadership team and management structures that ensure effective succession planning and professional development;

- In conjunction with the Chairman and Group Legal Corporate Secretary ensure that the Board receives accurate, timely and clear information.
- Monitor and report to the Board on the effectiveness of legal compliance controls, processes, systems and resource capacity;
- Manage the affairs of the Group and its subsidiaries in line with the agreed mandate from the Board of Directors;

Role of the Board of Directors

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. The Board has a fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth. The Board exercises its duties with care, skill and diligence and exercises independent judgment. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The roles of the Non-Executive Chairman and the Group Chief Executive Officer are formalised, separate and clearly defined. This division of responsibilities at the helm of the company ensures a balance of authority and power, with no one individual having unrestricted decision-making powers. The non-executive directors have extensive business experience and specialist skills across a range of sectors, including accounting, finance, law, risk management, retailing and human resources. This enables them to provide balanced and independent advice and judgement in the decision-making process. The Board meets at least four times a year. Additional meetings can be convened to consider specific business issues which may arise between scheduled meetings.

Size and Composition of the Board

We believe that our Board requires an appropriate mix of directors to maintain its independence, and separate its functions of governance and management. The Company's Board size is determined by:-

- Provisions in terms of the its Memorandum and Articles of Association
- Provisions in the Zimbabwe Corporate Governance Code (2014)
- Provisions in the Banking Amendment Act (2015)
- Provisions in terms of the RBZ Corporate Governance Guideline No. 01/2004/BSD
- Provisions in terms of the Banking Act [Chapter 24:20]
- Provisions in terms of the Companies and other Business Entities Act [Chapter 24:31]
- International best practice guided by King Reports and Codes of Governance

Board Charter

The scope of authority, responsibility, composition and functioning of the Board is contained in a formal Charter which is annually reviewed. The directors retain overall responsibility and accountability for:

- Ensuring the sustainability of the business;
- Approving strategic plans;
- Monitoring operational performance and management;
- Ensuring effective risk management and internal controls;
- Monitoring legislative, regulatory and governance compliance;
- Approval of significant accounting policies and annual financial statements;
- Selection, orientation and evaluation of directors;
- Ensuring appropriate remuneration policies and practices;
- Monitoring transformation and empowerment; and
- Promoting balanced and transparent reporting to shareholders

Availability of information to Board members

The Board has unrestricted access to all Company-related information, including that of employees. At Board meetings, managers and representatives who can provide additional insights into the items being discussed are invited. Regular updates provided to the Board include: -

- Annual strategic and operating plans and budgets, capital budgets and updates;
- Quarterly results of operating Subsidiary Units;
- Dividend information
- Information on recruitment and remuneration of Executive Management;
- Materially important litigations, show cause, demand, prosecution and penalty notices;
- Any materially relevant defaults in financial obligations;
- Any issue that involves possible public or product liability claims of a substantial nature;
- Details of joint ventures, mergers and acquisitions of companies, or collaboration agreements;
- Transactions that involve substantial payments toward goodwill, brand equity or Intellectual Property (IP);
- Any significant development involving human resource management;
- Sale of a material nature, or of investments, subsidiaries and assets, which are not part of the normal course of business;
- Non-compliance with any regulatory, statutory or listing requirements, as well as shareholder services, such as non-payment of dividend and delays in share transfer;

Director Training and Professional Development

Board training and developmental initiatives remain focused on enabling Directors to have access to learning, development and training opportunities which enable them to be suitably knowledgeable and skilled to carry out their role within the Company. In line with strategic imperatives, the Group acknowledges that a training programme achieves the following objectives: -

- To ensure that Directors are supported and enabled to meet the changing demands of the Company and its operating environment so that the Company achieves its strategic objectives;
- To facilitate professional and personal development through assisting Directors to broaden, deepen and thereby further enhance their existing skill base; and
- To provide an enabling environment where continuous learning and development takes place.
- The Directors were trained in the following areas during the course of the year:
    - Elements of Corporate Governance
    - Board and Committee Chairperson's Responsibilities and Effective Chairing of Boards & Committees
    - Understanding and applying the Companies and Business Entities Bill
    - Board Risk Oversight, Appetite and Business Continuity

Board Evaluation

An effective Board is the key driver of business growth and success; this is complemented where an organization has a structured program for Board self-evaluation. The Board provides the overall leadership and vision for the company, setting its direction and major policies, appointing and supervising Executive Management, ensuring it complies with relevant laws and regulations as well as being accountable to the shareholders and stakeholders at large. The Board is ultimately responsible for the performance of the company; hence it is important for the Board's performance to be regularly evaluated against agreed set criteria. In accordance with the Banking Act as read with the RBZ Corporate Governance Guidelines, the Board is to undertake an annual performance evaluation. The Board therefore undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and each director. The Board, uses a detailed questionnaire, completed by each director, as the basis of these evaluations. This evaluation is aimed at determining how the Board's effectiveness can be improved. A final Board Evaluation Report compiled by external consultants is submitted to the Reserve Bank of Zimbabwe by 31 March of the following year. The Board Evaluation conducted in year 2018 covered three assessments which were:

- Board self-evaluation
- Chairperson's assessment
- Individual Director Assessment

Due to the significant changes to the Board of Directors and Executive Management; the RBZ extended an exemption for Board Evaluations. Accordingly, Board evaluations for CBZ Holdings Limited and CBZ Bank Limited were not undertaken for the year 2019.

Board Meetings

In 2019, a minimum of four formal Board meetings were scheduled and individual attendance by directors at these meetings is presented in the report. The Board meets quarterly. Board meetings are scheduled well in advance according to a Board calendar which is set and approved in advance. Additional Board meetings, apart from those planned, are convened as circumstances dictate. The Board agenda and meeting structure focuses on strategy, risk management, performance monitoring, governance and related matters. This ensures that the Board's time and energy are appropriately applied. Directors may propose additional matters for discussion at Board meetings. In advance of each meeting, the directors are supplied with comprehensive Board reports.

Board meetings are conducted in a manner that promotes open communication, active participation and timely resolution of issues. Sufficient time is provided during Board meetings for thoughtful discussions. Board meetings are facilitated, but not overly influenced by the Chairperson. Other executives such as the Group Chief Risk Officer, Chief Compliance Officer, the Group Human Resources Divisional Director attend Board committee meetings by invitation. This provides the Board with an opportunity to engage directly with management on key issues and it also supports the Board succession planning activity.
Retirement and Appointment of New Directors

During the course of the year the Company 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 Holtz–man (Chairman)	Mr Marc Lawrence Holtz–man (Chairman)	Never Mhlanga (Chairman)	Richard Dawes (Chairman)	Ambrose Matika (Chair–man)	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 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 Dawes	**	1	**	3	1	3
F B Zizhou	4	–	4	4	8	4
V Masunda (Dr)	**	4	4	4	8	2
H Tshuma	2	2	2	2	3	1
Dr Mudavanhu B	–	2	–	–	2	–
C Chimutsa	4	–	4	4	2	2
N Mureriwa*	4	4	4	4	2	2
J Mutizwa**	4	4	4	4	2	2

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

CBZ Risk Advisory Services Board attendance register (January to December 2019)

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

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

CBZ Properties Board attendance register (January to December 2019)

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

Key
* - Executive Director

GROUP
LEGAL CORPORATE SECRETARY

All directors have access to the advice and professional services of a qualified and experienced Group Legal Corporate Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are fully observed.

The Group Legal Corporate Secretary provides guidance to the Board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interests of the Company.

The Group Legal Corporate Secretary oversees the training and induction of new directors and assists the Chairman and the Group Chief Executive Officer to determine the Board agendas, as well as to formulate governance and Board related issues. She acts as a trusted advisor in the effective functioning of the Board, ensuring appropriate alignment and information flows between the Board and its committees, including the executive committee.

She is also responsible for ensuring that the Board receives accurate, timely and clear information, facilitates good information flows between Board members; leading on the implementation of the recommendations from the annual Board evaluation.

Statement of Compliance

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

By order of the Board

....

Rumbidzayi A. Jakanani
Group Legal Corporate Secretary

24 June 2020

REPORT OF
THE DIRECTORS

We have the pleasure in presenting our report and the audited financial statements for the year ended 31 December 2019.

SHARE CAPITAL

The authorized and issued share capital of the Group is as follows:
Authorised: 1 000 000 000 ordinary shares

Issued and fully paid: 522 016 108 ordinary shares

INCORPORATION, ACTIVITES AND RESULTS

The Group offers commercial banking, mortgage finance, asset management, short and long term insurance and other financial services and is incorporated in Zimbabwe.

Summarised below is breakdown of the application of profit after tax attributable to equity holders of the parent:-

	Inflation adjujusted		Historical	
	31 Dec 2019 ZWL$	**31 Dec 2018 ZWL$**	**31 Dec 2019 ZWL$**	**31 Dec 2018 ZWL$**
Dividend Payout	27 276 457	24 635 208	12 070 851	3 966 065
Retained for future growth	285 257 574	423 658 735	912 907 500	68 196 701
	312 534 031	**448 293 943**	**924 978 351**	**72 162 766**

Directorate as at 31 December 2019

Marc Holtzman	Independent Non Executive Director (Chairperson)
Louis Charles Gerken	Independent Non Executive Director
Mr Edward Ushemazoro Mashingaidze	Independent Non Executive Director
Ms Rebecca Loiuse Gaskin Gain	Independent Non Executive Director
Mr Edward Elio Galante	Independent Non Executive Director
Dr Blessing Mudavanhu*	Group Chief Executive Officer
Mr Tawanda Lloyd Gumbo*	Group Chief Finance Officer

*Executive

Rumbidzayi Angeline Jakanani — Group Legal Corporate Secretary

DIVIDEND ANNOUNCEMENT

The Board has decided to declare final dividend of 120 000 000 for the year ended 31 December 2019.

By Order of the Board

....
Rumbidzayi A. Jakanani
Group Legal Corporate Secretary

24 June 2020

DIRECTORS'
PROFILES

Marc L Holtzman 59

Dr Blessing Mudavanhu 48

Rebecca L Gaskin Gain 54

Edward U Mashingaidze 65

Louis C. Gerken 68

Tawanda L. Gumbo 50

Edward E Galante 62

Rumbidzayi A Jakanani 42

Marc L Holtzman

Capacity

Chairman

Age: 59

Qualifications

- Bachelor of Arts Degree in Economics from Lehigh University.

Profile

Mr Holtzman is the current Chairman of the Board of Directors of the Bank of Kigali, the largest financial institution in Rwanda. He has served as a member of the Board of Directors since 2009.

Previously, Mr. Holtzman was Chairman of Meridian Capital HK, a private equity firm with investments in natural resources, real estate, food, agriculture and transportation. Prior to joining Meridian, Mr. Holtzman served as Vice Chairman of Barclays Capital and as ViceChairman of ABN Amro Bank. Previously, as co-founder and President of MeesPierson EurAmerica (a firm which was acquired by ABN Amro) and as a Senior Advisor to Salomon Brothers.

Mr. Holtzman also currently serves as a member of the Board of Directors of TeleTech, the world's leading provider of analytics-driven technology-enabled services and FAT Brands (NASDAQ:FAT), a global franchisor of leading restaurant brands.

From 2012 to 2015, Mr. Holtzman served on the Board of Directors of FTI Consulting, Inc. a global financial and strategic consulting firm, and Sistema, Russia's largest private company listed on the London Stock Exchange. In addition, Mr. Holtzman served as a member of the Board of Trustees of the United States Space Foundation from 2004 to 2010. From 2003 through 2005, Mr. Holtzman was President of the University of Denver where he was responsible for the development of the Rocky Mountain Center for Homeland Security.

Previously, Mr. Holtzman served in the Cabinet of Governor Bill Owens as Colorado's first Secretary of Technology. In addition, Mr. Holtzman was Chairman of Colorado's Information Management Commission and Co-Chairman of the Governor's Commission on Science and Technology. He helped guide Colorado's economic transformation into a fully diversified technology hub.

Mr. Holtzman is passionate about his work with the Point Foundation a UK based charity and is a longtime supporter and former Trustee of the Colorado Animal Rescue Shelter.

Dr Blessing Mudavanhu

Capacity

Board Director. (Executive Director)

Age:48

Qualifications

- Doctorate in Mathematics from the University of Washington (USA)
- Masters degree in Financial Engineering from the University of California at Berkeley (USA)

Profile

Dr Mudavanhu has over 15 years experience in the regional and international financial services markets and he brings with him a wealth of knowledge and experience in risk management.

Dr Mudavanhu upon completion of his studies, he joined American International Group (AIG) in New York as a Senior Risk Analytics Associate. Following his time at AIG, Dr Mudavanhu joined Bank of America Merrill Lynch as Director in Global Risk Management encompassing New York City, London, Mexico City and Sao Paulo. In 2009 he joined African Banking Corporation (BancABC) as Group Chief Risk Officer and served as Acting Group Chief Executive Officer for 2 years. BancABC had operations in Botswana, Mozambique, Tanzania, Zambia, Zimbabwe and a minority interest in a large Nigerian Bank. Dr Mudavanhu left in January 2017 to set up Dura Capital LLC in Johannesburg.

Rebecca L Gaskin Gain

Capacity

Board Director. (Independent Non Executive Director)

Age:48

Qualifications

- Bachelor of Arts (History), Honors Program, from the Wake Forest University
- Juris Doctor Degree from the Emory University School of Law
- She completed the third year curriculum for her Juris Doctor Degree at the Columbia University School of Law
- Foundations in Finance program at the Insead-Amsterdam Institute of Finance
- Complemented her professional experience with the Islamic Finance curriculum of the Insaniah University of Malaysia,
- intensive Arab Language program at the Yemen College of Middle Eastern Studies.

Profile

Rebecca has more than 30 years' experience in the emerging markets and 25 years of experience in Africa. She is a lawyer by profession and was admitted to the New York State Bar Association in 1990. Following completion of her clerkship at the Appellate Division for the Supreme Court of New York in 1993, she focussed on foreign direct investment, initially in Central and Eastern Europe, and subsequently in Africa.

Rebecca has worked for and advised governments, multilateral agencies, bilateral agencies as well as large listed corporates and private investors. She has performed both executive and advisory roles. In 2000, she was the first female appointed by the Standard Bank Group to serve as Chief Executive Officer for a Group subsidiary, Standard Bank Congo, a position that she served for three years. In 2003, she was the first female appointed to the Group's Africa Executive Committee. In the domain of foreign direct investment, Rebecca understands the range of complex issues involved with negotiating and implementing investment conventions with governments, and related project finance agreements with developers, investors and financial institutions.

Most recently, Rebecca provided business development support to Nexant Inc's energy advisory and government service operations. She was the Lead Transaction Advisor in Djibouti from 2015 to 2018, with the responsibility to originate and drive priority projects in energy and related pipeline infrastructure projects under the United States initiative Power Africa. She also served as the Senior Energy Advisor to Power Africa for Somalia and led the due diligence of the Electricity Supply Industry in Somalia and Somaliland in 2017.

In 1989 she completed the third year curriculum for her Juris Doctor Degree at the Columbia University School of Law, where she also served as Research Assistant to Rifkind Professor of Finance and Law, Louis Lowenstein, for Sense and Nonsense in Corporate Finance (1990).

Edward U Mashingaidze

Capacity

Board Director. (Independent Non Executive Director)

Age:65

Qualifications

- Student: Doctor of Business Administration (DBA) with the University of Liverpool, UK.
- Master of Research and a Master of Business Administration (MBA)-International Business from University of Liverpool
- Bachelor of Commerce (Economics) from the University of South Africa.

Profile

Edward U. Mashingaidze has been instrumental in the start-up, growth and expansion of EnergyDAS Private Limited. He manages and provides leadership for EnergyDAS's large-scale high-tech projects that involve multiple stakeholders and organisations. He coordinates specialist engineering teams working on advanced technical implementation throughout Africa. He has over 20 years extensive experience in the processing Industry having worked for TA Holdings Limited from 1986 to 1996 as Managing Director of United Refineries Private Limited. Edward also spent 15 years as Managing Director of a distributor of Komatsu earth moving equipment in the mining and construction industry.

Louis C. Gerken

Capacity

Board Director. (Independent Non Executive Director)

Age:48

Qualifications

MBA from the Southern Methodist University Graduate School of Business,

- Master's Degree in International Business from the American Graduate School
- Bachelor's Degree in Economics from the University of Redlands.

Profile

Lou founded San Francisco Bay Area-Based Gerken Capital Associates ("GCA") in 1989. GCA is an alternative asset fund management firm, with particular focus on emerging markets private equity/venture capital. Prior to forming GCA, Lou was the Managing Director and Group Head of Prudential Securities Technology Investment Banking Division.

Earlier, Lou was a General Partner to Prudential Securities' four venture capital SEC-registered funds with $336 million under management ("Prutech"). As one of the largest U.S. Venture Capital Funds, Prutech was responsible for completing fifty IT and bio-tech sector early and expansion stage investments, and was one of the first venture capital funds to pioneer corporate partnering as a co-investment strategy.

Prior to Prudential, Lou was associated with Montgomery Securities' Venture Capital Funds, and Wells Fargo Capital Markets where he developed one of the first U.S. fund of funds. Earlier, Mr. Gerken was Founder of TCG International, a telecommunications consulting engineering practice responsible for the deployment of international Fortune 500 telecom/datacom projects. Prior to TCG, Lou was a Senior Research Analyst and Portfolio Manager with GT Capital Management, a London-based emerging markets investment management firm. Lou started his career with the Bank of California Trust Department as an Investment Officer and Research Analysts responsible for the technology and financial sectors, as well as all privately-held holdings.

As a recognised authority in finance and economics, alternative investments, and the emerging markets, Lou has been a frequent keynote speaker at major industry conferences. Mr. Gerken is the author of The Little Book of Venture Capital Investing: Empowering Economic Growth and Investment Portfolios published by John Wiley & Sons, Inc. He is also author to Privatization: The Road to Reinvigorating Economies to be published by Morgan James Publishing.

Tawanda L. Gumbo

Capacity

Board Director. (Executive Director)

Age:48

Qualifications

- Bachelor of Accounting Science - (BCompt)University of South Africa
- Chartered Accountant (South Africa) - Institute of Chartered Accountants South Africa
- Chartered Accountant (Zimbabwe) - Institute of Chartered Accountants Zimbabwe

Profile

Tawanda is a Chartered Accountant (South Africa & Zimbabwe) with 30 years of professional experience, 20 of them as a Deloitte partner in various African practices. He is a co-founder and chief adviser to private equity businesses and recently served as an Audit Executive Partner in Deloitte Southern Africa where he was responsible for business development across Africa.

He is the outgoing CEO for the Deloitte West Africa cluster, a role which he held for over five years based in Nigeria. He has served as a member of the Deloitte Africa Exco, and as a Board member of the Deloitte Southern Africa cluster. Tawanda also served as the CEO of Deloitte Central Africa cluster for 8 years prior to joining Deloitte in West Africa.

Tawanda is a past President of the Institute of Chartered Accountants of Zimbabwe and has served as the deputy chairperson and member of the Zimbabwe Stock Exchange monitoring panel. He has also served on the council for the Pan African Federation of Accountants (PAFA) and as an Exco member of the predecessor accounting body ECSAFA covering 29 Anglophone African countries.

Tawanda brings depth and rigor to the CBZ Holdings Executive Team through his experience of executing many mandates across the continent.

Edward E Galante

Capacity

Board Director. (Independent Non Executive Director)

Age: 62

Qualification

- B.A. College of Notre Dame (History / Philosophy)

Profile

Edward is the co-founder and Executive Director of Mangwana Capital (Pvt) Ltd, an investment advisory firm, licensed with the Securities Exchange Commission of Zimbabwe which is focused on advisory and corporate finance services. He is also a co-founder and co- manager of Mangwana Opportunities (Pvt) Ltd., a private equity company which is focused on making investments in Zimbabwe in agriculture, mining and import substitution businesses.

Ted is the founder of Houses For Africa (Zimbabwe) (Private) Limited, Mortgage Management Services (Private) Limited and Zimbabwe Mortgage Company (Private) Limited. Through his leadership, his companies completed over 5 000 units of high and medium density housing in Zimbabwe. In addition, he developed over 2 400 residential medium density stands in Zimbabwe. He has also been active in the development of commercial real estate in Zimbabwe. Edward has been instrumental in structuring and raising institutional funding; he designed and sold the first mortgage backed securities issue in Zimbabwe.

From 2009 to 2012 Edward was an Executive Director of Chartwell Capital Group Pty. Ltd. in Johannesburg, a boutique merchant bank regulated by the South African Reserve Bank. Together with the Chartwell executive, he built the housing finance business of Chartwell Capital which eventually re-focused its business and became Chartwell Housing Finance Solutions Pty. Ltd.

Before emigrating to Zimbabwe in 1992, Edward was the Founder and CEO of Edward E Galante Investments Inc. a wholly owned real estate and development company. He worked for E.F. Hutton and Company where he held various positions in institutional sales, corporate finance and syndicate, and prior to that for Tuttle and Noroian Investment Managers.

Edward is the Chapter Champion and founding Chairman of the Young President's Organization (YPO) chapter in Harare, and the immediate past YPO Africa Gold Regional Chairman. During his two-year term as YPO Gold Regional Chairman, his region won the "Best of the Best" region globally from YPO International.

Rumbidzayi A Jakanani

Capacity

Group Legal Corporate Secretary

Age: 42

Qualification

- Bachelor of Law (Hons) – University of Zimbabwe
- Master of Law in International Economic Law (University of Warwick UK)
- Master of Business Adminstration Degree in Strategic Management (Student at NUST)

Profile

Rumbidzayi is a lawyer by profession, having previously worked for Stumbles and Rowe Legal Practitioners as a civil and criminal lawyer. She worked in her capacity as Manager Corporate Governance and Compliance, CBZ Bank Limited (2005) and Legal Corporate Secretary (2009) until her appointment as Group Legal Corporate Secretary in 2012.

FINANCIAL **STATEMENTS**

STATEMENT
OF DIRECTORS' RESPONSIBILITIES

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, 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 (ZW$) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar, and each hundredth part of a bond note unit and each hundredth part of a RTGS dollar is equivalent to a Zimbabwean cent. The ZW$ 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 Statements are prepared in order to comply with International Financial Reporting Statements (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 amounts are 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 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
GROUP CFO
24 June 2020

....
Dr .B. Mudavanhu
GROUP CEO
24 June 2020

Ernst & Young

Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 / 2773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of CBZ Holdings Limited

Report on the Audit of the inflation adjusted consolidated financial statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of CBZ Holdings Limited and its subsidiaries the (Group), as set out on pages 52 to 136, which comprise the inflation adjusted consolidated statement of financial position as at 31 December 2019, and the inflation adjusted consolidated statement of comprehensive income, inflation adjusted consolidated statement of changes in equity and inflation adjusted consolidated statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Matter 1: Non-compliance with International Financial Reporting Standards IAS 21- ***The Effects of Changes in Foreign Exchange Rates*** **in prior period and inappropriate application of IAS 8 -** ***Accounting Policies, Changes in Accounting Estimates and Errors***

As explained in Note 1.1 to the inflation adjusted consolidated financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 January 2019 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 December 2019. The Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL prior to 22 February 2019 and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate. We believe that this occurred effective 1 October 2018.

Accordingly, the consolidated financial statements of the Group included balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 1.1 to the inflation adjusted consolidated financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the inflation adjusted consolidated financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, for reasons explained on Note 1.1, was to prospectively apply the change in functional currency from USD to ZWL from 23 February 2019 which we are not in agreement with for the reasons noted above. The correct approach would have been a retrospective restatement as a prior period error in terms of International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

As a result of these matters:

All corresponding numbers are misstated on the inflation adjusted consolidated Statements of Financial Position, consolidated Cash Flows Profit or Loss and Changes in Equity.
As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the inflation adjusted consolidated Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

There was the creation of a foreign currency reserve of ZWL/RTGS$ 87 378 320 which should not exist as appropriate restatement would not give rise to differences. Such a reserve is thus not in compliance with IAS 21 nor valid.

Our opinion on the current period's inflation adjusted consolidated financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impact on the corresponding numbers and the current year performance and cash-flows, the matter continues to impact the balances on the inflation adjusted consolidated Statement of Financial Position as these still comprise of amounts from the prior year. The balances on the Statement of Financial Position which are impacted include:

- Property and equipment
- Intangible assets
- Share premium
- Revaluation Reserve
- Retained earnings
- Non-controlling interest
- Deferred Tax

The portions affected by this matter have not been identified/quantified here. This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

Matter 2: Valuation of investment properties, land inventory and owner-occupied properties classified under property and equipment

The Group's investment properties, land inventory and freehold land and buildings are carried at ZWL558,585,537; ZWL736,278,545 and ZWL 806,910,344 respectively as at 31 December 2019.

At 31 December 2019 CBZ's investment properties, land inventory and freehold land and buildings were valued using inputs denominated in the United States Dollar currency and converted to local currency using the interbank rate per Note 22; Note 17 and Note 21 to the inflation adjusted consolidated financial statements. Commercial properties were valued in terms of the income capitalisation method/ implicit investment approach, while residential properties were valued in terms of the market comparable approach. Both valuation methods rely on historical market evidence for calculation of inputs. This includes transaction prices for comparable properties, annual rentals and capitalisation rates.

However, using USD historical data and applying conversion rates to those USD valuation inputs to calculate ZWL property values would in our view not be an appropriate reflection of market dynamics. There is therefore a disagreement with management on the inputs used. Owing to the nature of the matter and the inputs arriving from external sources and not the accounting records, we are unable determine the appropriate correct inputs and therefore cannot quantify the possible impact.

Matter 3: Exchange rates used after the date of change in functional currency (Non-compliance with IAS 21)

As outlined in Note 1.1 to the inflation adjusted consolidated financial statements, for the year ended 31 December 2019, the Group translated foreign denominated transactions and balances using interbank rates. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21. We therefore believe that the exchange rates for transactions and balances between the US$ and the ZWL used by the Group did not meet the criteria for appropriate exchange rates in terms of IFRS.
Had the correct rate been used all amounts in the Statement of Comprehensive Income except for transfers to annuities reserve, credit loss expense and fair value losses on unquoted investments would be materially different. Similarly, the following balances on the Statement of Financial Position at 31 December 2019 would be stated at different values:

- Balances with banks and cash
- Money market assets
- Loans and advances to customers
- Other assets
- Current tax receivable and payable
- Property and equipment
- Deferred tax assets and liabilities
- Deposits
- Other liabilities

However, owing to the lack of information available on the spot rates available to the entity and the other matters discussed above it is not possible to quantify the impacts of this departure from IFRS on the amounts noted above.

Overall impact – Hyperinflationary Economies

Furthermore, notwithstanding that the accounting policies also include the requirements from IAS 29 - Financial Reporting in Hyperinflationary Economies which has been applied from 1 January 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which has been misstated as a result of matter 1 as described above. Had the correct base numbers and start date been used, most elements of the inflation adjusted consolidated financial statements would have been materially different.

The effects of all of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements as virtually all elements of the financial statements would be materially different.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements section of our report. We are independent of CBZ Holdings Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of Matter- Settlement of legacy liabilities and Nostro funding Gap

We draw attention to Notes 1.3, 3, 16, and 25.2 in the inflation adjusted consolidated financial statements, which collectively provide information relevant to the legacy liabilities and the Nostro gap affecting the Group. These notes highlight Management's assessment of the risks associated with these foreign denominated debts and the settlement arrangement with the Reserve Bank of Zimbabwe. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The Directors are responsible for the other information. The other information comprises the Chairman's Statement, The Group Chief Executive Officer's Report, the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Group Chief Executive Officer's Report and the Statement of Corporate Governance and Responsibility were made available to us after the date of this auditor's report.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and we could not obtain sufficient appropriate evidence regarding the valuation of properties. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Inflation Adjusted Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted financial consolidated statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the inflation adjusted consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted financial consolidated statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Fungai Kuipa (PAAB Number 0335).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Harare
26 June 2020

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

	Notes	INFLATION ADJUSTED AUDITED 31 DEC 2019 ZWL$	INFLATION ADJUSTED AUDITED 31 DEC 2018 ZWL$	HISTORICAL UNAUDITED 31 DEC 2019 ZWL$	HISTORICAL UNAUDITED 31 DEC 2018 ZWL$
Interest income	2	537 760 295	795 407 888	213 983 157	128 054 100
Interest expense	2	(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**
Net non-interest income	3	2 267 202 877	671 648 172	1 757 763 179	108 129 808
Net underwriting income	4	69 367 058	57 378 938	15 008 841	9 237 535
Total income		**2 718 833 593**	**1 238 889 839**	**1 924 582 250**	**199 451 031**
Operating expenditure	5	(1 091 008 333)	(739 524 555)	(574 209 538)	(119 057 345)
Operating income		**1 627 825 260**	**499 365 284**	**1 350 372 712**	**80 393 686**
Transfer to annuity reserve		(1 664 428)	(195 824)	(1 664 428)	(31 526)
Credit loss expense & charge for impairment on insurance assets	15	(223 903 930)	16 944 764	(223 903 930)	2 727 967
Monetary loss		(520 557 356)	-	-	-
Profit before taxation		**881 699 546**	**516 114 224**	**1 124 804 354**	**83 090 127**
Taxation	7.1	(569 165 515)	(67 820 281)	(199 826 003)	(10 918 505)
Profit for the year after taxation		**312 534 031**	**448 293 943**	**924 978 351**	**72 171 622**
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	3 948 791
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	(190 287)
Deferred income tax relating to components of other comprehensive income	7.3	(7 230 875)	(4 328 601)	(122 216 074)	(696 869)
		571 222 057	**19 017 343**	**808 925 273**	**3 061 635**
Items that will be reclassified to profit or loss in subsequent periods					
Exchange loss on translation of a foreign subsidiary	31.9	(202 192)	-	(585 342)	-
Other comprehensive income for the period net of tax		**571 019 865**	**19 017 343**	**808 339 931**	**3 061 635**
Total comprehensive income for the year		**883 553 896**	**467 311 286**	**1 733 318 282**	**75 233 257**
Profit for the year attributable to:					
Equity holders of parent		312 954 364	448 238 934	924 895 986	72 162 766
Non-controlling interests	31.7	(420 333)	55 009	82 365	8 856
Profit for the year		**312 534 031**	**448 293 943**	**924 978 351**	**72 171 622**
Total comprehensive income attributable to:					
Equity holders of parent		883 750 574	467 256 277	1 733 011 641	75 224 401
Non-controlling interests	31.7	(196 678)	55 009	306 641	8 856
Total comprehensive income for the year		**883 553 896**	**467 311 286**	**1 733 318 282**	**75 233 257**
Earnings per share (cents):					
Basic	8.1	60.29	86.54	178.19	13.93
Fully diluted	8.1	60.29	84.74	178.19	13.64
Headline	8.1	58.23	85.99	111.23	13.84

The historic amounts are shown 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 for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information

CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	INFLATION ADJUSTED AUDITED 31 DEC 2019 ZWL$	INFLATION ADJUSTED AUDITED 31 DEC 2018 ZWL$	HISTORICAL UNAUDITED 31 DEC 2019 ZWL$	HISTORICAL UNAUDITED 31 DEC 2018 ZWL$
ASSETS					
Balances with banks and cash	10	2 400 254 233	2 337 624 718	2 400 254 233	376 338 271
Money market assets	11	224 165 206	439 409 481	224 165 206	70 741 297
Financial securities	12	1 191 754 472	7 732 953 394	1 191 754 472	1 244 941 623
Loans and advances to customers	13	3 013 900 920	3 024 975 659	3 013 900 920	486 996 095
Insurance assets	14	76 075 439	54 618 802	74 792 150	8 793 176
Equity investments	18	212 088 704	161 501 428	212 088 704	26 000 396
Land inventory	17	736 278 645	341 140 446	139 034 053	54 920 794
Other assets	16	8 280 130 411	166 564 034	8 162 478 639	26 815 435
Current tax receivable		550 023	9 257 922	550 023	1 490 449
Intangible assets	23	10 440 774	10 023 483	2 924 000	1 613 698
Property and equipment	21	1 021 934 811	480 953 054	873 439 372	77 429 469
Investment properties	22	558 585 537	233 295 062	558 585 537	37 558 578
Deferred tax asset	24.1	106 066 973	225 436 901	106 041 533	36 293 479
TOTAL ASSETS		**17 832 226 148**	**15 217 754 384**	**16 960 008 842**	**2 449 932 760**
LIABILITIES					
Deposits	25	13 065 038 880	12 914 671 236	13 065 038 880	2 079 155 395
Insurance liabilities	26	59 198 356	56 153 931	59 198 356	9 040 319
Other liabilities	27	1 456 656 498	233 489 699	1 423 998 444	37 589 913
Current tax payable		103 025 439	662 480	103 025 439	106 655
Life fund	28	3 934 894	9 898 676	3 934 894	1 593 605
Life assurance investment contract liabilities	29	3 409 051	14 866 750	3 409 051	2 393 424
Deferred tax liability	24.2	318 626 534	26 416 976	259 951 917	4 252 915
Lease liability		4 000 187	-	4 000 187	-
TOTAL LIABILITIES		**15 013 889 839**	**13 256 159 748**	**14 922 557 168**	**2 134 132 226**
EQUITY					
Share capital	31.1	37 317 479	42 670 664	5 220 162	6 869 625
Share premium	31.2	228 045 378	248 602 901	33 876 209	40 023 014
Treasury shares	31.3	-	(109 251 456)	-	(17 588 582)
Revaluation reserve	31.4	27 240 344	-	592 078 214	32 139 314
Share option reserve	31.5	-	7 228 981	-	1 163 806
Fair value reserve	31.8	86 312 859	50 646 303	164 807 619	8 153 639
Retained earnings	31.6	1 930 986 515	1 720 939 801	1 149 526 721	244 917 776
Foreign currency translation reserve	31.9	507 889 310	-	91 522 775	-
Equity attributable to equity holders of the parent		**2 817 791 885**	**1 960 837 194**	**2 037 031 700**	**315 678 592**
Non-controlling interests	31.7	544 424	757 442	419 974	121 942
TOTAL EQUITY		**2 818 336 309**	**1 961 594 636**	**2 037 451 674**	**315 800 534**
TOTAL LIABILITIES AND EQUITY		**17 832 226 148**	**15 217 754 384**	**16 960 008 842**	**2 449 932 760**

Marc Holtzman

Marc L Holtzman
Group Chairman
24 June 2020

Dr .B. Mudavanhu
GROUP CEO
24 June 2020

R. Jakanani
Group Legal Corporate Secretary
24 June 2020

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
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**
Audited 31 Dec 2019											
Opening balance	42 670 664	248 602 901	(109 251 456)	7 228 981	–	50 646 303	–	1 720 939 801	1 960 837 194	757 442	1 961 594 636
Profit for the year	–	–	–	–	–	–	–	312 954 364	312 954 364	(420 333)	312 534 031
Other comprehensive income for the year	–	–	–	–	27 240 344	35 666 556	507 889 310	–	570 796 210	223 655	571 019 865
Employee share option expense	–	–	–	66 202	–	–	–	–	66 202	–	66 202
Exercise of share options	47 035	524 683	–	(157 345)	–	–	–	–	414 373	–	414 373
Dividend paid	–	–	–	–	–	–	–	(27 276 458)	(27 276 458)	(16 340)	(27 292 798)
Cancellation of share options	–	–	–	(7 137 838)	–	–	–	7 137 838	–	–	–
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 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	–	–	–		3 211 790	(150 155)	–	–	3 061 635	8 856	3 070 491
Employee share option expense	–	–	–	31 536	–	–	–	–	31 536	–	31 536
Exercise of share options	830	9 266	–	(2 779)	–	–	–	–	7 317	–	7 317
Dividend paid	–	–	–		–	–	–	(3 966 065)	(3 966 065)	(3 201)	(3 969 266)
Closing balance	**6 869 625**	**40 023 014**	**(17 588 582)**	**1 163 806**	**32 139 314**	**8 153 639**	**–**	**244 917 776**	**315 678 592**	**121 942**	**315 800 534**
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**

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)	-	(428 310)	-
Loss on sale of property and equipment	1 309 659	211 868	58 968	34 109
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	2 969 241 366	(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
	3 402 949 737	**1 404 461 236**	**1 367 416 580**	**226 106 658**
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**
ADDITIONAL INFORMATION ON OPERATIONAL CASH FLOWS ON DIVIDENDS				
Dividends received from Group unquoted equity instruments	17 925 617	17 424 303	9 800 274	2 805 169
	17 925 617	**17 424 303**	**9 800 274**	**2 805 169**

The historic amounts are shown 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 for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information

GROUP
ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group.

1 .1 BASIS OF PREPARATION

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

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (IFRS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC). Compliance with IFRS is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to fully 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 (see also guidance issued by the Public Accountants and Auditors Board on 21 March 2019). 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.

Change in functional currency

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

Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.

Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.

Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1: 1 to the US dollar and would become opening RTGS dollar values from the effective date .As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to the RTGS dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank midrate of US$1: ZW$2.5
Following the change in functional currency, the Group applied the translation procedures applicable to the new functional currency prospectively, in accordance with IAS 21 from 22 February 2019. The Group translated the Statement of Financial Position at a rate of 1 US dollar to 1 RTGS dollar (In compliance with Statutory Instrument 33 section 4(1) d) with the exception of the following foreign 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:

- cash and cash equivalents- this refers to Nostro banks balances that were ring fenced in compliance with Exchange control Directive RIT120/18 which separated Nostro FCA from local currency accounts,

- advances and deposits- This also refers to all deposits and advances that were also separated from local currency accounts,

- all items of Property, Plant and Equipment and Investment Property that measured at Fair value denominated in a foreign currency.

The translation of these foreign currency denominated balances resulted in day 1 exchange gain or losses which were recognised partly through Profit & Loss and Other Comprehensive Income in line IAS 21 subsequent measurement methodology. As such the Group adopted the following recognition methodology, gains and losses that relate to items which are ordinarily recognised in Profit and Loss were recognised through Profit and Loss, gains and losses that relate to items which are ordinarily recognised through Other Comprehensive Income were recognised through Other Comprehensive Income.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZW$) 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.

In this regard, these financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Group operates and all values are rounded to the nearest ZWL$ except when otherwise indicated. The Comparative information is presented in ZWL which is converted from prior year USD functional currency at rate of 1:1.

Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

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

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

The Group adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate.

The indices and conversion factors used to restate these financials are given below.

Dates	Indices	Conversion Factors
31 December 2019	551.625	1.00
31 December 2018	88.080	6.211

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

- All comparative figures as of and of the year ended 31 December 2018 were restated by applying the change in the index from 31 December 2018 to 31 December 2019.

- On 31 December 2018 any revaluation surplus that arose in previous periods was eliminated. Restated retained earnings was derived from all the other amounts in the restated statement of financial position

- Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at balance sheet and components of

shareholders equity were restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2019. Property and equipment is restated by applying the change in the index from the date of transaction to 31 December 2019.

- Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. Depreciation and amortisation amounts are based on the restated costs or carrying amounts.

- Income statement items/transactions, except for depreciation and amortisation charges explained above, are restated by applying the monthly index for the year ended 31 December 2019;

- Opening deferred tax was calculated as if IAS 29 had always been applied. It was calculated for temporary differences between tax bases of assets and liabilities and their carrying amounts expressed in the purchasing power at the opening balance sheet date. The calculated tax is then inflated to the purchasing power at the closing balance sheet date.

- The closing deferred tax position was calculated based on the applicable temporary differences between the tax base and the IAS 29-adjusted IFRS balance sheet (i.e. expressed in the measuring unit current at the balance sheet date).

- Current tax expense was restated using the increase in the general price index from the related month until the reporting date.

- Gains and losses arising from the net monetary position are included in the statement of profit or loss and in the statement of cash flows as non-cash items.

- All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

- The inflation effects on cash and cash equivalents were shown separately in the reconciliation of cash and cash equivalents. The Group considered the broad objectives of IAS 29 and IAS 7 to appropriately present and disclose the effects of inflation on cash and cash equivalents.

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

Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Group and its subsidiaries. Control is achieved when the Group 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 Group 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 date control was acquired and up to the date control ceased. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-Controlling Interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The financial statements of the subsidiaries are prepared for the same reporting period 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 profit or loss and comprehensive income and within equity in the consolidated statement of Financial Position, separately from parent shareholders' equity.

1.2 RETROSPECTIVE APPLICATION ELECTION

IFRS 16 Leases contain exemptions from full retrospective application for the classification and measurement requirements of the new standard. This include an exception from the requirement to restate comparative information. Because the Group has elected not to restate comparatives, different accounting policies apply to leases pre- and post-adoption of the standards. Therefore, both the pre-and post-adoption accounting policies for leases are disclosed under the accounting policies section.

1.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial statements as stated below:

Fair value measurement principles

The fair value of financial instruments is based on their market price at the reporting date. If a market price is not available, the fair value of an instrument is estimated using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is market related at the reporting date for an instrument with similar terms and conditions.

The Group adopted the Directors valuation on its Investment properties, land inventory and properties and equipment. The frequency of valuations depends on the changes in the fair values of the items of property plant and equipment being revalued.

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

Expected Credit Loss

The Group reviews individually all financial assets, financial guarantees and letters of credit at the reporting date to assess whether there has been increase in credit risk for the purposes of expected credit loss expense calculation. In particular, judgement by Management is required on key concepts such as whether there has been a significant increase in credit risk, measurement of lifetime expected credit losses and forward-looking assumptions on determining the probability of default. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

IFRS 9 requires the assessment of the Expected Credit loss (ECL) on all financial assets from initial recognition. The ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Group records the expected loss expense through profit or loss. Refer to note 12.4 for more detail on the Expected Credit loss (ECL) expense on financial assets.

Estimation of property and equipment useful life

The determination of estimated useful life for property and equipment is carried out at each reporting date. At the end of each financial year, the Group's valuations department assesses all property taking into account the market values and physical status. The Group reassesses the estimated useful life for property and equipment at each reporting period. The reassessment takes into account physical status, technological trends and historical usage. Where the reassessment indicates a change in the useful life the change is treated as a change in accounting estimate and accounted for prospectively in line with IAS 8. Refer to accounting policy note 1.6 for the useful lives of property and equipment.

Estimation of property and equipment residual values

The residual value of an asset is the estimated value of the asset at the end of its useful life. The estimated residual values of property and equipment are determined at each reporting date. The residual values are taken into account on depreciation calculation where Property and equipment are depreciated over their estimated useful lives on a straight line basis such that the cost or valuations of the assets are reduced to the estimated residual values. Where there has been a change on the residual value of an asset of property and equipment the change is accounted for prospectively as a change in accounting estimate. The average of 10% residual value has been determined from the general assessment save for land, buildings and software.

Valuation of unlisted equity investments

When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as discounts rates, cash flows, comparable prices, liquidity risk, credit risk and volatility.

Incurred but Not Reported (IBNR) reserve

The Group establishes IBNR reserve, to recognize the estimated cost of losses for events which have already occurred but which have not yet been reported. These reserves are established to recognize the estimated costs required to bring such claims to final settlement

1. IBNR on Short term insurance claims

In the process of applying the Group`s accounting policies, Management has estimated the Incurred But Not Reported insurance claims (IBNR) at 5% of net written premium for all other products, with the exception of motor which has been estimated at 25% of net written premium. For short-term insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. The provision has been determined using the Born-Huetter Ferguson ("BHF") method.

2. IBNR on Life Assurance

This is based on 0.75 expected deaths per months per 1000 lives assured multiplied by the average sums assured. These expected claim payments are then decreased relative to the elapsed time on year-end on assumption that all claims should have been notified within 10 months from date of death. There are no reserves for staff loans as all deaths are notified immediately. Funeral claims are estimated at 70% of risk premiums assuming all claims will be reported within one month.

Life Fund

The life fund reserve is actuarially determined by a qualified independent actuary on a yearly basis. The reserve is determined by reviewing the products on offer, risk associated with each product. Assumptions and methods of determining the results are also reviewed.

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

The Group is co-operating in ongoing investigations by the Office of Foreign Asset Control (OFAC) regarding historical transactions involving a party that was subject to OFAC economic sanctions. IFRS requires management to make certain judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date.

Based on the facts currently known, it is not practicable at the reporting date for the Group to determine the terms on which the ongoing investigations will be resolved, or the timing of such resolution, or for the Group to estimate reliably the amounts or range of possible amounts of any fines and/or penalties which could be significant.

Effective Interest rate

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, excluding ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. In coming up with the effective interest rate, the Group makes significant judgement on credit rating of a specific customer, the security available to cover the exposure, the facility type and the tenure of the exposure.

Going concern

In assessing the Group's going concern in light of the COVID 19 Pandemic, management made judgements on how the Group statement of profit or loss and the Statement of Financial Position items will be affected by the impact of the pandemic. (Refer to note 40 for a detailed assessment impact)

Legacy liabilities and nostro gap accounts

The Group held foreign currency denominated legacy liabilities and nostro gap accounts amounting to US$451 million at 31 December 2019. These debts relate to liabilities denominated in US Dollars. The liabilities were translated to the functional currency at the closing rate in line with IAS 21. On the asset side the Bank has recognised a Government grant asset and the related income in line with IAS 20 on the basis that it has complied with the conditions attaching to the grant. Further, it expects that the grant will be received and that the Reserve Bank of Zimbabwe has the intention and ability to settle, on a gradual basis, the outstanding amounts. During the period under review, amounts totalling US$10,745,225 were settled through this arrangement whilst payments totalling US$220,000 have been made subsequent to year end. As at year end, the Bank was not able to reasonably estimate the timing and amount of the cash flows associated with the government grant receivable.

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

Uncertain Tax treatments

The Group uses judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Group assumes that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it i s reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of buildings that are used as branches. The Group typically exercises its option to renew these leases because there will be a significant negative effect on business if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Determining the incremental borrowing rate to use as discount rate on initial recognition

The Group's incremental borrowing rate represents what the Group 'would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.' In applying the concept of 'similar security', the Group uses the right of-use asset granted by the lease and not the fair value of the underlying asset. The Group's rate represents the amount that would be charged to acquire an asset of similar value for a similar period. The Group estimates the IBR using observable inputs (such as market interest rates) and make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease). The Group applied judgement to estimate an incremental borrowing rate in the context of a right-of-use asset, especially when the value of the underlying asset differs significantly from the value of the right-of-use asset.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

1.4 FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the interbank rate ruling (which is the only legal source of exchange rates) at the reporting date. Non-monetary assets denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of transaction while those at Fair value are translated using the exchange rate at the date when the fair value was determined. All exchange gains/losses arising on the translation or settlement of foreign denominated monetary items are recognised in profit or loss.

1.5 INVESTMENT PROPERTIES

Recognition criteria

Investment properties are those properties held for earning rental income and/or for capital appreciation. Some of these properties are partly occupied by the Group for its business activities. In such circumstances the property is split according to use. When split is not possible if the Group's use does not exceed 20%, the property is classified as investment property. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are measured at fair value. Fair value gains or losses are recorded through profit or loss under non-interest income.

In coming up with the fair value the valuer takes into account:

- Age of property
- Aesthetic quality
- Structural condition
- Size of land

Transfers to and from investment properties

Transfers are made to or from investment property only when there is a change in use and a revaluation is done first before the transfer. If an investment property becomes more than 20% owner occupied where split is not possible, it is reclassified as property and equipment in accordance with IAS 16 (Property, plant and equipment) and its fair value at the date of its classification becomes its cost for subsequent accounting as property and equipment under IAS 16.

Derecognition

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.6 PROPERTY AND EQUIPMENT

Recognition criteria

Property and equipment are measured at gross carrying amount excluding costs of day-to-day servicing less accumulated depreciation and, where applicable, accumulated impairment. Such costs include the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Gross carrying amount represents either cost or the revalued amount, in the case of revalued property. Property and equipment are depreciated over their estimated useful lives on a straight line basis such that the cost or valuations of the assets are reduced to their estimated residual values. The estimated useful lives at the end of this reporting period are:

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets` residual values, useful lives and methods of depreciation are reviewed and adjusted, where appropriate, at each financial year end.

Freehold land and buildings are measured at fair value while subsequent additions between valuation dates are shown at cost. The frequency of valuations depends on the changes in the fair values these assets. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings. Any revaluation surplus is credited to the asset revaluation reserve except to the extent that it reverses a revaluation loss of the same asset previously recognised in profit or loss in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss except where a deficit directly offsets a previous surplus on the same asset. This deficit is directly offset against the surplus in the asset revaluation reserve. All other items of property and equipment are carried at cost.

Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Revaluation reserves are maintained as long as the Group still holds the assets. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

1.7 FINANCIAL ASSETS

Initial Recognition

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets held by the Group include balances with banks and cash, money market assets, loans and advances and debt and equity investments.

Financial assets in the scope of IFRS 9 (Financial instruments) are classified, at initial recognition, and subsequently measured at:

- Amortised Cost,
- Fair Value Through Other Comprehensive Income (FVOCI), or
- Fair Value Through Profit or Loss (FVPL),

When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, any directly attributable transaction costs. Transaction costs on all financial assets that are carried at fair value through profit or loss, they are accounted for as an expense .The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in the following three categories:

1. **Financial assets at amortised cost**

   The Group's financial assets are classified as subsequently measured at amortised cost under IFRS 9 if they meet both of the following criteria:

   - Hold to collect business model test – The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows. The hold to collect business model does not require that financial assets are always held until their maturity. The Group's business model can still be to hold financial assets to collect contractual cash flows, even when sales of financial assets occur. Examples of these sales that would not contradict holding financial assets to collect contractual cash flows include selling the financial asset close to its maturity and selling the financial asset to realise cash to deal with an unforeseen need for liquidity.
   - Solely payments of principal and interest (SPPI) contractual cash flow characteristics test – The contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding on a specified date. (I.e. the contractual cash flows are consistent with a basic lending arrangement). Principal (e.g. a bond that is purchased or originated at a premium or discount).

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in the Group's interest income using the effective interest rate method. The Group's financial assets at amortised cost mainly include loans and advances to customers, financial securities, money market assets and trade receivables.

2. **Financial assets at fair value through comprehensive income**

   The Group measures its debt instruments at fair value through OCI if both of the following conditions are met:

   - financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;
   - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments measured at fair value through OCI, interest income and foreign exchange revaluation are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. However, the loss allowance is recognised in other comprehensive income and do not reduce the carrying amount of the financial asset in the Statement of Financial position. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments not held for trading as equity instruments designated at fair value through OCI. This election is made on an instrument by instrument basis. The Group's equity investments measured under this category are unquoted equities. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

3. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Where continuing involvement takes the form of a written and/ or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.8 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and deposits.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost
After initial recognition, interest-bearing loans, other borrowings and deposits are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.9 IMPAIRMENT

Financial assets
The Group assesses at each reporting date on a forward looking basis, the expected credit losses (ECL) associated with a financial asset or a group of financial assets. The Group carries out a significant increase in credit risk assessment at each reporting date in order to determine whether the credit risk of its financial assets has increased significantly since initial recognition. This assessment determines which grading/classification stage the instrument is in and the amount of ECL to recognise. Whether credit risk has significantly increased or not is determined based on the changes in default risk. Evidence of changes in default risk may include indications that the debtors or a group of debtors is experiencing significant difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets carried at amortised cost
The carrying amount of the financial asset in the Statement of Financial Position shall be reduced with the loss allowance for expected credit losses (ECL). The Group recognizes 12-month expected credit loss as loss allowance when there is no significant increase in the credit risk of the financial asset since initial recognition. When there is a significant increase in credit risk since initial recognition, expected credit losses for the remaining life of the financial assets are recognized as a loss allowance. The amount of the credit loss expense is measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The Group recognises credit loss even if it expects to be paid in full but later than when contractually due.

The Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

The Group carries out significant increase in credit risk assessment at each reporting date in order to determine whether the credit risk of its financial assets has increased significantly individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually, significant since initial recognition. If it is determined that there is no significant increase in the credit risk since initial recognition, the Group recognizes 12-month expected credit losses. If it is determined that there is significant increase in the credit risk since initial recognition, the Group recognizes life time credit loss allowance.

If in a subsequent period, the amount of the Expected Credit Loss (ECL) decreases and the decrease can be to credit risk the previously recognised loss allowance is reversed. Any subsequent reversal of the loss allowance is recognised in profit or loss to the extent that the carrying value of the asset does not exceed what the amortised cost would have been had the impairment is reversed.

Financial Assets carried at Fair Value through other comprehensive income (FVOCI)
The ECLs for financial assets which are debt instruments measured at FVOCI are recognised in other comprehensive income and 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 these assets.

The Group's equity investments measured at Fair Value through other comprehensive income are unlisted equity investments. No impairment loss is recognised on equity instruments as they are measured at fair value with gains and losses recognised through OCI and the fair value reserve.

Financial Assets carried at Fair Value through profit or loss (FVPL)

No impairment is recognised for financial assets measured at Fair value through profit or loss. Changes in fair value are recognised through profit and loss in as much as they affect the carrying amount of these assets. The Group has listed equity investments and these are measured at FVPL.

1.10 REVENUE RECOGNITION

The Group's major revenue items emanate from IFRS 9 (Financial instruments), IFRS 15 (Revenue from contract with customers) and IFRS 4 insurance Contracts is recognised as follows:

a. Revenue within the scope of IFRS 15

The Group recognises revenue from contracts with customers under the scope of IFRS 15 as it transfers promised goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services excluding amounts collected on behalf of third parties. The Group applies the five step approach to revenue recognition under IFRS 15. The Group recognises revenue when a performance obligation is satisfied by transferring a promised good or service to the customer (which is when the customer obtains control of that good or service).

The Group satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time (typically for promises to transfer services to a customer) or at a point in time (typically for promises to transfer goods to a customer). Control includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The Group satisfies a performance obligation at a point in time unless it meets one of the following criteria, in which case, it is deemed to be satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the Group does not satisfy its performance obligation over time, it satisfies it at a point in time and revenue will be recognised when control is passed at that point in time. Factors that indicate the passing of control include the present right to payment for the asset or the customer has legal title to the asset or the Group has transferred physical possession of the asset.

When the revenue is recognised over time, the Group recognises the revenue in line with the pattern of transfer. The Group selects an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Whether the Group recognises revenue over the period during which it produces a product/services, or on delivery to the customer will depend on the specific terms of the contract.

The Group's major revenue items recognised under the scope of IFRS 15 are as follows:

I. Services rendered

The Group recognises revenue for services rendered at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for the services excluding amounts collected on behalf of third parties to customers based on the estimated outcome of the transactions.(These include project management fees and advisory income that is recognised over a period of time . The revenue is recognised by reference to the stage of completion of the transaction at the reporting date. The stage of completion is measured based on the amount of work performed. When the outcome cannot be reliably estimated, revenue is recognised only to the extent of the expenses incurred that are recoverable.

II. Commission and fee income

The Group recognises revenue from commission and fee income including account maintenance fees, ledger fees, advisory income, Agro Inputs handling fees, ATM/ cash withdrawal fees and Point of sale income as the related services are performed. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

III. Property sales

Revenue arising from the sale of land inventory is recognised as an amount that reflects the consideration to which the Group expects to be entitled to in exchange of the land inventory excluding amounts collected on behalf of third. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when control has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months.

IV. Agribusiness income

The Group records revenue from the provision of Agricultural inputs to its beneficiary contract farmers. The revenue is recognised when the control of agricultural inputs transfers to the beneficiary contract farmer, which generally occurs at the time of collection of inputs from the designated supplier, distributor or directly delivered to the beneficiary contract farmer's preferred location. The Group prices agricultural inputs at market price of such inputs. Once these criteria are met, the inputs debtor- asset is derecognized, where inputs were paid in advance and the gain or loss on such inputs is recorded upon the transfer of control of the agricultural inputs to the beneficiary farmer.

b. Revenue within the scope of IFRS 9

The Group's revenue items recognised under the scope of IFRS 9 are as follows:

i. Trading income

The Group recognises profits or losses and fair value adjustments on held for trading financial instruments both realised and unrealised in income as earned.

ii. Interest Income

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
The gross carrying amount of the financial asset; or
The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets (POCI), the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

For Financial assets that are not POCI, but have become credit impaired (or stage 3), interest income is calculated by applying the effective interest to their amortised cost (i.e. net of the expected credit loss provision).

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

iii. Commission and fee income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

iv. Dividends

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at FVTPL or other revenue based on the underlying classification of the equity investment.

Dividends on equity investments designated at FVOCI are recognised in P/L, unless if the dividend clearly represents a recovery of part of the cost of the investment.

The Group's revenue items recognised under the scope of IFRS 4 are as follows:

i. Premiums

Premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to premiums written in prior accounting periods. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business. An estimate is made at the financial reporting date to recognise retrospective adjustments to premiums or commissions. The earned portion of premiums received, including unclosed business, is recognised as revenue. Premiums on unclosed business are brought into account, based upon the pattern of booking of renewals and new business. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern or reinsurance service received. A portion of outwards reinsurance premiums is treated as prepayments.

Premiums that are not received after two months are transferred to Suspended income and therefore reducing the gross written premium. The premium receivables are netted off the suspended income balance at the reporting date.

ii. Commission receivable

Commission receivable relating to the unexpired portion of a risk is recognised at the reporting date calculated on a 1/365 basis.

1.11 BASIS OF ACCOUNTING FOR UNDERWRITING ACTIVITIES

Underwriting results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses is charged against the earned premiums.

Claims

Claims represent the ultimate cost (net of salvage recoveries) of settling all claims arising from events that have occurred up to the reporting date. Claims incurred but not reported are claims arising out of events which have occurred by the reporting date but have not yet been reported at that date.

Unexpired risk provision

An unexpired risk provision is made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses likely to arise after the end of the financial year from contracts concluded before that date. The expected claims are calculated having regard to events that have occurred prior to reporting date position date. Unexpired risks, surpluses and deficits, are aggregated where business classes are managed together.

Liability adequacy test

At each reporting date, the liability adequacy test is performed to ensure the adequacy of the contract liabilities net of Deferred

Acquisition Costs (DAC). In performing these tests, current best estimates of future contractual cash flows and claims handling and administration costs are used. Any deficiency is immediately charged to profit or loss initially by writing off the DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). Any DAC written off as a result of this test is not reinstated.

Insurance contracts
The Group issues contracts that transfer insurance risk and / or financial risk. Insurance contracts are those that transfer significant insurance risk. Significant insurance risk is defined as the risk of the Group paying benefits on the occurrence of an insured uncertain event. Insurance contracts are classified as short term and include motor, fire, accident, engineering, farming and marine. Premium is recognised over the term of the contract on a proportionate basis. Claims are charged to profit and loss based on an estimated liability for compensation. These claims are not discounted as settlement generally occurs within a reasonable period of the claim. Investment contracts are those that transfer financial risk with no significant insurance risk.

Insurance assets
These comprise reinsurance receivables, deferred acquisition costs and insurance premium receivables.

Reinsurance contracts held
Contracts entered into by the Group with the re-insurers whereby the Group recovers losses on insurance contracts issued are classified as reinsurance contracts held. The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. The assets consist of short term balances due from re-insurers (classified as reinsurance receivables). The amounts recoverable are measured consistently in accordance with the terms of the reinsurance contract.

Deferred Acquisition costs
Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

Lapses
Lapses relate to the termination of policies due to non-payment of premiums by policyholders. The subsidiary assesses the ability of an insured to settle outstanding amounts at each reporting date. Whenever circumstances or events indicate that the insured may not pay the outstanding amount, a lapse is effected and immediately recognised in profit or loss.

Reversals
Reversals relate to the voluntary termination of policies by policyholders. Reversals are recognised immediately in profit or loss on a pro-rata basis i.e. the unexpired term of a policy.

Premium taxes
Outstanding net amounts of levies recoverable from, or payable to, the taxation authorities are included as part of receivables or payables in the statement of financial position.

1.12 EMPLOYEE BENEFITS

Employee benefits are the considerations given by the Group in exchange for services rendered by employees. In summary such benefits are:

Short-term benefits
Benefits earned by employees under normal employment terms including salaries, wages, bonuses and leave pay. These are expensed as earned and accordingly provisions are made for unpaid bonuses and leave pay.

i) The Group and employees contribute towards the National Social Security Authority, a defined contribution fund. Costs applicable to this scheme are determined by the systematic recognition of legislated contributions.

ii) The Group operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. The costs are charged to the profit or loss as incurred.

Employee share option scheme
The Group's Employee Share Options Scheme ("ESOS") is a share-based, equity-settled employee compensation scheme. The ESOS allows the employees of the Group to acquire the shares of the Group upon fulfilling certain conditions.

The total fair value of share options granted employees is recognised as an employee costs in profit or loss with the corresponding increase in the share option reserve in the equity section of the Group over the vesting period of the ESOS, taking into account the probability that the ESOS will vest.

The fair value of ESOS is measured at the grant date, taking into account, if relevant, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of the original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium account, or until the option expires, it will be transferred to the retained earnings of the Group. The proceeds received, net of any directly attributable transaction costs, are credited to equity when the options are exercised.

On cancellation of the Scheme, the Group account for the cancellation as an acceleration of vesting, and therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

1.13 TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax. The Group uses judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Company assumes that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the, Group concludes that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group concludes that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that were enacted or substantially enacted at reporting date

Capital gains tax

Deferred tax arising on valuation of investment property held for capital appreciation or sale of equity investment is computed at the applicable capital gains tax rates ruling at reporting date.

Value added tax

Revenue, expenses, and assets are recognised net of Value Added Tax (VAT) except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of the acquisition of the asset or as part of the expense item as applicable and receivables and payables that are stated with the amount of VAT included.

Deferred taxation

Deferred income tax is provided using the full liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

a. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

b. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

Deferred tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Changes in tax rates.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. If the tax rate increases, deferred taxes will also increase, i.e. deferred tax assets and liabilities will increase. Similarly, if the tax rate decreases, deferred taxes also decrease. The effect of the change in tax rates is shown separately on the tax rate reconciliation and is accounted for in the Statement of profit or loss.

1.14 CONTINGENCIES AND COMMITMENTS

Transactions are classified as contingencies where the Group's obligations depend on uncertain future events and principally consist of guarantees provided for third party obligations underwritten. Items are classified as commitments where the Group commits itself to future transactions or if the items will result in the acquisition of assets.

1.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenue and expenses that relate to transactions with any of the Group's other components, for which discreet information is available. All operating segments' operating results are reviewed regularly by the Group Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance.

1.16 FIDUCIARY ACTIVITIES

The Group's Asset Management subsidiary acts as a trustee in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements as they are not assets and income of the Group.

1.17 FINANCIAL GUARANTEES

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions. Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of; the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15
Liabilities arising from financial guarantees and loan commitments are included within provisions.

1.18 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) 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 conversion of all the dilutive potential ordinary shares into ordinary shares.

1.19 INTANGIBLE ASSETS

The Group's intangible assets mainly comprise computer software. Intangible assets are recorded at cost less any accumulated amortisation and impairment. The estimated useful life at the end of the reporting period for computer software is 3 years. The intangible assets are recognised if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Bank and the cost of the asset can be measured reliably. The intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

1.20 LEASED ASSETS

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. 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.

Applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset- this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the

Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use Asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

- Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. All leased assets valued at or below ZWL $100,000 qualify for the low value lease exemption. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor.

Leases in which the Group does not transfer to the lessee substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from the lease is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    i. The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    ii. The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of output, the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Group as lessee

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases not qualifying as finance leases are classified as operating leases. Expenditure relating to operating leases is recognised in profit or loss on a straight line basis.

Group as Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.21 SHARE CAPITAL

Ordinary share capital
Ordinary shares are classified as equity.

Repurchase of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are disposed the resulting surplus or deficit on the transaction is recognised directly in revenue reserve.

Cancellation of Treasury shares
When treasury shares are cancelled the Group's share capital and share premium is reduced with the effect of the cancellation. The resulting deficit on the transaction is recognised directly in revenue reserve.

1.22 REVALUATION RESERVE

The revaluation reserve represents all revaluation adjustments made to property and equipment.

1.23 RETAINED EARNINGS RESERVE

This reserve represents cumulative profits that have not been paid out as dividends.

1.24 SHARE PREMIUM

This represents capital raised through an issue of shares that exceeds the nominal value of the shares. This capital is not available for distribution to shareholders as dividends.

1.25 FAIR VALUE RESERVE

Fair value reserve represents changes in the fair value of unquoted equities that are irrevocably elected to be initially measured at value at fair value through other comprehensive income.

1.26 FUNCTIONAL CURRENCY TRANSLATION RESERVE

The Functional currency translation reserve represents the exchange rate gains or losses which were recognised on the date of change in Functional currency.

1.27 SHARE OPTION RESERVE

Share option reserve represents movements arising from the exercise of Employee share options including cancellation, expiry and modification of the share options.

1.28 RELATED PARTIES

The Group has related party relationships with its shareholders, subsidiaries, Directors and key management employees, and their close family members. Transactions with related parties are carried out on arm's length basis.

1.29 FAIR VALUE MEASUREMENT

The Group measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs .This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable input have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for financial assets or financial liabilities is not actively traded the Bank establishes fair value by using valuation techniques. These techniques include the use of arm's length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.30 LAND INVENTORY

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the Average cost method. The Group first calculates all the costs of the whole area of land inventory (purchase price and development costs) including roads in order to ascertain the total costs of bringing the whole area of land inventory to its resalable condition. When the total costs is obtained it is then divided by the total size of the land inventory (stands) in square meters. This will result in obtaining the cost of the land inventory per square meter. When the individual stands are now sold the cost of each stand is the result of multiplying the size of the individual stand by the cost per square meter.

1.31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

1.32 GOVERNMENT GRANTS

Recognition

Government grants are recorded as income and assets when there is a reasonable assurance that the Group will comply with the conditions attaching to their receipt and it is probable that the grants will be receivable. As at 31 December 2019, the Group held foreign currency denominated legacy liabilities and nostro gap accounts amounting to US$451 million. These debts relate to liabilities denominated in US Dollars following the promulgation of SI33/2019, which designated the ZWL as the functional currency. During the period the Group registered these liabilities with the RBZ and subsequent to year end transferred the ZWL equivalent, to the Reserve Bank of Zimbabwe, at a rate of 1:1 in line with directives RU102/2019 and RU28/2019.

The undertaking by the RBZ to provide US Dollars to assist in settling these liabilities at an exchange rate of 1:1 was recognised as a Government Grant. The resulting outstanding grant receivable was accounted for at the closing interbank rate. On the liability side the legacy liabilities and nostro gap accounts were treated as deposits and translated to the functional currency at the closing interbank rate.

Income related to government grants is recognised on a systematic basis over periods necessary to match the grants with the related costs which they intend to compensate or cure. As such a government grant that becomes receivable as compensation for an expense or loss already incurred is recognised in profit or loss of the period in which it becomes receivable.

These exchange gains and losses relating to the government grant and legacy liabilities and nostro gap accounts are reported in the statement of profit and loss under non-interest income.

Measurement

Government grants are initially measured at fair value and subsequently at amortised cost, in line with the measurement policy for the Group's monetary assets classified and measured at amortised cost. Subsequent measurement takes into account expected credit losses.

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. During the period legacy liabilities and nostro gap accounts totalling US$10,985,225 have been settled through this arrangement.

The government grant receivable asset is classified as and measured at amortised cost. At initial recognition fair value was determined by reference to the Legacy Liabilities 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. The Legacy Liabilities will be settled using proceeds from the asset as and when these have been availed by the Reserve Bank of Zimbabwe. There is thus an alignment between the payment of the government grant receivable asset and the settlement of the legacy liabilities, both in terms of amount of cash flows and timing. Consequently, as a result of the expected coincidence in settlement of both the grant receivable asset and the legacy liability and the difficult in estimating the expected timing and cash flows of the asset and liability the asset has been measured at the same amount as the liability that it seeks to pay off.

1.33 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts: Effective 1 January 2023

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The Group will not apply the standard before its effective date. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard will affect the insurance operations of the Group

Amendments to IFRS 3: Definition of a Business: Effective 1 January 2021

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, and guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.
Amendments to IAS 1 and IAS 8: Definition of Material: Effective 1 January 2021

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.
Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7: Effective 1 January 2021

Key requirements

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments to IFRS 9: Effective 1 January 2021

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
- The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. A fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship. To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value.

The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments to IAS 39: Effective 1 January 2021

The corresponding amendments are consistent with those for IFRS 9, but with the following differences:

- For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.
- For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125%

range, during the period of uncertainty arising from IBOR reform.

- For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

Transition

The amendments are effective for annual periods beginning on or after 1 January 2020. The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed.

Impact

In finalising the amendments, the IASB has provided reliefs that are essential to mitigate the hedge accounting issues that could arise during the period of uncertainty before IBOR contracts are amended to new benchmark rates. With phase one completed, the IASB has now shifted its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project.

Conceptual Framework for Financial Reporting

For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

Purpose

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Key provisions

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 and for those applying IAS 8.

Impact

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

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.

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
2. INTEREST				
Interest Income				
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	251 391 199	412 297 159	83 136 763	66 376 437
Other investments	12 780 177	7 145 950	5 581 626	1 150 439
	537 760 295	**795 407 888**	**213 983 157**	**128 054 100**
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 16 and 38.4 for further details on legacy liabilities and nostro gap accounts.

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
4. NET UNDERWRITING INCOME				
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**

Included in other administration costs are license fees, professional and consultation fees, insurance and rental expenses

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 intially applied IFRS 16 (Leases) recognised interest on lease liability and depreciation expense as detailed under note 20. For 2018, the Group recognised ZWL$15 943 896 as rent expense in the Statement of Profit or Loss and Other Comprehensive Income under IAS 17.

6. EMPLOYEE BENEFITS

Employee benefits are the consideration given by the Group in exchange for services rendered by employees. In summary such
benefits are: -

Short term benefits
These are earned by employees under normal employment terms, including salaries and wages, bonuses and leave pay.
These are expensed as earned and accordingly provisions are made for unpaid bonuses and leave pay.

Post-employment benefits

i) The Group and employees contribute towards the National Social Security Authority, a defined contribution fund. Costs applicable to this scheme are determined by the systematic recognition of legislated contributions.

ii) The Group operates a defined contribution scheme, the assets of which are held in a separate trustee administered fund.

The costs are charged to the statement of comprehensive income as incurred.

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
NSSA contributions	2 928 165	5 207 530	879 870	838 369
Defined contribution scheme	13 841 462	18 613 791	4 127 142	2 996 667

7. TAXATION

7.1 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$
	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**
7.2	**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 deffered tax	(4.44)	-	(4.74)	-
	Effective tax rate	**64.55**	**13.14**	**17.77**	**13.14**
7.3	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**

Included in exempt income is income from government bills, mortgage housing income and dividend income.
Non-deductible expenses include expenditure on exempt income, excess pension costs and disallowable donations.

During the year ending 31 December 2019, the government enacted a change in the national income tax rate from 25% to 24%. As a result of this change the Group Deferred tax was calculated at 24.72%

8. 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$
8.1	**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
8.2	**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
8.3	**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**
8.4	**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**

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
9.	**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 divided 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.				
10.	**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.				
11.	**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
	ZETDC 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**
11.1	**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**

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
12. 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)	(54 514)
Total net Financial Securities	**1 191 754 472**	**7 732 953 394**	**1 191 754 472**	**1 244 941 623**
12.1 Maturity analysis				
The maturity analisis of financial securities is shown below:				
Between 0 and 3 months	68 048 997	390 179 415	68 048 997	62 815 663
Between 3 and 6 months	11 557 717	263 750 420	11 557 717	42 461 639
Between 6 and 12 months	36 133 650	172 085 624	36 133 650	27 704 364
Between 1 and 5 years	151 222 118	1 269 201 413	151 222 118	204 330 944
Above 5 years	924 870 262	5 638 075 136	924 870 262	907 683 527
	1 191 832 744	**7 733 292 008**	**1 191 832 744**	**1 244 996 137**
13. LOANS AND ADVANCES TO CUSTOMERS				
Overdrafts	491 916 385	1 937 308 099	491 916 385	311 890 602
Loans	462 784 959	821 797 329	462 784 959	132 302 582
Staff loans	57 286 225	318 355 072	57 286 225	51 252 537
Mortgage advances	132 121 848	603 153 031	132 121 848	97 102 656
Agro loans	2 113 236 582	-	2 113 236 582	-
Interest accrued	35 734 926	38 209 979	35 734 926	6 151 491
Total gross loans and advances to customers	**3 293 080 925**	**3 718 823 510**	**3 293 080 925**	**598 699 868**
Allowance for Expected Credit Loss (ECL)	(279 180 005)	(693 847 851)	(279 180 005)	(111 703 773)
Total net loans and advances to customers	**3 013 900 920**	**3 024 975 659**	**3 013 900 920**	**486 996 095**

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

A significant increase in the Loans and advances to the Agricultural sector is mainly coming from the newly formed Subsidiary, CBZ Agro Yield which offers contract farming loans both to individual and commercial farmers

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
13.2 Maturity analysis				
Less than 1 month	181 523 441	1 500 604 527	181 523 441	241 584 934
Between 1 and 3 months	16 974 985	237 822 065	16 974 985	38 287 388
Between 3 and 6 months	37 879 119	191 385 825	37 879 119	30 811 537
Between 6 months and 1 year	2 652 805 570	367 582 771	2 652 805 570	59 177 790
Between 1 year and 5 years	239 911 580	606 367 227	239 911 580	97 620 115
More than 5 years	163 986 230	815 061 095	163 986 230	131 218 104
	3 293 080 925	**3 718 823 510**	**3 293 080 925**	**598 699 868**

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

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
13.3	**Loans to directors and key management**				
	Included in advances are loans to Executive Directors and key management:-				
	Opening balance	52 387104	51 285 818	8 433 891	8 256 593
	Advances made during the year	28 211 887	3 570 233	8 597 989	574 778
	Monetary adjustment	(62 512 699)	-	-	-
	Repayments during the year	(1 516 627)	(2 468 947)	(462 215)	(397 480)
	Closing balance	**16 569 665**	**52 387 104**	**16 569 665**	**8 433 891**
	Loans to employees				
	Included in advances are loans to employees:				
	Opening balance	265 967 993	287 561 996	42 818 650	46 295 106
	Advances made during the year	25 113 474	13 500 270	7 653 702	2 173 432
	Monetary adjustment	(218 354 018)	-	-	-
	Repayments during the year	(32 010 889)	(35 094 273)	(9 755 792)	(5 649 888)
	Closing balance	**40 716 560**	**265 967 993**	**40 716 560**	**42 818 650**
13.4	**Allowance for Expected Credit Loss (ECL)**				
	Opening balance	693 847 851	488 378 789	111 703 773	78 624 951
	Impact of IFRS 9	-	581 530 101	-	93 621 543
	Adjusted opening balance	**693 847 851**	**1 069 908 890**	**111 703 773**	**172 246 494**
	Credit loss expense on loans and advances	180 758 386	(14 368 496)	180 758 386	(2 313 209)
	Interest in suspense	5 726 031	40 375 811	5 726 031	6 500 172
	Monetary adjustment	(538 782 246)	-	-	-
	Amounts written off during the year	(62 370 017)	(402 068 354)	(19 008 185)	(64 729 684)
	Closing balance	**279 180 005**	**693 847 851**	**279 180 005**	**111 703 773**
13.5	**Collateral**				
	*Government guarantee	2 113 236 582	-	2 113 236 582	-
	Cash cover	3 282 008	45 993 565	3 282 008	7 404 584
	Mortgage bonds	885 559 741	3 583 596 032	885 559 741	576 929 361
	Notarial general covering bonds	1 643 664 406	1 152 057 341	1 643 664 406	185 471 716
		4 645 742 737	**4 781 646 938**	**4 645 742 737**	**769 805 661**

*The government provides a guarantee on the loans issued to the Agricultural sector through the newly established CBZ Agro Yield which provides contract farming loans

14.	**INSURANCE ASSETS**				
	Reinsurance unearned premium reserve	27 950 327	12 600 528	27 744 295	2 028 581
	Reinsurance receivables	8 432 562	12 724 100	8 432 562	2 048 475
	Deferred acquisition cost	8 183 357	4 801 265	7 106 100	772 964
	Insurance premium receivables	35 088 108	31 107 136	35 088 108	5 007 992
	Suspended premium	(75 727)	(266 889)	(75 727)	(42 967)
	Impairment provision	(3 503 188)	(6 347 338)	(3 503 188)	(1 021 869)
		76 075 439	**54 618 802**	**74 792 150**	**8 793 176**
14.1	**Reinsurance unearned premium reserve**				
	Unearned premiums at the beginning of the year	12 600 528	8 390 120	2 028 581	1 350 739
	Written premiums	49 710 358	41 343 220	49 378 909	6 655 917
	Premiums earned during the year	(34 360 559)	(37 132 812)	(23 663 195)	(5 978 075)
		27 950 327	**12 600 528**	**27 744 295**	**2 028 581**
14.2	**Impairment on insurance assets**				
	Opening balance	6 673 796	5 268 357	1 074 426	848 162
	Charge for impairment on insurance receivables	2 453 587	1 405 439	2 453 587	226 264
	Monetary adjustment	(5 599 370)	-	-	-
	Amounts written off	(24 825)	-	(24 825)	-
	Closing balance	**3 503 188**	**6 673 796**	**3 503 188**	**1 074 426**

15. 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$
16. OTHER ASSETS				
Work in progress	465 000	-	465 000	-
Prepayments and deposits	720 527 238	11 957 800	602 875 466	1 925 107
Other receivables*	7 559 138 173	154 606 234	7 559 138 173	24 890 328
	8 280 130 411	**166 564 034**	**8 162 478 639**	**26 815 435**

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

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

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

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
17. LAND INVENTORY MOVEMENT				
Opening balance	341 140 446	391 237 035	54 920 794	62 985 931
Additions	48 852 284	43 708 531	19 522 597	7 036 713
Foreign currency translation movement	442 662 793	-	80 890 089	-
Land Inventory sales	(51 884 357)	(56 829 292)	(8 402 868)	(9 149 047)
Write offs	(44 492 521)	(23 166 003)	(7 421 485)	(3 729 535)
Impairment loss	-	(13 809 825)	(475 074)	(2 223 268)
Closing balance	**736 278 645**	**341 140 446**	**139 034 053**	**54 920 794**
18. EQUITY INVESTMENTS				
Opening balance	161 501 428	66 385 642	26 000 396	10 687 540
Impact of IFRS 9 fair value adjustment	-	64 536 423	-	10 389 831
Investments in equities during the year	18 455 010	38 274 945	5 026 980	6 161 950
Investments disposed of during the year	(8 788 831)	(14 366 787)	(5 234 770)	(2 312 934)
Foreign currency translation movement	55 393 609		10 041 888	
Fair value adjustments through Profit or Loss	(51 934 213)	7 853 173	11 630 672	1 264 296
Fair value adjustments through other Comprehensive Income	37 461 701	(1 181 968)	164 623 538	(190 287)
	212 088 704	**161 501 428**	**212 088 704**	**26 000 396**
18.1 Investments in equities				
Unlisted investments	191 167 194	97 039 972	191 167 194	15 622 634
Listed investments	20 921 510	64 461 456	20 921 510	10 377 762
	212 088 704	**161 501 428**	**212 088 704**	**26 000 396**
Equity investments designated at fair value through profit or loss	20 921 510	64 461 456	20 921 510	10 377 762
Equity investments designated at fair value through other comprehensive income	191 167 194	97 039 972	191 167 194	15 622 634
	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$	%
18.2 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**	

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

19. CATEGORIES OF FINANCIAL ASSETS

INFLATION ADJUSTED	At fair value through profit or loss ZWL$	At fair value through OCI ZWL$	At amortised cost ZWL$	Total carrying amount ZWL$
19. 1 Audited 31 Dec 2019				
Balances with banks and cash	-	-	2 400 254 233	2 400 254 233
Money market assets	-	-	224 165 206	224 165 206
Financial securities	-	-	1 191 754 472	1 191 754 472
Loans and advances to customers	-	-	3 013 900 920	3 013 900 920
Equity investments	20 921 510	191 167 194	-	212 088 704
Other assets	-	-	7 559 138 173	7 559 138 173
Total	**20 921 510**	**191 167 194**	**14 389 213 004**	**14 601 301 708**
Audited 31 Dec 2018				
Balances with banks and cash	-	-	2 337 624 718	2 337 624 718
Money Market assets	-	-	439 409 481	439 409 481
Financial securities	-	-	7 732 953 394	7 732 953 394
Loans and advances to customers	-	-	3 024 975 659	3 024 975 659
Equity investments	97 039 972	64 461 456	-	161 501 428
Other assets	-	-	507 704 488	507 704 488
Total	**97 039 972**	**64 461 456**	**14 042 667 740**	**14 204 169 168**

HISTORICAL	At fair value through profit or loss ZWL$	At fair value through OCI ZWL$	At amortised cost ZWL$	Total carrying amount ZWL$
Unaudited 31 Dec 2019				
Balances with banks and cash	-	-	2 400 254 233	2 400 254 233
Money market assets	-	-	224 165 206	224 165 206
Financial securities	-	-	1 191 754 472	1 191 754 472
Loans and advances to customers	-	-	3 013 900 920	3 013 900 920
Equity investments	20 921 510	191 167 194	-	212 088 704
Other assets	-		7 559 138 173	7 559 138 173
Total	**20 921 510**	**191 167 194**	**14 389 213 004**	**14 601 301 708**
Unaudited 31 Dec 2018				
Balances with banks and cash	-	-	376 338 271	376 338 271
Money market assets	-	-	70 741 297	70 741 297
Financial securities	-	-	1 244 941 623	1 244 941 623
Loans and advances to customers	-	-	486 996 095	486 996 095
Equity investments	15 622 634	10 377 762	-	26 000 396
Other assets	-	-	81 736 229	81 736 229
Total	**15 622 634**	**10 377 762**	**2 260 753 515**	**2 286 753 911**

20. FAIR VALUE MEASUREMENT

20.1 The following table presents items of the Statement of Financial Position 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$	31 Dec 18 ZWL$
Equity investments	20 921 510	64 461 456	–	–	191 167 194	97 039 972	212 088 704	161 501 428
Land and Buildings	–	–	653 573 572	337 808 523	–	–	653 573 572	337 808 523
Investment properties	–	–	558 585 537	233 295 062	–	–	558 585 537	233 295 062
Total assets at fair value	**20 921 510**	**64 461 456**	**1 212 159 109**	**571 103 585**	**191 167 194**	**97 039 972**	**1 424 247 813**	**732 605 013**

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

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

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

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

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

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

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

21. 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)	–	–	–	–	–	–	9 552 669
Impairments	–	(12 598 909)	–	–	(6 435)	–	–	–	(12 605 344)
Disposals	–	–	–	(1 815 395)	(4 900 445)	(1 241 888)	(1 848 721)	–	(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)	(118 224)	(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**

21. PROPERTY AND EQUIPMENT (continued)

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 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	16 659 488	6 600 941	5 673 758	–	53 749 447
Disposals	–	–	–	(1 185 763)	(1 253 468)	(346 428)	(333 557)	–	(3 119 216)
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**

21. PROPERTY AND EQUIPMENT (continued)

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)
Write offs	–	–	–	–	(14 981)	(21 148)	(3 551)	–	(39 680)
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**

21. PROPERTY AND EQUIPMENT (continued)

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 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**

21. PROPERTY AND EQUIPMENT (continued)

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:
  - i.Surveys and data collection on similar past transactions.
  - ii.Analysis of collected data.

- Comparison of the analysis with the subject properties and then carrying out the valuation of the subject properties. Adjustments were made to the following aspects:
  - a) Age of property – state of repair and maintenance,
  - b) Aesthetic quality – quality of fixtures and fittings,
  - c) Structural condition – location,
  - d) Accommodation offered – size of land.

The maximum useful lives are as follows:

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

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

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

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

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

Included in property and equipment are amounts relating to Right of use assets for buildings that are leased by the Group for periods more than one year. The buildings are used by the Group for its various branches and operations. The Group initially applied IFRS 16 on 1 January 2019 under the modified retrospective approach.

IFRS 16 Transition Disclosure note

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial Application of 1 January 2019. Under this method, the comparative information has not been restated and continues to be reported under IAS 17. 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 IT equipment contracts. The Group applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 except for IT equipment leases. 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.

Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental 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. Refer to note 1.20 for the accounting policy beginning 1 January 2019.

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 and leases of low value assets (ref to note 1.20 for the accounting policy of leases of low value assets
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Based on the above, as at 1 January 2019:

- Right-of -use assets of ZWL$9 505 930 were recognised and included in Property & equipment in the Statement of Financial Position.
- Lease liabilities of ZWL$ 9 505 930 were recognised as part of the Group's liabilities using an average incremental borrowing rate of 5%
- No Deferred tax was recognised on these transactions

Impact on Financial statements on 1 January was as follows:

	Inflation Adjusted ZWL$	Historical ZWL$
1 January 2019		
Right of use Assets	9 505 930	1 694 900
Lease liabilities recognised	9 505 930)	1 694 900
Impact on equity	**-**	**-**

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Inflation Adjusted ZWL$	Historical ZWL$
Operating lease commitments under IAS 17 (31 December 2018)	24 407 103	4 351 768
Short term leases	(1 711 170)	(305 100)
Operating leases that do not qualify as leases under IFRS 16	(12 714 707)	(2 267 023)
Total Undiscounted lease commitments	**9 981 226**	**1 779 645**
Lease commitments at 1 January discounted using the Group's incremental borrowing rate	**9 505 930**	**1 694 900**

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

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
21.1a	**Right of Use Assets**				
	At cost	15 376 579	-	4 730 082	-
	Depreciation	(2 527 126)	-	(1 182 286)	-
		12 849 453	**-**	**3 547 796**	**-**
21.1b	**Lease liability**				
	Impact of IFRS 16	15 376 579	-	4 730 082	-
	Interest	1 624 710	-	128 373	-
	Repayment	(3 328 199)	-	(858 269)	
	Monetary adjustment	(9 672 903)	-	-	-
		4 000 187	**-**	**4 000 187**	**-**
21.1c	**Lease liability maturity analysis**				
	Less than one month	146 236	-	146 236	-
	One to three months	391 333	-	391 333	-
	Three months to six months	435 713	-	435 713	-
	Six months to one year	833 913	-	833 913	-
	One to five years	2 732 013	-	2 732 013	-
		4 539 208	**-**	**4 539 208**	**-**
21.1d	**Amounts recognised in Statement of Profit or Loss for the year ended 31 December 2019**				
	Interest on lease liabilities	1 624 710	-	128 373	-
	Expenses relating to short term leases	1 598 551	-	963 130	-
	Expenses relating to leases of low value assets	76 950	-	25 912	-
		3 300 211	**-**	**1 117 415**	**-**
20.1e	**Amounts recognised in statement of cash flow**				
	Total cash outflow for leases	**3 328 199**	**-**	**858 269**	**-**

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
22. INVESTMENT PROPERTIES				
Opening balance	233 295 062	210 882 583	37 558 578	33 950 354
Additions	17 899 004	22 472 731	8 661 922	3 617 924
Transfer from property and equipment	1 801 335	-	290 000	-
Disposals	(193 737)	-	(31 190)	-
Foreign currency translation movement	278 425 763	-	50 473 734	-
Transfer to land inventory	-	(7 548 381)	-	(1 215 227)
Fair valuation gain	27 358 110	7 488 129	461 632 493	1 205 527
Closing balance	**558 585 537**	**233 295 062**	**558 585 537**	**37 558 578**

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

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

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

The following sets outs a maturity analysis of lease payments showing the undiscounted lease payments to be received after the reporting date.

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
22.1 Lease income maturity analysis				
Up to one year	10 790 801	1 459 162	10 790 801	234 913
Between 1 and 5 years	48 216 791	7 295 810	48 216 791	1 174 565
Total Undiscounted Lease payments	**59 007 591**	**8 754 972**	**59 007 591**	**1 409 478**
23. INTANGIBLE ASSETS				
Computer software				
At cost	49 253 404	44 450 535	9 664 673	7 156 169
Accumulated amortisation	(38 812 630)	(34 427 052)	(6 740 673)	(5 542 471)
	10 440 774	**10 023 483**	**2 924 000**	**1 613 698**
Movement in intangible assets:				
Opening balance	10 023 483	15 715 589	1 613 698	2 530 080
Additions	3 307 550	356 161	2 243 490	57 339
Transfer from property and equipment	1 544 833	1 888 985	265 012	304 111
Amortisation charge	(4 435 092)	(7 937 252)	(1 198 200)	(1 277 832)
Closing balance	**10 440 774**	**10 023 483**	**2 924 000**	**1 613 698**

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

24. DEFERRED TAXATION

24.1 Deferred tax asset

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

The deferred tax included in the statement of Profit or Loss and Other Comprehensive Income comprised of

INFLATION ADJUSTED - AUDITED

	Statement of Profit or Loss		Statement of Other Comprehensive Income		Total carrying amount	
	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
Opening balance	253 949 330	146 675 898	(28 512 426)	(24 105 522.42)	225 436 904	122 570 375
Impact of adopting IFRS 9	-	122 585 146	-		-	122 585 146
Restated balance	**253 949 330**	**269 261 044**	**(28 512 426)**	**(24 105 522.42)**	**225 436 904**	**245 155 522**
Assessed losses	3 571 720	224 831	-	-	3 571 720	224 831
Impairments and provisions	(65 178 068)	(101 807 025)	-	-	(65 178 068)	(101 807 025)
Intangible assets	-	317 805	-	-	-	317 805
Prepayments	-	2 129 476	-	-	-	2 129 476
Equity investments	-	(20 927)	-	88 725.05	-	67 799
Property and equipment	-	2 871 947	28 512 426	(4 495 628.16)	28 512 426	(1 623 681)
Tax claimable impairments	(86 200 663)	80 491 366	-	-	(86 200 663)	80 491 366
Investment properties	-	2 592 077	-	-	-	2 592 077
Other	(75 345)	(2 111 270)	-	-	(75 345)	(2 111 270)
Closing balance	**106 066 973**	**253 949 324**	**-**	**(28 512 425.53)**	**106 066 972**	**225 436 899**

HISTORICAL- UNAUDITED

	Statement of Profit or Loss		Statement of Other Comprehensive Income		Total carrying amount	
	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
Opening balance	40 883 744	23 613 608	(4 590 265)	(3 880 790)	36 293 479	19 732 818
Impact of adopting IFRS 9	-	19 735 196	-	-	-	19 735 196
Restated balance	**40 883 744**	**43 348 804**	**(4 590 265)**	**(3 880 790)**	**36 293 479**	**39 468 014**
Assessed losses	3 571 720	36 196	-	-	3 571 720	36 196
Impairments and provisions	145 126 333	(16 390 090)	-	-	145 126 333	(16 390 090)
Intangible assets	-	51 164	-	-	-	51 164
Prepayments	-	342 828	-	-	-	342 828
Equity investments	-	(3 369)	-	14 284	-	10 915
Property and equipment	-	462 360	4 590 265	(723 759)	4 590 265	(261 399)
Tax claimable impairments	8 343 462	12 958 445	-	-	8 343 462	12 958 445
Investment properties	-	417 303	-	-	-	417 303
Other	(12 130)	(339 897)	-	-	(12 130)	(339 897)
Closing balance	**151 977 331**	**40 883 744**	**-**	**(4 590 265)**	**106 041 533**	**36 293 479**

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

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
Equity investments	-	(4 595 956)	-	(739 911)
Assessed loss	3 797 116	225 378	3 608 007	36 284
Credit loss & Impairment provisions	75 571 499	142 805 960	75 735 168	22 990 580
Intangible assets	-	178 382	-	28 718
Property and equipment	-	(36 200 652)	-	(5 828 006)
Prepayments	-	(18 647)	-	(3 002)
Tax claimable impairments	26 698 358	114 011 408	26 698 358	18 354 895
Investment properties	-	243 981	-	39 279
Other	-	8 787 047	-	1 414 642
Closing balance	**106 066 973**	**225 436 901**	**106 041 533**	**36 293 479**

24.2 Deferred tax liability

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

The deferred tax included in the statement of Profit or Loss and Other Comprehensive Income comprised of

INFLATION ADJUSTED - AUDITED

	Statement of Profit or Poss		Statement of Other Comprehensive Income		Total carrying amount	
	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
Opening balance	17 994 866	728 201	8 422 112	1 761 687	26 416 976	16 124 529
Impact of IFRS 9	-	-	-	1 338 078	-	8 311 526
Assessed losses	-	-	-	-	-	-
Intangible assets	626 688	122	-	-	626 688	1 739
Prepayments	96 024	-	-	1 761 687.	96 024	-
Equity investments	1 607 876	12 977	1 795 145	(25 840)	3 403 021	(79 942)
Property and equipment	83 092 830	187	33 948 156	(898)	117 040 986	42 524
Tax claimable impairments	-	-	-	-	-	-
Investment properties	50 004 458	16 785	-	-	50 004 458	2 016 600
Other	121 038 381	-	-	-	121 038 381	-
Closing balance	**274 461 122**	**758 272**	**44 165 413**	**4 834 714**	**318 626 534**	**26 416 976**

HISTORICAL - UNAUDITED

	Statement of Profit or Loss		Statement of Other Comprehensive Income		Total carrying amount	
	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
Opening balance	2 934 012	2 312 299	1 318 903	283 617	4 252 915	2 595 916
Impact of IFRS 9	-	1 338 078	-	-	-	1 338 078
Assessed losses	-	-	-	-	-	-
Intangible assets	117 035	280	-	-	117 035	280
Prepayments	(27 366)	-	-	-	27 366	-
Equity investments	(403 393)	12 977	7 969 559	(25 848)	7 566 166	(12 870)
Property and equipment	(2 308 281)	7 755	116 374 049	(898)	103 711 098	6 857
Tax claimable impairments	-	-	-	-	-	-
Investment properties	53 937 019	324 655	-	-	64 543 650	324 655
Other	80 040 380	-	-	-	79 788 418	-
Closing balance	**134 289 405**	**3 996 043**	**125 662 512**	**256 872**	**259 951 917**	**4 252 915**

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

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
impairment and provisions	174 221	-	174 221	-
Intangible assets	447 548	4 149	88 894	668
Prepayments	115 918	-	9 167	-
Equity investments	9 652 574	8 363 765	9 652 574	1 346 497
Property and equipment	127 598 704	1 834 964	100 837 387	295 414
Investment properties	65 439 204	16 214 098	65 439 204	2 610 336
Other	115 198 365	-	83 750 380	-
Closing balance	**318 626 534**	**26 416 976**	**259 951 917**	**4 252 915**

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
25.	**DEPOSITS**				
	Call deposits	12 363 610	347 174 600	12 363 610	55 892 243
	Savings and other deposits	6 671 459 722	9 470 427 813	6 671 459 722	1 524 660 653
	Wholesale deposits	5 321 823 466	-	5 321 823 466	-
	Money market deposits	875 479 019	2 911 846 289	875 479 019	468 783 201
	Lines of credit	167 915 642	162 087 639	167 915 642	26 094 771
	Accrued interest	15 997 421	23 134 895	15 997 421	3 724 527
		13 065 038 880	**12 914 671 236**	**13 065 038 880**	**2 079 155 395**
25.1	**Deposits by type**				
	Retail	856 033 236	1 840 690 397	856 033 236	296 335 950
	Corporate	11 154 108 150	7 983 401 914	11 154 108 150	1 285 261 766
	Money market	886 940 635	2 926 322 138	886 940 635	471 113 693
	Lines of credit	167 956 859	164 256 787	167 956 859	26 443 986
		13 065 038 880	**12 914 671 236**	**13 065 038 880**	**2 079 155 395**

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

25.2 Settlement of legacy liabilities and nostro gap accounts

Included in the deposits balance above, are amounts that are denominated in USD amounting to US$451,551,474 (being legacy liabilities and nostro gap accounts of US$318,062,662 and nostro gap of US$133,488,811) which are shown at ZWL7 574 053 486. These foreign denominated liabilities, which are payable on demand, are subject to a special settlement arrangement with the RBZ as detailed in Note 16 to the financial statements wherein the Reserve Bank of Zimbabwe (RBZ) will provide foreign currency gradually to the Bank for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. Subsequent to year end, the Bank transferred the ZWL equivalent of the said balances to the RBZ at a rate of 1:1. We note that to date USD10 965 225 has been made available under this arrangement, demonstrating the willingness and capability of the RBZ to honour the settlement arrangement.

The Group has however identified key risks attendant to the legacy liabilities and nostro gap accounts which risks are noted below.

i) The risk that a significant portion (or all) gets recalled, for which the Group is unable to settle without immediate assistance from the Reserve Bank of Zimbabwe.,

The Group draws attention to the nature of the creditors constituting the liability and its assessment of the likelihood of settlement being required simultaneously:

57.5% of these liabilities relate to debt that was adopted in the debt assumption act by the government, which was approved by Parliament in 2015. However, despite the debt assumption act, the group has not yet been formally released of their obligations by the counterparties. As this debt remains payable on demand, there remains the risk that the debt could be called at once and the timing of this is outside the control of the group.

The remaining 42.5% is also payable on demand, however the Group is of the view that this can be funded through a combination of normal operations and influencing the timing of any repayment by the Group based on the composition of the counterparties:

- 9% relates to institutions that are shareholders of the Group and 5.3% relates to institutions owned in their entirety by government, which is also a significant shareholder of the Group, the timing and amount of liability calls can be influenced by the Group.
- Also, 3.4% relates to government affiliates. These can be influenced indirectly by the Group through the shareholder.
- The Group will continuously engage its creditors on the remaining 24.8% of these demand deposit denominated in foreign currency to influence the amount and timing of the settlement of these liabilities.

While the group acknowledges that the timing of outflows of these liabilities, as well as the timing of available support from the Reserve Bank of Zimbabwe, is largely outside of their control, management continues to actively engage the counterparties to influence both the timing and amount of the potential calls and also continues to actively manage the retention of foreign export proceeds to manage this exposure.

ii) The risk that no foreign currency, or insufficient currency is made available from the Reserve Bank, thus making the guarantee void and the call falling back on the Group.

The group acknowledges that in the event of a call of a portion (or all) of these liabilities at a time when support from the Reserve Bank of Zimbabwe is not immediately available, the group may not be able to fund repayment and would need to engage with the counterparties to negotiate such repayment on an affordable basis with the view to match repayment of the liabilities with the support availed from the Reserve Bank of Zimbabwe.

In relation to the liabilities which are dealt with under the debt assumption act, and which account for the most significant portion of the liabilities, the group will approach The Government of Zimbabwe, through the Reserve Bank of Zimbabwe, for resolution on how to settle the amounts and for assistance in the negotiation with the counterparties.

iii) The risk on capital posed by the significant and continued depreciation of the local currency against the US dollar.

Given the current foreign currency shortages in the market and in the event that the required support from the Reserve Bank of Zimbabwe is not available when the group is potentially required to make a repayment of any of these debts, the group may be required to fund the repayment itself from its net assets. The amount required by the group to fund any such repayment will move in line with any fluctuations of the ZWL: USD exchange rate.

The availed government grant addresses the issue of foreign exchange risk as the value of this asset is directly related to the maximum value of the identified legacy liabilities and nostro gap accounts. The exchange losses on the foreign denominated liabilities are offset by the exchange gains on the government grant asset.

In the event that all the risks noted above materialise despite management's mitigating efforts and the debt is called in its entirety, and the funding is not immediately available from the Reserve Bank of Zimbabwe despite their guarantee, the group would potentially have a significant gap in its liquidity and would be required to engage with its counterparties to negotiate repayment and to also engage with the Government of Zimbabwe for assistance in this regard. The potential liquidity gap can be derived from note 38.8 to the financial statements if one excludes the government grant disclosed within Other Assets in the "less than one month" bucket.

	INFLATION ADJUSTED				HISTORICAL			
	AUDITED 31 DEC 2019 ZWL$	%	AUDITED 31 DEC 2018 ZWL$	%	UNAUDITED 31 DEC 2019 ZWL$	%	UNAUDITED 31 DEC 2018 ZWL$	%
25.3 Sectoral Analysis								
Private	488 915 231	4	814 301 503	6	488 915 231	4	131 095 816	6
Agriculture	216 610 650	2	455 211 509	4	216 610 650	2	73 285 293	4
Mining	73 363 158	1	138 345 806	1	73 363 158	1	22 272 532	1
Manufacturing	610 305 385	5	1 162 440 178	9	610 305 385	5	187 143 267	9
Distribution	4 605 017 987	34	2 466 617 373	19	4 605 017 987	34	397 105 023	19
Construction	153 301 786	1	320 788 396	2	153 301 786	1	51 644 282	2
Transport	105 206 083	1	229 785 758	2	105 206 083	1	36 993 609	2
Communication	44 761 876	-	473 693 781	4	44 761 876	-	76 260 786	4
Services	5 071 206 379	39	4 744 593 627	37	5 071 206 379	39	763 840 384	37
Financial organisations	1 671 078 263	13	1 573 729 869	12	1 671 078 263	13	253 357 510	12
Financial and investments	25 272 082	-	535 163 436	4	25 272 082	-	86 156 893	4
	13 065 038 880	**100**	**12 914 671 236**	**100**	**13 065 038 880**	**100**	**2 079 155 395**	**100**

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
25.4 Maturity analysis				
Less than 1 month	12 281 476 302	10 595 806 947	12 281 476 302	1 705 837 398
Between 1 and 3 months	143 024 326	1 685 029 504	143 024 326	271 275 832
Between 3 and 6 months	31 635 810	186 373 444	31 635 810	30 004 585
Between 6 months and 1 year	428 996 629	139 493 908	428 996 629	22 457 367
Between 1 and 5 years	175 407 722	193 473 721	175 407 722	31 147 671
More than 5 years	4 498 091	114 493 712	4 498 091	18 432 542
	13 065 038 880	**12 914 671 236**	**13 065 038 880**	**2 079 155 395**

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

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
26. INSURANCE LIABILITIES				
Reinsurance payables (a)	17 358 569	8 228 219	17 358 569	1 324 675
Gross outstanding claims (b)	6 148 693	17 829 230	6 148 693	2 870 359
Gross unearned premium reserve (c)	28 558 819	26 816 680	28 558 819	4 317 264
Deferred reinsurance acquisition revenue (d)	7 132 275	3 279 802	7 132 275	528 021
	59 198 356	**56 153 931**	**59 198 356**	**9 040 319**
26.1 Insurance contract provisions				
(a) Reinsurance payables				
Opening balance	8 228 219	4 642 246	1 324 675	747 363
Premiums ceded during the year	95 368 390	39 781 960	49 296 292	6 404 567
Reinsurance paid	(52 660 530)	(36 195 987)	(33 262 398)	(5 827 255)
Monetary adjustment	(33 577 510)	-	-	-
Closing balance	**17 358 569**	**8 228 219**	**17 358 569**	**1 324 675**
(b) Gross outstanding claims provision				
Opening balance	17 829 230	7 523 733	2 870 359	1 211 259
Claims incurred	24 622 001	46 493 224	24 622 001	7 485 025
Incurred but not reported claims provision (IBNR)	2 157 968	1 232 541	1 583 983	198 429
Claims paid	(22 927 650)	(37 420 268)	(22 927 650)	(6 024 354)
Monetary adjustment	(15 532 856)	-	-	-
Closing balance	**6 148 693**	**17 829 230**	**6 148 693**	**2 870 359**
(c) Gross premium reserve				
Opening balance	26 816 680	19 517 442	4 317 264	3 142 147
Written premiums	153 471 218	81 706 881	65 493 243	13 154 133
Premiums earned during the year	(151 729 079)	(74 407 643)	(41 251 688)	(11 979 016)
Closing balance	**28 558 819**	**26 816 680**	**28 558 819**	**4 317 264**

(d) Deferred reinsurance acquisition revenue

	INFLATION ADJUSTED		
	Unearned commissions ZWL$	Deferred acquisition ZWL$	Net ZWL$
Audited 31 December 2019			
Opening balance	3 279 802	3 542 064	(262 262)
Written premiums	24 562 551	23 893 623	668 928
Earned during the year	(20 710 078)	(20 609 035)	(101 043)
Closing balance	**7 132 275**	**6 826 652**	**305 623**
Audited 31 December 2018			
Opening balance	2 193 181	2 540 261	(347 080)
Written premiums	10 261 059	10 640 322	(379 263)
Earned during the year	(9 174 438)	(9 638 519)	464 081
Closing balance	**3 279 802**	**3 542 064**	**(262 262)**

	HISTORICAL		
	Unearned commissions ZWL$	Deferred acquisition ZWL$	Net ZWL$
Audited 31 December 2019			
Opening balance	528 021	570 243	(42 222)
Written premiums	12 414 703	11 790 329	624 374
Earned during the year	(5 810 449)	(5 533 920)	(276 529)
Closing balance	**7 132 275**	**6 826 652**	**305 623**
Audited 31 December 2018			
Opening balance	353 083	408 961	(55 878)
Written premiums	1 651 945	1 713 004	(61 059)
Earned during the year	(1 477 007)	(1 551 722)	74 715
Closing balance	**528 021**	**570 243**	**(42 222)**

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
27. OTHER LIABILITIES				
Revenue received in advance	367 637 945	18 802 604	335 577 500	3 027 064
Sundry creditors	861 239 508	178 737 157	861 239 508	28 775 206
Accruals	173 296 754	10 183 206	173 296 754	1 639 412
Suspense	47 142 085	19 124 124	47 142 085	3 078 826
Provisions	7 340 206	6 642 608	6 742 597	1 069 405
	1 456 656 498	**233 489 699**	**1 423 998 444**	**37 589 913**

28. LIFE FUNDS

28.1 Movement in Life Fund

	Unearned Premium Reserve ZWL$	Incurred But Not Reported ZWL$	Annuities Reserve ZWL$	Total ZWL$
Audited 31 December 2018				
Opening balance	5 833 063	3 272 547	-	9 105 610
Transfer to income	977 727	(380 485)	195 823	793 065
Closing balance	**6 810 790**	**2 892 062**	**195 823**	**9 898 675**
Audited 31 December 2019				
Opening balance	**6 810 790**	**2 892 062**	**195 823**	**9 898 675**
Transfer to income	2 738 464	165 837	1 664 428	4 568 729
Monetary adjustment	(7 964 507)	(2 403 706)	(164 298)	(10 532 511)
Closing balance	**1 584 747**	**654 193**	**1 695 953**	**3 934 894**

	Unearned Premium Reserve ZWL$	Incurred But Not Reported ZWL$	Annuities Reserve ZWL$	Total ZWL$
Audited 31 December 2018				
Opening balance	939 075	526 853	-	1 465 928
Transfer to income	157 406	(61 255)	31 526	127 677
Closing balance	**1 096 481**	**465 598**	**31 526**	**1 593 605**
Audited 31 December 2019				
Opening balance	1 096 481	465 598	31 526	1 593 605
Transfer to income	488 266	188 595	1 664 428	2 341 289
Closing balance	**1 584 747**	**654 193**	**1 695 954**	**3 934 894**

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
28.2 Life funds liabilities as supported by the following net assets				
Money market assets	662 606	3 164 262	662 606	509 420
Prescribed assets	713 292	1 870 903	713 292	301 200
Investment property	1 784 600	2 780 416	1 784 600	447 624
Listed equity investment	774 396	2 083 095	774 396	335 361
	3 934 894	**9 898 676**	**3 934 894**	**1 593 605**

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
29. LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES				
29.1 Life assurance investment contract liabilities movement				
Opening balance	14 866 750	11 223 768	2 393 424	1 806 934
Interest on GEP fund	1 416 250	477 726	425 631	76 910
Fund Management expenses	(109 924)	(255 988)	(33 501)	(41 212)
GEP Investment	13 663 180	6 611 544	4 170 048	1 064 404
GEP Withdrawals	(11 637 011)	(3 190 300)	(3 546 551)	(513 612)
Monetary adjustment	(14 790 194)	-	-	-
Closing balance	**3 409 051**	**14 866 750**	**3 409 051**	**2 393 424**
29.2 Life assurance investment contract liabilities are supported by the following net assets				
Money market assets	280 814	8 205 601	280 814	1 321 034
Cash	265 875	869 219	265 875	139 937
Prescribed assets	511 303	4 400 188	511 303	708 394
Listed equity investment	2 351 059	1 391 742	2 351 059	224 059
	3 409 051	**14 866 750**	**3 409 051**	**2 393 424**

30. CATEGORIES OF FINANCIAL LIABILITIES

The Group's financial liabilities carried at amortised cost are as follows:

	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
Deposits	13 144 195 659	12 914 671 236	13 144 195 659	2 079 155 395
Other liabilities	808 138 177	214 687 095	808 138 177	34 562 849
Lease liability	4 000 187	-	4 000 187	-
Total	**13 956 334 023**	**13 129 358 331**	**13 956 334 023**	**2 113 718 244**

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

31. EQUITY AND RESERVES

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
31.1 Share capital				
Authorised				
1 000 000 000 ordinary shares of ZWL$ 0.01each	**10 000 000**	**10 000 000**	**10 000 000**	**10 000 000**
Issued and fully paid				

Reconciliation of number of shares

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 SHARES	AUDITED 31 DEC 2018 SHARES	UNAUDITED 31 DEC 2019 SHARES	UNAUDITED 31 DEC 2018 SHARES
Opening balance	686 962 567	686 879 495	686 962 567	686 879 495
Employee share options	4 035 388	83 072	4 035 388	83 072
Cancellation of treasury shares	(168 981 847)	-	(168 981 847)	-
Closing balance	**522 016 108**	**686 962 567**	**522 016 108**	**686 962 567**

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

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
31.5	**Employee share option reserve**				
	Opening balance	7 228 981	7 050 356	1 163 806	1 135 049
	Share options to employees	(91 143)	178 625	(78 198)	28 757
	Cancellation	(7 137 838)	-	(1 085 608)	-
	Closing balance	**-**	**7 228 981**	**-**	**1 163 806**

During the year 4 035 388 shares were exercised after vesting and ZWL$355 521 was realised from the exercise.

Shares under option

The Directors are empowered to grant share options to senior executives and staff of the company up to a maximum of 40 000 000 shares. The options are granted for a period of 10years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2019 were as follows:

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

	AUDITED 31 DEC 2019 SHARES	AUDITED 31 DEC 2018 SHARES
Movement for the year		
Opening balance	37 197 797	37 280 869
Options exercised	(4 035 388)	(83 072)
Options cancelled	(33 162 409)	-
Closing balance	**-**	**37 197 797**

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

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

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

Valuation inputs:

Exercise price

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

Expected volatility

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

Expected dividends

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

Risk free rate of return

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

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
31.6	**Retained earnings**				
	Opening balance	1 720 939 801	1 554 196 426	244 917 776	250 212 784
	Impact of adopting IFRS 9 (Note 30.6.1)	-	(456 493 662)	-	(73 491 709)
	Restated retained earnings	**1 720 939 801**	**1 097 702 764**	**244 917 776**	**176 721 075**
	Profit for the year	312 954 654	448 238 934	924 895 986	72 162 766
	Cancellation of treasury shares	(82 769 030)	-	(9 301 796)	-
	Cancellation of share options	7 137 838	-	1 085 608	-
	Effects of applying IAS 29	-	199 633 311	-	-
	Dividend paid	(27 276 458)	(24 635 208)	12 070 853	(3 966 065)
		1 930 986 515	**1 720 939 801**	**1 149 526 721**	**244 917 776**
	The revenue reserve comprises:				
	Holding company	123 853 960	76 791 437	44 596 037	12 362 787
	Subsidiary companies	1 834 345 428	1 473 409 852	1 108 583 967	237 206 816
	Effect of consolidation journals	(27 212 873)	170 738 492	(3 653 283)	(4 651 827)
		1 930 986 515	**1 720 939 781**	**1 149 526 721**	**244 917 776**
31.6.1	**Retained earnings**				
	The impact of transition to IFRS 9 on retained earnings is, as follows:				
	Recognition of expected credit losses under IFRS 9 for financial assets	-	(565 034 274)	-	(90 965 851)
	Deferred tax in relation to the above	-	108 540 612	-	17 474 142
	Total change in equity due to adopting IFRS 9 (01 Jan 2018)	**-**	**(456 493 662)**	**-**	**(73 491 709)**
31.7	**Non-controlling interests**				
	Reconciliation of Non-controlling Interests:				
	Opening balance	757 442	722 316	121 942	116 287
	Profit for the year	(420 333)	55 009	82 365	8 856
	Other comprehensive income	223 655	-	224 276	-
	Dividend paid	(16 340)	(19 883)	(8 609)	(3 201)
	Closing balance	**544 424**	**757 442**	**419 974**	**121 942**
31.8	**Fair value reserve**				
	Opening balance	50 646 303	-	8 153 639	-
	Impact of adopting IFRS 9 (Note 30.8.1)	-	51 578 990	-	8 303 794
	Other comprehensive income for the year	35 666 556	(932 687)	156 653 980	(150 155)
		86 312 859	**50 646 303**	**164 807 619**	**8 153 639**
31.8.1	**Fair value reserve**				
	The impact of transition to IFRS 9 on fair value reserve is, as follows:				
	Recognition of fair value gain for unquoted equities on adopting IFRS 9	-	64 536 422	-	10 389 831
	Deferred tax in relation to the above	-	(12 957 416)	-	(2 086 037)
	Total change in equity due to adopting IFRS 9 (01 Janaury 2018)	**-**	**51 579 006**	**-**	**8 303 794**
31.9	**Foreign currency translation reserve**				
	Opening balance	-	-	-	-
	Gross exchange gain on change of functional currency	508 315 157	-	92 148 662	-
	NCI portion on change of functional currency	(223 655)	-	(40 545)	-
	Exchange gain on translation of a foreign subsidiary	(202 192)	-	(585 342)	-
	Closing balance	**507 889 310**	**-**	**91 522 775**	**-**

32. 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).

33. CONTINGENCIES AND COMMITMENT

33.1 Compliance matter

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

33.2 Guarantees and capital commitments

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
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				
Authorised and contracted for	16 654 281	15 884 175	16 654 281	2 557 221
Authorised but not yet contracted for	353 360	5 115 399	353 360	823 537
	17 007 641	**20 999 574**	**17 007 641**	**3 380 758**

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

34. 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**

35. OPERATING SEGMENTS

The Group is comprised of the following operating segments:

BANKING OPERATIONS	MORTAGAGE FINANCE	ASSET MANAGEMENT	INSURANCE OPERATIONS	PROPERTY INVESTMENTS	AGRO BUSINESS OPERATIONS	OTHER OPERATIONS
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:

35.1 Segment operational results

INFLATION ADJUSTED - AUDITED

	Commercial banking ZWL$	Mortgage finance ZWL$	Asset management ZWL$	Insurance operations ZWL$	Property investment ZWL$	Agro business ZWL$	Other operations ZWL$	Elimination of intersegment amounts ZWL$	Consolidated ZWL$
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)	1 238 889 839
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 & Armortisation 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 & Armortisation 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	–	48 714 698	(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

35.1 Segment operational results continued

HISTORICAL- UNAUDITED

	Commercial banking ZWL$	Mortgage finance ZWL$	Asset management ZWL$	Insurance operations ZWL$	Property investment ZWL$	Agro business ZWL$	Other operations ZWL$	Elimination of intersegment amounts ZWL$	Consolidated ZWL$
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 Armotisation 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 Armotisation 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

36. 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.

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
Transactions with Directors' companies				
Interest income	-	1 887 022	-	303 795
Commission and fee income	1 494	16 970	577	2 732
	1 494	**1 903 992**	**577**	**306 527**

37. CLOSING EXCHANGE RATES

USA	16.7734	1.0000	16.7734	1.0000
ZAR	0.8424	14.4194	0.8424	14.4194
GBP	21.9983	1.2687	21.9983	1.2687
EUR	18.7963	1.143	18.7963	1.143

38. RISK MANAGEMENT

38.1 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.

38.2 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.

38.3 Credit risk

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

Credit risk management framework

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

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

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

Credit mitigation

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

38.3. (a) Credit risk exposure

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

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

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

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

38.3(b) An industry sector analysis of the Group's financial assets 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	183 798 057	54 414 126	1 067 471 517	305 524 109	183 798 057	54 414 126	171 854 097	49 186 858
Agriculture	2 266 049 616	16 076 611	902 129 245	118 417 199	2 266 049 616	16 076 611	145 235 357	19 064 191
Mining	123 549 611	6 310 585	121 003 960	3 582 923	123 549 611	6 310 585	19 480 638	576 821
Manufacturing	133 163 224	16 648 111	297 918 030	59 469 660	133 163 224	16 648 111	47 962 342	9 574 124
Distribution`	307 818 706	16 122 471	612 833 844	74 338 441	307 818 706	16 122 471	98 661 187	11 967 875
Construction	8 223 225	126 280	57 509 174	4 535 376	8 223 225	126 280	9 258 502	730 158
Transport	12 302 168	162 694	45 705 742	6 121 519	12 302 168	162 694	7 358 247	985 514
Communication	1 005 208	69 276	9 560 112	–	1 005 208	69 276	1 539 099	–
Services	239 663 331	19 638 036	520 988 437	18 598 004	239 663 331	19 638 036	83 874 835	2 994 125
Financial organisations	17 507 779	1 569 837 179	83 703 449	–	17 507 779	1 569 837 179	13 475 564	–
Total	**3 293 080 925**	**1 699 405 367**	**3 718 823 510**	**590 587 231**	**3 293 080 925**	**1 699 405 367**	**598 699 868**	**95 079 666**

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

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

38.3 (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**

The Group may write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December amounted to ZWL$12 549 171. The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of recovery.

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 Adjustement	(6 488 295 870)	–	–	–	–	–	(6 488 295 870)	–
Maturities during the year	(136 347 230)	(560 954 568)	–	–	–	–	(136 347 230)	(560 954 568)
Gross loans and advances to customers	**1 191 832 744**	**7 733 292 008**	**–**	**–**	**–**	**–**	**1 191 832 744**	**7 733 292 008**
ECL allowance	(78 272)	(338 614)	–	–	–	–	(78 272)	(338 614)
Closing balance	**1 191 754 472**	**7 732 953 394**	**–**	**–**	**–**	**–**	**1 191 754 472**	**7 732 953 394**

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

c. Money market

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

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

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

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

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

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).

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

Modification and Forbearance

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

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

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

- All of its facilities has to be considered performing
- The probation year of six months has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of

principal or interest have been made during at least half of the probation year
- The customer does not have any contract that is more than 30 days past due

Derecognition

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. The Group de-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

38.3.2 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.

38.3.3 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.

38.4 Liquidity risk

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

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

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

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

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

38.4.1 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:

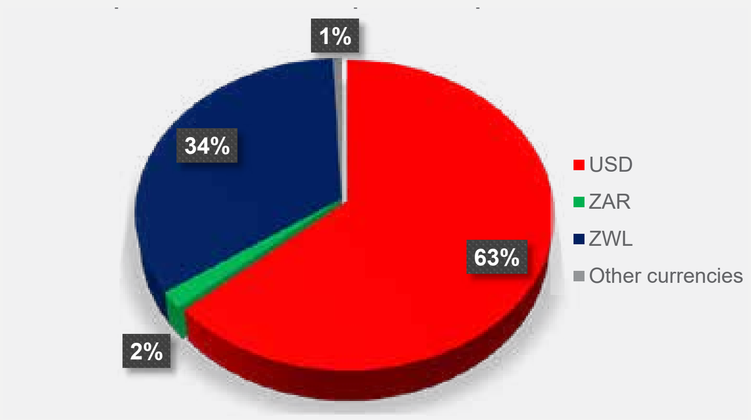
	CBZ Bank Limited
	%
At 31 December 2019	52.56
At 31 December 2018	64.24
Average for the year	73.12
Maximum for the year	87.74
Minimum for the year	52.26

38.4.2 Concentration & Counterparty Risk

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

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

Deposits Concentration position expressed in ZWL$



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

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

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

38.5 Interest rate risk

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

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

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

38.5.1 Interest rate repricing

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$	Non– interest bearing ZWL$	Total ZWL$
Audited 31 Dec 2019								
Assets								
Balances with banks and cash	898 484 062	–	–	–	–	–	1 501 770 171	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	–	–	–	–	–	–	76 075 439	76 075 439
Equity investments	–	–	–	–	–	–	212 088 704	212 088 704
Land inventory	–	–	–	–	–	–	736 278 645	736 278 645
Other assets	–	–	–	–	–	–	8 280 130 411	8 280 130 411
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	1 021 934 811
Deferred taxation	–	–	–	–	–	–	106 066 973	106 066 973
Total assets	**1 157 249 405**	**156 354 887**	**47 573 568**	**2 508 271 107**	**379 259 992**	**1 079 595 701**	**12 503 921 488**	**17 832 226 148**
Equity & Liabilities								
Deposits	12 281 476 302	143 024 326	31 635 810	428 996 629	175 407 722	4 498 091	–	13 065 038 880
Insurance liabilities	–	–	–	–	–	–	59 198 356	59 198 356
Other liabilities	–	–	–	–	–	–	1 456 656 498	1 456 656 498
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	175 586	517 365	537 295	962 612	1 807 329	–	–	4 000 187
Equity	–	–	–	–	–	–	2 818 336 309	2 818 336 309
Total liabilities and equity	**12 281 651 888**	**143 541 691**	**32 173 105**	**429 959 241**	**177 215 051**	**4 498 091**	**4 763 187 081**	**17 832 226 148**
Interest rate repricing gap	**(11 124 402 483)**	**12 813 196**	**15 400 463**	**2 078 311 866**	**202 044 941**	**1 075 097 610**	**7 740 734 407**	**–**
Cumulative gap	**(11 124 402 483)**	**(11 111 589 287)**	**(11 096 188 824)**	**(9 017 876 958)**	**(8 815 832 017)**	**(7 740 734 407)**	**–**	**–**

38.5.1 Interest rate repricing (continued)

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$	Non– interest bearing ZWL$	Total ZWL$
Audited 31 Dec 2018								
Assets								
Balances with banks and cash	335 931 825	–	–	–	–	–	2 001 692 893	2 337 624 718
Money market assets	126 369 843	4 897 680	10 823 853	297 318 105	–	–	–	439 409 481
Financial securities	–	389 840 808	263 750 420	172 085 624	1 269 201 413	5 638 075 129	–	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	–	–	–	–	–	–	54 618 802	54 618 802
Equity investments	–	–	–	–	–	–	161 501 428	161 501 428
Other assets	–	–	–	–	–	–	166 564 034	166 564 034
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	480 953 054
Deferred taxation	–	–	–	–	–	–	225 436 901	225 436 901
Total assets	**1 545 298 857**	**588 202 364**	**430 383 863**	**772 386 348**	**1 800 998 063**	**6 396 000 864**	**3 684 484 025**	**15 217 754 384**
Equity & 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	–	–	–	–	–	–	56 153 931	56 153 931
Other liabilities	–	–	–	–	–	–	233 489 699	233 489 699
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 liabilities and equity	**10 595 806 947**	**1 685 029 504**	**186 373 444**	**139 493 908**	**193 473 721**	**114 493 712**	**2 303 083 148**	**15 217 754 384**
Interest rate repricing gap	**(9 050 508 090)**	**(1 096 827 140)**	**244 010 419**	**632 892 440**	**1 607 524 342**	**6 281 507 152**	**1 381 400 877**	**–**
Cumulative gap	**(9 050 508 090)**	**(10 147 335 230)**	**(9 903 324 811)**	**(9 270 432 371)**	**(7 662 908 029)**	**(1 381 400 877)**	**–**	**–**

38.5.1 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 2019								
Assets								
Balances with banks and cash	898 484 062	–	–	–	–	–	1 501 770 171	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	–	–	–	–	–	–	74 792 150	74 792 150
Equity investments	–	–	–	–	–	–	212 088 704	212 088 704
Land inventory		–	–	–	–	–	139 034 053	139 034 053
Other assets	–	–	–	–	–	–	8 162 478 639	8 162 478 639
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	873 439 372
Deferred taxation	–	–	–	–	–	–	106 041 533	106 041 533
Total assets	**1 157 249 405**	**156 354 887**	**47 573 568**	**2 508 271 107**	**379 259 992**	**1 079 595 701**	**11 631 704 182**	**16 960 008 842**
Equity & Liabilities								
Deposits	12 281 476 302	143 024 326	31 635 810	428 996 629	175 407 722	4 498 091	–	13 065 038 880
Insurance liabilities	–	–	–	–	–	–	59 198 356	59 198 356
Other liabilities	–	–	–	–	–	–	1 423 998 444	1 423 998 444
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	175 586	517 365	537 295	962 612	1 807 329	–	–	4 000 187
Equity	–	–	–	–	–	–	2 037 451 674	2 037 451 674
Total liabilities and equity	**12 281 651 888**	**143 541 691**	**32 173 105**	**429 959 241**	**177 215 051**	**4 498 091**	**3 890 969 775**	**16 960 008 842**
Interest rate repricing gap	**(11 124 402 483)**	**12 813 196**	**15 400 463**	**2 078 311 866**	**202 044 941**	**1 075 097 610**	**7 740 734 407**	**–**
Cumulative gap	**(11 124 402 483)**	**(11 111 589 287)**	**(11 096 188 824)**	**(9 017 876 958)**	**(8 815 832 017)**	**(7 740 734 407)**	**–**	**–**

38.5.1 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)**	**–**	**–**

38.6 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				
Postion expressed in ZWL$	**Total**	**ZWL**	**USD**	**ZAR**	**GBP**	**EUR**	**Other foreign currencies**
Assets							
Balances with banks and cash	2 400 254 233	2 098 186 005	194 220 701	74 829 210	2 951 760	21 777 913	8 288 644
Money market assets	224 165 206	22 768 033	201 397 173	–	–	–	–
Financial securities	1 191 754 472	1 191 754 472	–	–	–	–	–
Loans and advances to customers	3 013 900 920	2 791 003 287	131 850 018	5 563 147	277 366	85 207 102	–
Insurance assets	76 075 439	76 075 439	–	–	–	–	–
Equity investments	212 088 704	206 153 934	–	–	–	5 934 770	–
Land inventory	736 278 645	736 278 645	–	–	–	–	–
Other assets	8 280 130 411	793 787 626	7 483 185 143	2 468 740	131 412	557 490	–
Current tax receivable	550 023	550 023	–	–	–	–	–
Intangible assets	10 440 774	10 440 774	–	–	–	–	–
Investment properties	558 585 537	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	–	–	–	–	–
	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				
Postion expressed in ZWL$	**Total**	**USD**	**ZAR**	**GBP**	**EUR**	**Other foreign currencies**
Assets						
Balances with banks and cash	2 337 624 718	2 316 313 811	15 297 480	943 856	3 603 794	1 465 777
Money market assets	439 409 481	439 409 481	–	–	–	–
Financial securities	7 732 953 394	7 732 953 394	–	–	–	–
Loans and advances to customers	3 024 975 659	2 986 792 017	841 329	8 062	37 327 822	6 429
Insurance assets	54 618 802	54 618 802	–	–	–	–
Equity investments	161 501 428	159 554 297	–	–	1 947 131	–
Other assets	166 564 034	165 650 137	722 577	191 320	–	–
Land Inventory	341 140 446	341 140 446	–	–	–	–
Current tax receivable	9 257 922	9 257 922	–	–	–	–
Intangible assets	10 023 483	10 023 483	–	–	–	–
Investment properties	233 295 062	233 295 062	–	–	–	–
Property and equipment	480 953 054	478 028 065	2 452 244	–	472 745	–
Deferred taxation	225 436 901	225 436 901	–	–	–	–
Total assets	**15 217 754 384**	**15 152 473 818**	**19 313 630**	**1 143 238**	**43 351 492**	**1 472 206**
Equity & Liabilities						
Deposits	12 914 671 236	12 853 491 980	20 837 995	1 006 498	36 812 559	2 522 204
Insurance liabilities	56 153 931	56 153 931	–	–	–	–
Other liabilities	233 489 699	231 892 526	1 079 359	61 108	454 688	2 018
Current tax payable	662 480	662 480	–	–	–	–
Life Fund	9 898 676	9 898 676	–	–	–	–
Investment contract liabilities	14 866 750	14 866 750	–	–	–	–
Deferred taxation	26 416 976	26 416 976	–	–	–	–
Equity	1 961 594 636	1 961 594 636	–	–	–	–
Total equity and liabilities	**15 217 754 384**	**15 154 977 955**	**21 917 354**	**1 067 606**	**37 267 247**	**2 524 222**

Foreign currency position as at 31 December 2019

			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	–	–	–	–	–
	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**

Foreign currency position as at 31 December 2019

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

Foreign currency position as at 31 December 2018

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

38.7 Operational risk

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

38.7.1 Operational risk management framework

The Group Risk Management Committee exercises adequate oversight over operational risks across the Group with the support of SBU Boards as well as business and functional level committees. Group Risk Management is responsible for setting and approving of Group Operational Policies and maintaining standards for operational risk.

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

38.8 Strategic risk

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

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

38.9 Regulatory risk

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

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

38.10 Reputation risk

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

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

38.11 Money-laundering risk

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

a. adherence to Know Your Customer Procedures;
b. effective use of compliance enabling technology to enhance anti–money laundering program management, communication, monitoring and reporting;
c. development of early warning systems; and
d. integration of compliance into individual performance measurement and reward structures.

38.12 Insurance risk

The principal risk that the insurance segment faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the insurance subsidiary is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The subsidiaries also purchase reinsurance as part of their risk mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

The insurance company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the company substantially dependent upon any single reinsurance contract.

38.13 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)	$MQ2_{(zw)}$	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.

39. Going concern and Subsequent Events

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:

1. 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.

2. Remote Working: Most of the Group employees are available to ensure continuity of the business during lockdown by working remotely.

3. 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.

4. Forbearance and moratoria to clients hardest hit by the pandemic as explained below under the expected credit loss section. 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

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 Reserve Bank of Zimbabwe, at a rate of 1:1 in line with directives RU102/2019 and RU28/2019

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

39. Going concern and Subsequent Events continued

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 the following assessment.

Business area	Impact on the business
Interest Income	The Group's interest income is unlikely to be affected by the COVID 19 pandemic. The impact on the quality of the Group's assets, in particular loans and advances will likely be insignificant. The Group's loan book has a high concentration to the Agriculture Sector, which as at 31 March 2020, made up 61.5% (December 2019: 71%) of the total advances book. The exposure under this sector, is protected by a government guarantee. This, coupled with the recent threefold increase in producer prices by the Government, means that this exposure will not be affected. The tobacco industry is also expecting a decent season and the international gold price is currently firm, hence the Group's exposures in these sectors are adequately covered.
Non-interest income	Non-interest income will be largely affected by the decline in GDP which will result in reduced disposable incomes. The informal Sector, has also been incapacitated as a result of the restrictions posed by the lockdown hence, there will likely be a reduction in transactional volumes from customers in this sector of the economy. Transactional volumes are likely to decline as a result of this as well as the restrictions in movement as a result of the lockdown. The Group has responded to this by encouraging customers to make use of digital platforms for transactions. The Group, has also ensured that POS terminals situated within essential services merchants are continuously being monitored to ensure that they remain operational during and after the lockdown. The Group is also deploying additional POS machines to merchants. Money Transfer Agency (MTA) business will be increased through widening redemption platforms.
Premium income	The restrictive measures to contain the pandemic such as prolonged shut downs has a ripple effect on the insuring individuals and corporates' ability to pay premiums. Therefore, this will lead to further under-insurance and selective insurance depriving the industry of the much needed insurance premium revenue, negatively affect underwriting margins. Reinsurance costs are likely to go up in line with the increased risk on insurance policies exposed to Covid 19. **Measures taken by the Group:** The Group is carrying out a review of products offering and pricing of policies exposed to the risks of covid19 such as health and business interruption policies to reflect the risk and return. Furthermore, products have been re priced to improve affordability in light of the erosion of income for clients. Insurance policies coverage for some policies to reflect low risk exposure due to movement restrictions. More importantly, operational processes have been adjusted to promote the extensive use of technology to replace face to face interactions.
Claims & reinsurance costs	The Group offers business interruption policies among other short term insurance products. Whilst the Group has no retention on contracts covering COVID-19 related business interruption claims, the claim related expenses to assess these claims are expected to increase. Similarly, health and travel claims related to the pandemic will also follow a similar pattern. There is likely to be reduced risk appetite on underwritten policies leading to higher reinsurance costs. A number of claims are likely to be repudiated of the basis of late notification as clients are under lockdown. **Measures taken by the Group** The Group has extended claim notification periods to accommodate policyholders. The use of technology driven processes have been favoured to reduce operating costs.

39. Going concern and Subsequent Events continued

Business area	Impact on the business
Expected Credit Losses	The COVID-19 pandemic will likely impact the ability of borrowers, whether corporate or individuals, to meet their commitments under loan contracts. Individual and corporate borrowers may have a particular exposure to the economic impacts in their geography and industry sector. Reduction in forecasts in economic growth will increase the probability of default across many borrowers and loss given default rates are likely to increase due to the fall in value of collateral, as evidenced by the fall in prices of assets. **Measures taken by the Group:** The measurement of both unexpected and expected credit losses through the adjustment of debt facility pricing tools and provisions models, respectively, has been done. The provisioning framework is in line with IFRS9 and adjustments to the models to accommodate the effect of the pandemic on the valuation parameters were made. The adjustments included taking into account the across the Board decline in economic activity by: • Global increase in default probabilities; • Explicit consideration of maturity extension and reduced repayment; • Foregone interest income which in a way represents credit loss; and • Change in asset values pledged as collateral. Due to the Group's concentrated exposure to the productive sector with good credit enhancements, the increase in ECL was marginal from 3.15% in February 2020 to 4.23% in March 2020. This ratio is expected to decrease for exposures in agriculture, while marginal increases are expected in other sectors. The impact assessment also considered general performance of the credit facilities. A modest portion of the book is not performing and the appropriate provisions have been made; at the same time there is a very large part of the book that is of a very high credit quality. The lumpiness of the portfolio means that there is a single counterparty that the Group is exposed to and by design is sufficiently covered against credit risk.
Cash and Cash Equivalents	The Group held cash and cash equivalents of ZWL$2.400 billion as at 31 December 2019. A total of ZWL$1.45 billion was generated for the period ending 31 March 2020. The Group is continuing to build up cash holdings, given the pressure that cash resources are likely to face after the lockdown period, thus affect capacity to service the money transfer agency business, the upcoming tobacco selling season, as well as meeting its day-to-day normal customer cash needs.
Money Market Assets	The value of Money market assets has increased by 42.0% between 31 December 2019 and 31 March 2020. Money market assets are unlikely to be affected by the COVID 19 pandemic. Though Banks are not operating at full capacity, credit risk is minimal, hence no significant decline in asset quality is expected.
Financial Securities	The value of Financial Securities has largely been the same, between 31 December 2019 and 31 March 2020, decreasing slightly by 2.76%. Financial Securities are unlikely to be affected by the COVID 19 pandemic. There isn't a likelihood of decline in the quality of these assets, these are considered to be relatively risk free, because of the counterparty involved that is, the Government.
Insurance assets	Premiums receivables are susceptible to significant impairment due to decreased revenue and earnings because of forced covid19 related closures. Whilst the bulk of reinsurance assets receivable at 31 December had been received by 31st March 2020, it remains to be seen how much capacity reinsurers have post covid19 and beyond. **Measures taken by the Group** The Group has allowed deferral of premium payment or revision of premium payment schedule for distressed policyholders. To make it easy for clients to remit premium, the Group has responded to this by encouraging customers to make use of our digital platforms for settlement of premiums. The Group will constantly review the capacity of reinsurance counterparties to reduce the risk of non-settlement of claims.
Loans and advances	Subsequent to 31 December 2019, up to 31 March 2020, the Group's gross advances increased by ZWL$2.10 billion (an increase of 64.4% while net advances increased by ZWL$2.31 billion (an increase of 69.8%) during the same period. The Group's gross advances are expected to increase, given that the Group will be taking on the winter wheat program, through CBZ Agro Yield.
Unquoted Equities	The accounting effects of the coronavirus on fair value measurements may be significant. COVID-19 is a rapidly evolving situation. Expected values in investments are not going to be significantly affected as most of the Group's investments are in the financial services sector which is part of the essential services.
Property and equipment	A significant drop in market prices for properties may impact the business. Property prices are likely to decline due to the effects of supply and demand. Property and Equipment constituted 5.7% of the total assets of the Group as at 31 March 2020. Considering the size of the Group's statement of financial position, the fall in market prices is not expected to have a significant impact.
Intangible assets	Intangible assets do not constitute a significant amount on the statement of financial position of the Group (0.02% as at 31 December 2019). These are software packages being used by the Group for the day to day management of the business. As the business is continuing, there is no significant impact on the intangible assets as the software will continue to be in use.

39. Going concern and Subsequent Events continued

Business area	Impact on the business
Right of use of assets	The right of use will not be impacted as the no rental agreements have been renegotiated and the judgements applied in arriving at the incremental borrowing rate have not changed
Funds under management (FUM)	Subsequent to 31 December 2019, the Group's FUM increased by ZWL$0.77 billion, which represents an increase of 62.27%, largely due to positive performance of listed equity investments. The Group's client base remained stable during the lockdown period as the Group continued to provide basic services to clients with staff working remotely. The stock market has continued to operate with returns being stable. The Group's property projects were put on hold during the lockdown and are expected to resume once restrictions have been removed. Market value of property investments may decrease due to the impact of Covid-19 but will not have a significant impact on the Group's revenue. **Measures taken by the Clients:** The Group is continuing to service all its clients with staff working remotely. The Group will also continue with efforts to diversify its revenue through alternative investments.
Land inventories	Market prices are likely to drop for land inventory, due to a decline in demand. An estimate of the decline can however not be determined with certainty. This will, however, not affect the value of the Group's land inventory in the near term due to the size of the buffer between cost and net realisable value (NRV). If there is a continued decline in market values and NRV falls below cost, this will trigger a write-down of the land inventory. The impact on the Group's statement of financial position in the event that this happens is unlikely to be significant, considering its size (as at 31 December 2019, land inventory constituted 0.81% of the Group's statement of financial position).
Deposits	Subsequent to 31 December 2019, the Group's Deposits increased by ZWL$4.04 billion, which represents an increase of 30.7%, largely due to an increase in the ZWL equivalent of deposit balances as a result of the depreciation of the local currency and deposit mobilisation efforts. The number and value of over the counter deposits has decreased during the lockdown period as services are only being restricted to clients within the essential services category and those that have teller on premises facilities. **Measures taken by the Group:** The Group is continuing to service selected customers in the essential services through its branch network and through the Teller on Premises program.
Other Liabilities	Operations are continuing under the designation of essential services and there has been no compromise thus far, nor is any anticipated. The business will continue to honour the obligations outstanding as 31 December 2019.
Lease liabilities	The lease liabilities are unlikely be impacted during the 2020 financial year due to the reasons highlighted under Right of Use Asset above.
Taxation	Operations have been affected as alluded to above. CBZ Group has however put in place various measures as detailed above to ensure continuity of the business. The business will therefore continue to honour the obligations outstanding as 31 December 2019. Taxation outstanding will also be settled in 2020.

39. Going concern and Subsequent Events continued

<table>
<tr><th>Business area</th><th>Impact on the business</th></tr>
<tr><td>Concentration Risk</td><td>
The Group's credit exposure profile is significantly skewed towards the productive sectors, namely agriculture and mining. The facilities extended in the agriculture spaces have numerous credit enhancement features that dampen credit default risk.
The Group is highly concentrated in Agriculture at 61% of the total exposure, with the biggest exposure being loans given to famers through Agro Yield (ZWL$3.04 billion) as at 31 March, 2020. The Agro-Yield exposure is 100% guaranteed by the Government of Zimbabwe through the Ministry of Agriculture. The impact of COVID-19 pandemic on agriculture is expected to be minimal because agriculture will be cushioned by and large by the increased producer prices. In addition, due to the significance of agriculture to food security, this is a sector that receives various government relief support. Farmers are expected to have little difficulty repaying their borrowings. Tobacco farmers have been slightly affected by the delayed opening of the tobacco auction floors. However, the delayed opening is not expected to compromise their repayment capacities due to the fact that sales are in USD against a ZWL debt. Given this background, the Group does not expect much increase in NPLs emanating from the Agriculture sector. The Group also has significant exposures to agro-processors, and these are also expected to have little difficulty servicing their debt obligations.
Measures taken by the Group:

Contract Modifications:
The Group, is dealing with issue of contract renegotiations and modifications on a case-by–case basis as the level of impact varies from Group to Group as well as sector- to-sector.
The Group is treating all relief requests from clients to be a reflection of significant increase in credit risk, which is also associated with downgrading of the obligor's rating. The Government of Zimbabwe and/or Central Group has not yet announced global relief measure to all individual and corporate borrowers; hence any forbearance or relief measure is assumed to be associated with significant increase in credit risk. The Group is expecting some clients to request for some contracts variation or modification due to effect of this pandemic. Some clients have already started to request for deferral of contract repayments, which the Group is taking as a signal of significant increase in credit risk. The Group is reviewing the classification grades for all clients that are coming on-Board requesting for contract modification so that higher ECLs can be set aside. The Group, through its various committees has recommended restaging of counterparties which are requesting contracts renegotiation, extension, or relief for a period of 3 to 6 months to be downgraded to stage 2 while those above 6 months are to be considered under stage 3.
Review of Credit Contracts and Credit Policy:
The Group is in the process of reviewing its offer letters and general covenant terms and conditions for credit facilities offered, taking into consideration the impact of the COVID-19 pandemic on general credit quality of potential and existing borrowers. The tolerance investment grade is being reviewed, given that a number of counterparties' ratings have deteriorated and the general investment environment at large has deteriorated. A review of the minimum acceptable on-Boarding grade of "BC+/ or 4C", as stated in the Group's credit policy, is being considered due to induced effect of COVID-19 (Credit Risk Appetite Review).
The Group is reviewing its offer letters and other general arrangements so that it properly ring-fences its position in the event of a default. Other existing measures in place that may also assist in reducing the impact of COVID-19 on the Group include the issue of requesting employers to submit letters of undertaking on all its potential borrowing employees who are to benefit from consumer loans. Part of these borrowers' terminal benefits should be channelled towards clearing outstanding exposures in the event that the borrower leaves employment by whichever means before full settlement of the borrowed amount.

</td></tr>
</table>

39. Going concern and Subsequent Events continued

Business area	Impact on the business
Liquidity and cost of funding	The following areas have potential negative consequences on the Group's Funding and profitability. • Broad deterioration of the quality of Group credit assets induced by the COVID -19 pandemic economic disruption. This is expected to negatively impact Group liquidity and profitability through credit losses over the short to medium term. • Increased demand for credit by Group clients in need of support to fund recovery of their economic operations. Whilst a business opportunity, this is expected to negatively impact Group liquidity through mismatch if not properly aligned to the deposits trend. • Reduced funding supply lines and the hyperinflationary environment could lead to narrowing of lending asset margins as depositors/investors demand higher interest rates on deposits when regulators are likely to exert pressure on Groups to reduce lending rates in order to support economic recovery. • Currency risk exposures on net Group foreign currency assets, if not managed well, could impact negatively on the Group's liquidity and profitability through currency losses. **Measures taken by the Group:** • The Group is prudently building up or conserving its physical cash holdings, especially, foreign currency cash in order to maintain better capacity to service money transfer agency business, the upcoming tobacco selling season, as well as meeting its day-to-day normal customer cash needs. • The Group is continuing to build up quick liquid assets in its liquid asset mix so as to prudently prepare and withstand any settlement shocks that it may encounter during the COVID 19 pandemic period, • The Group has also increased funding of its active nostro accounts in order to generate more capacity for telegraphic transfers the bulk of which are denominated in rand to South Africa. • With respect to net foreign currency open position holdings, the Group has largely maintained a long exposure to the USD, and balanced/short exposure to global risky currencies such as the EUR, ZAR, and so on which is among the global safe haven assets better able to withstand crises in the world economy and financial markets.

COMPANY FINANCIAL STATEMENTS

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

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED	AUDITED	UNAUDITED	UNAUDITED
		31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
	Notes	ZWL$	ZWL$	ZWL$	ZWL$
Revenue	2	141 952 807	84 384 513	83 527 672	13 585 208
Operating expenditure	3	(77 764 700)	(63 325 270)	(30 099 704)	(10 194 845)
Operating Profit		**64 188 107**	**21 059 243**	**53 427 968**	**3 390 363**
Monetary gain		88 835 017	-	-	-
Taxation	4	(3 052 946)	(239 734)	(907 679)	(38 595)
Profit for the year		**149 970 178**	**20 819 509**	**52 520 289**	**3 351 768**
Other comprehensive income that					
will not be reclassified to profit or loss					
Gains on property revaluation		317 066	(16 075)	2 432 521	(2 588)
Fair value gains/losses) on equity investments		15 013 707	(123 599)	94 909 584	(19 898)
Exchange gains on change of functional currency		55 024 878	-	9 975 050	-
Deferred income tax relating to other					
comprehensive income	4.1	(829 064)	24 720	(5 367 362)	3 979
Other comprehensive income net of tax		**69 526 587**	**(114 954)**	**101 949 793**	**(18 507)**
Total comprehensive income		**219 496 765**	**20 704 555**	**154 470 082**	**3 333 261**
Profit or loss Attributable to					
Equity holders of parent		149 970 178	20 819 509	52 520 289	3 351 768
Total profit for the year		**149 970 178**	**20 819 509**	**52 520 289**	**3 351 768**
Total comprehensive income attributable to					
Equity holders of parent		219 496 765	20 704 555	154 470 082	3 333 261
Total comprehensive income		**219 496 765**	**20 704 555**	**154 470 082**	**3 333 261**
Earnings per share(ZWL Cents)					
Basic	6.1	29.25	4.17	10.19	0.64
Fully Diluted	6.1	29.25	4.17	10.19	0.64

The historic amounts are shown 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 for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information

COMPANY'S 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					
Bank and Cash	5b	9 091 183	-	9 091 183	-
Other Assets	12	1 608 396	3 622 448	1 607 392	583 184
Investments in Equities	8a	124 502 928	68 491 743	123 767 252	11 026 605
Investments in subsidiaries	8b	332 591 455	331 222 377	54 457 432	53 324 067
Property & Equipment	10	16 727 201	2 559 276	9 398 058	412 022
TOTAL ASSETS		**484 521 163**	**405 895 844**	**198 321 317**	**65 345 878**
LIABILITIES					
Overdraft	5a	-	76 359 466	-	12 293 243
Other liabilities	13	2 107 585	44 718 773	2 107 585	7 199 305
Deferred taxation	11	6 862 728	3 921 576	6 226 303	631 389
Lease Liability	10.2	1 953 939	-	1 953 939	-
TOTAL LIABILITIES		**10 924 252**	**124 999 815**	**10 287 827**	**20 123 937**
EQUITY & RESERVES					
Share capital	16.1*	37 317 479	42 670 664	5 220 162	6 869 625
Share premium	16.2*	228 045 378	248 602 901	33 876 209	40 023 014
Revaluation reserve		238 687	-	1 810 639	-
Treasury shares	16.3*	-	109 251 456	-	17 588 582
Revenue reserve	15	123 853 960	76 791 432	44 596 034	12 362 786
Fair value Reserve		29 116 529	14 853 507	92 555 396	2 391 292
share option Reserve	14	-	7 228 981	-	1 163 806
Foreign currency translation reserve		55 024 878		9 975 050	-
Total equity & reserves		**473 596 911**	**280 896 029**	**188 033 490**	**45 221 941**
TOTAL LIABILITIES & EQUITY		**484 521 163**	**405 895 844**	**198 321 317**	**65 345 878**

Note 16.1, 16.2, and 16.3 are consistent with notes 31.1, 31.2, and 31.3 of the Group, respectively

The historic amounts are shown 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 for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information

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

Inflation Adjusted	Share Capital ZWL$	Share premium $	Treasury shares ZWL	Revaluation reserve ZWL	Fair Value Reserve ZWL	FCTR ZWL	Share option reserve ZWL	Revenue reserve ZWL	Total ZWL
31 Dec 2018									
Opening balance	42 665 509	248 545 346	(109 251 456)	16 075	–		7 050 356	80 607 136	269 632 966
Impact of adopting IFRS 9	–	–	–	–	14 952 386	–	–	–	14 952 386
Restated Balance	**42 665 509**	**248 545 346**	**(109 251 456)**	**16 075**	**14 952 386**	**–**	**7 050 356**	**80 607 136**	**284 585 352**
Profit for the year	–	–	–	–	–	–	–	20 819 509	20 819 509
Total comprehensive income for the year	–	–	–	(16 075)	(98 879)	–	–	–	(114 954)
Employee share option expense	–	–	–	–	–	–	195 886	–	195 886
Exercise of share options	5 155	57 555	–	–	–	–	(17 261)	–	45 449
Dividend paid	–	–	–	–	–	–	–	(24 635 213)	(24 635 213)
Closing Balance	**42 670 664**	**248 602 901**	**(109 251 456)**	**–**	**14 853 507**	**–**	**7 228 981**	**76 791 432**	**280 896 029**
31 Dec 2019									
Opening balance	42 670 664	248 602 901	(109 251 456)	–	14 853 507	–	7 228 981	76 791 432	280 896 029
Profit for the year	–	–	–	–	–	–	–	149 970 178	149 970 178
Other comprehensive income for the year	–	–	–	238 687	14 263 022	55 024 878	–	–	69 526 587
Employee share option expense	–	–	–	–	–	–	66 202	–	66 202
Exercise of share options	47 035	524 683	–	–	–	–	(157 345)	–	414 373
Dividend paid	–	–	–	–	–	–	–	(27 276 458)	(27 276 458)
Treasury shares cancellation	(5 400 220)	(21 082 206)	109 251 456	–	–	–	–	(82 769 030)	–
Cancellatio of ESOS	–						(7 137 838)	7 137 838	–
Closing Balance	**37 317 479**	**228 045 378**	**–**	**238 687**	**29 116 529**	**55 024 878**	**–**	**123 853 960**	**473 596 911**

HISTORICAL	Share Capital ZWL	Share premium ZWL	Treasury shares ZWL	Revaluation reserve ZWL	Fair Value Reserve ZWL	FCTR ZWL	Share option reserve ZWL	Revenue reserve ZWL	Total ZWL
31 Dec 2018									
Opening balance	6 868 795	40 013 748	–17 588 582	2 588	–	–	1 135 049	12 977 083	43 408 681
Impact of adopting IFRS 9	–		–	–	2 407 211	–	–		2 407 211
Restated balance	**6 868 795**	**40 013 748**	**–17 588 582**	**2 588**	**2 407 211**	**–**	**1 135 049**	**12 977 083**	**45 815 892**
Profit for the year	–	–	–	–	–	–	–	3 351 768	3 351 768
Total comprehensive income for the year	–	–	–	(2 588)	(15 919)	–	–	–	(18 507)
Employee share option expense	–	–	–	–	–	–	31 536	–	31 536
Exercise of share options	830	9 266	–	–	–	–	(2 779)	–	7 317
Dividend paid	–	–	–	–	–	–	–	(3 966 065)	(3 966 065)
Closing Balance	**6 869 625**	**40 023 014**	**–17 588 582**	**–**	**2 391 292**	**–**	**1 163 806**	**12 362 786**	**45 221 941**
31 Dec 2019									
Opening balance	6 869 625	40 023 014	(17 588 582)	–	2 391 292	–	1 163 806	12 362 786	45 221 941
Profit for the year	–	–	–	–	–	–	–	52 520 289	52 520 289
Other comprehensive income for the year	–	–	–	1 810 639	90 164 104	9 975 050	–	–	101 949 793
Employee share option expense	–	–	–	–	–	–	56 799	–	56 799
Exercise of share options	40 357	450 161	–	–	–	–	(134 997)	–	355 521
Cancellation of Employee share options	–	–	–	–	–	–	(1 085 608)	1 085 608	–
Dividend paid	–	–	–	–	–	–	–	(12 070 853)	(12 070 853)
Treasury shares cancellation	(1 689 820)	(6 596 966)	17 588 582	–	–	–	–	(9 301 796)	–
Closing Balance	**5 220 162**	**33 876 209**	**–**	**1 810 639**	**92 555 396**	**9 975 050**	**–**	**44 596 034**	**188 033 490**

The historic amounts are shown 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 for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information

COMPANY'S

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	153 023 124	21 059 243	53 427 968	3 390 363
Non-cash items:				
Depreciation	2 535 740	576 577	477 336	92 824
Impairment of fixed assets	-	39 076	-	6 291
Monetary gain	(88 835 017)	-		-
Write offs other assets	-	1 383 295	-	222 699
Fair value adjustments on financial instruments	12 540 530	(7 865 189)	(8 259 378)	(1 266 231)
Unrealised loss on foreign currency position	(3 577 121)	-	(3 577 121)	-
Exchange gains on change of functional currency	(221 459)		(221 459)	
Loss on sale of property and equipment	-	245 009	-	39 444
Employee share option expense	66 202	195 886	56 799	31 536
Gains on on equity investments disposals	-	(493 513)	-	(79 452)
Interest on lease liability	150 171	-	60 700	
Operating cash flows before changes in operating assets and liabilities	**75 682 170**	**15 140 384**	**41 964 845**	**2 437 474**
Other assets	3 012 447	(1 132 109)	(851 607)	(182 261)
Other Liabilities	(95 095 994)	(32 223 961)	(5 659 079)	(5 187 787)
	(92 083 547)	**(33 356 070)**	**(6 510 686)**	**(5 370 048)**
TAXATION				
Corporate tax paid	(70 324)	(287 632)	(63 909)	(46 306)
Net cash inflow/(outflow) from operating activities	**(16 471 701)**	**(18 503 318)**	**35 390 250**	**(2 978 880)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Net change in investments	(1 371 594)	(4 969 199)	(1 000 000)	(800 000)
Purchase of property and equipment	(8 724 440)	(317 743)	(4 601 989)	(51 154)
Net cash outflow from investing activities	**(10 096 034)**	**(5 286 942)**	**(5 601 989)**	**(851 154)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Exercise of employee share options	414 373	45 449	355 521	7 317
Dividends paid	(27 276 458)	(24 635 213)	(12 070 853)	(3 966 065)
Lease liability payment	(487 880)	-	(204 924)	-
Interest on lease liability	(150 171)	-	(60 700)	-
Net cash inflow/(outflow) from financing activities	**(27 500 136)**	**(24 589 764)**	**(11 980 956)**	**(3 958 748)**
Net increase/ (decrease) in cash and cash equivalents	(54 067 871)	(48 380 024)	17 807 305	(7 788 782)
Cash and cash equivalents at beginning of period	(76 359 466)	(27 979 442)	(12 293 243)	(4 504 461)
Exchange gains on foreign cash balances	3 577 121	-	3 577 121	-
Effects of IAS 29	135 941 399	-	-	-
Cash and cash equivalents at the end of period	**9 091 183**	**(76 359 466)**	**9 091 183**	**(12 293 243)**

The historic amounts are shown 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 for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information

1. INCORPORATION AND ACTIVITIES

The financial statements of the Company 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 Company has subsidiaries which offer commercial banking, mortgage finance, asset management, short term insurance, life assurance and other financial services and is incorporated in Zimbabwe.

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
2. REVENUE				
Fair value adjustments on financial instruments	(12 540 530)	7 865 189	8 259 378	1 266 231
Dividend income	105 932 277	41 977 754	53 424 193	6 758 070
Loss on disposal of PPE	-	(245 009)	-	(39 444)
Interest received	36 501	67 208	19 032	10 820
Gain on disposal of equities	-	493 516	-	79 452
Other operating income	-	103 968	-	16 738
Exchange rate gain	3 577 121	-	3 577 121	-
Exchange gains on change of functional currency	221 459	-	221 459	-
Management fees	44 725 979	34 121 887	18 026 489	5 493 341
	141 952 807	**84 384 513**	**83 527 672**	**13 585 208**
3. OPERATING EXPENDITURE				
Staff costs	42 525 410	32 059 610	16 439 346	5 161 332
Other administration expenses	22 934 500	16 525 199	10 390 183	2 660 420
Audit fees	709 740	437 548	604 886	70 441
Depreciation	2 535 740	576 578	477 336	92 824
Interest expense	9 059 310	12 303 964	2 187 953	1 980 838
Impairment of fixed assets	-	39 076	-	6 291
Write off of other assets	-	1 383 295	-	222 699
	77 764 700	**63 325 270**	**30 099 704**	**10 194 845**

4 TAXATION

4.1 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$
Current tax	941 157	157 207	680 128	25 309
Deferred tax	1 178 590	82 527	227 552	13 286
Income tax expense	**2 119 748**	**239 734**	**907 679**	**38 595**
4.2 Tax rate reconciliation				
	%	%	%	%
Notional tax	25.00	25.00	25	25.00
Aids levy	0.75	0.75	0.75	0.75
Non-deductible expenses	2.30	36.64	6.58	36.64
Exempt income	(26.05)	(61.4)	(31.32)	(61.4)
Tax credit	0.01	0.15	0.90	0.15
Effective tax rate	**2.00**	**1.14**	**1.7**	**1.14**

Included in exempt income is income from government bills, mortgage housing income and dividend income.
Non-deductible expenses include expenditure on exempt income, excess pension costs and disallowable donations.

During the year ending 31 December 2019, the government enacted a change in the national income tax rate from 25% to 24%. As a result of this change the Company Deferred tax was calculated at 24.72%

4.3 The following constitutes the major components of deferred income tax expense

Recognised in the statement of other comprehensive income

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
Revaluation of property and equipment	78 379	24 720	621 883	3 979
Unlisted equities	750 685	-	4 745 479	-
	829 064	**24 720**	**5 367 362**	**3 979**

5(a) BANK OVERDRAFTS

Bank Overdraft	**-**	**76 359 466**	**-**	**12 293 243**

5(b) BANK AND CASH

Cash at bank	**9 091 183**	**-**	**-**	**9 091 183**

6. EARNINGS PER SHARE

Basic earnings per share amounts are 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 end of the year.

Diluted earnings per share amounts are 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 end of the year and the weighted average number of potentially dilutive ordinary shares.

The following reflects the income 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 Earnings per share (cents)				
Basic	29.25	4.17	10.19	0.64
Fully Diluted	29.25	4.17	10.19	0.64
6.2 Earnings				
Basic earnings	149 970 178	20 819 509	52 520 289	3 351 768
Fully diluted earnings	149 970 178	20 819 509	52 520 289	3 351 768
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

6.3 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	-	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**

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
7.	**DIVIDENDS**				
	Interim dividend paid	6 486 737	16 280 643	5 565 409	2 621 049
	Final dividend proposed and 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 per share (Cents)	1.25	2.37	1.07	0.50
	Final dividend 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. The Dividend per share is calculated inclusive of treasury shares.				
	Proposed dividends on ordinary shares				
	Final cash dividend	**120 000 000**	**39 943 701**	**120 000 000**	**6 430 606**
	Final dividend paid 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				
8(a)	**EQUITIES INVESTMENTS**				
	Listed investments	12 250 052	24 788 066	12 250 052	3 990 674
	Unlisted investments	112 252 876	43 703 677	111 517 200	7 035 931
		124 502 928	**68 491 743**	**123 767 252**	**11 026 605**
	At fair value through Other comprehensive income	112 252 876	43 703 677	111 517 200	7 035 931
	At fair value through profit or loss	12 250 052	24 788 066	12 250 052	3 990 674
		124 502 928	**68 491 743**	**123 767 252**	**11 026 605**

(b). INVESTMENT IN SUBSIDIARIES

	INFLATION ADJUSTED				HISTORICAL			
	AUDITED Dec 2019 ZWL	%	AUDITED Dec 2018 ZWL	%	UNAUDITED Dec 2019 ZWL	%	UNAUDITED Dec 2018 ZWL	%
CBZ Bank Limited	135 658 457	100	135 658 457	100	21 839 891	100	21 839 891	100
CBZ Asset Management (Pvt) Ltd	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 (Pvt) Ltd	14 036 981	98.4	14 036 981	98.4	2 259 839	98.4	2 259 839	98.4
CBZ Properties (Pvt) Ltd	29 685 647	100	29 685 647	100	4 779 144	100	4 779 144	100
CBZ Life Assurance (Pvt) Ltd	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 (Pvt) Ltd	8 354 963	100	8 354 963	100	1 345 080	100	1 345 080	100
Redsphere Finance	3 231 532	100	3 231 532	100	520 250	100	520 250	100
CBZ Agro Yield	1 369 078	100	-	-	1 000 000	100	-	-
	332 591 455		**331 222 377**	**100**	**53 477 432**	**100**	**53 324 067**	**100**

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
9. EMPLOYEE SHARE OPTION RESERVE				
Opening balance	7 228 981	7 050 355	1 163 806	1 135 049
Share options to employees	(126 844)	178 626	(78 198)	28 757
Cancellation of share options	(7 102 135)	-	(1 085 608)	-
Closing balance	**-**	**7 228 981**	**-**	**1 163 806**

During the year 4 035 388 shares were exercised after vesting and ZWL $355 321 was realised from the exercise. The average market price during the year was ZWL$ 0.42 cents

Shares under option

The Directors are empowered to grant share options to senior executives and staff of the company. The options are granted for a period of 10 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of the share options outstanding as at 31 December 2019 were as follows:

The share options were granted to employees who have served three years at the date of inception would exercise 40% in the first year 30% in the 4th and 8th year, respectively while others would qualify upon reaching three years of service with 40%, 30%, 30% vesting in the 3rd, 4th and 10th year, respectively.

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

	31 Dec 2019 Shares	31 Dec 2018 Shares
Movement for the year		
Opening balance	37 197 797	37 280 869
Options exercised	(4 035 388)	(83 072)
Options cancelled	33 162 409	
Closing balance	**-**	**37 197 797**

A valuation of the share option scheme was carried out by professional valuers as at 31 December 2018. The estimated fair value of the options granted was determined using the binomial model in accordance with IFRS 2 “Share Based Payments” with inputs and assumptions:

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

Valuation inputs:

Exercise price

The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the day which the options are granted, therefore 8.81 cents for the new options granted during the 2015 financial year.

Expected volatility

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

Expected dividends

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

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

10. PROPERTY AND EQUIPMENT

31 December 2019

Inflation Adjusted	Buildings	Leasehold Improvement	Motor vehicles	Computer and Equipment	Total
Cost					
Opening balance	1 118 070	-	1 289 405	4 488 911	6 896 386
Right of use asset	6 172 770	-	-	-	6 172 770
FCTR	1 489 388	-	-	-	1 489 388
Additions	-	4 824 587	-	3 899 853	8 724 440
Revaluation gain	243 542	-	-	-	243 542
Closing balance	**9 023 771**	**4 824 587**	**1 289 405**	**8 388 764**	**23 526 528**
Accumulated depreciation					
Opening balance	-	-	423 632	3 913 479	4 337 111
Right of use asset	893 760	-	-	-	893 760
Charge for the year	73 524	155 004	405 121	1 008 331	1 641 980
Revaluation	(73 524)	-	-	-	(73 524)
Closing balance	**893 760**	**155 004**	**828 753**	**4 921 810**	**6 799 327**
Net book value	**8 130 011**	**4 669 584**	**460 652**	**3 466 956**	**16 727 201**

31 December 2018

Inflation Adjusted	Buildings	Motor vehicles	Computer and Equipment	Total
Cost				
Opening balance	1 211 242	296 164	4 171 168	5 678 574
Additions	2 294 804	993 241	317 743	3 605 788
Revaluation	(21 653)	-	-	(21 653)
Impairments	(71 519)	-	-	(71 519)
Disposal	(2 294 804)	-	-	(2 294 804)
Closing balance	**1 118 070**	**1 289 405**	**4 488 911**	**6 896 386**
Accumulated depreciation				
Opening balance	-	18 510	3 774 461	3 792 977
Charge for the year	32 444	405 121	139 012	576 577
Revaluation	(32 444)	-	-	(32 444)
Closing balance	**-**	**423 631**	**3 913 473**	**4 337 110**
Net book value	**1 118 070**	**865 774**	**575 446**	**2 559 276**

31 December 2019

Historical	Buildings	Leasehold Improvement	Motor vehicles	Computer and Equipment	Total
Cost					
Opening balance	180 000	-	207 583	722 677	1 110 260
Right of use asset	2 158 862	-	-	-	2 158 862
FCTR Movement	270 000	-	-	-	270 000
Additions	-	2 578 832	-	2 023 157	4 601 989
Revaluation gain	2 401 000	-	-	-	2 401 000
Closing balance	**5 009 862**	**2 578 832**	**207 583**	**2 745 834**	**10 542 111**
Accumulated depreciation					
Opening balance	-	-	68 203	630 035	698 238
Charge for the year	31 521	60 550	65 221	98 030	255 322
Right of use asset	222 014	-	-	-	222 014
Revaluation	(31 521)	-	-	-	(31 521)
Closing balance	**222 014**	**60 550**	**133 424**	**728 065**	**1 144 053**
Net book value	**4 787 848**	**2 518 272**	**74 162**	**2 019 724**	**9 398 058**

31 December 2018

Historical	Buildings	Motor vehicles	Computer and Equipment	Total
Cost				
Opening balance	195 000	47 680	671 523	914 203
Additions	369 444	159 903	51 154	580 501
Revaluation gain	(3 486)	-	-	(3 486)
Impairments	(11 514)	-	-	(11 514)
Disposal	(369 444)	-	-	(369 444)
Closing balance	**180 000**	**207 583**	**722 677**	**1 110 260**
Accumulated depreciation				
Opening balance	-	2 980	607 657	610 637
Charge for the year	5 223	65 223	22 378	92 824
Revaluation	(5 223)	-	-	(5 223)
Closing balance	**-**	**68 203**	**630 035**	**698 238**
Net book value	**180 000**	**139 379**	**92 643**	**412 022**

Included in property and equipment are amounts relating to Right of use assets for buildings that are leased by the Company for periods more than one year. The information about the leases for which the Company is a lessee is presented below

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
10.1	**Right of use Assets**				
	At cost	6 172 770	-	2 158 862	-
	Depreciation	(893 760)	-	(222 014)	-
	Carrying Amount	**5 279 010**	**-**	**2 545 718**	**-**
10.2	**Lease liability**				
	Opening Balance	2 158 863	-	2 158 863	-
	Interest	150 172	-	60 701	-
	Repayment	(638 052)	-	(265 625)	-
	Monetary Adjustment	(3 730 952)	-	-	-
		1 953 935	**-**	**1 953 935**	**-**
10.3	**Lease Liability maturity analysis**				
	Less than one year	-	-	-	-
	One to five years	1 953 935	-	1 953 935	-
	More than five years	-	-	-	-
	Total Undiscounted Lease liabilities	**1 953 935**	**-**	**1 953 935**	**-**
10.4	**Amounts recognised in the statement of profit or loss**				
	Interest on Lease liabilities				
	Expenses relating to leases of low value assets	-			
	Expenses relating to short term leases	**150 172**	**-**	**60 701**	
10.5	**Amounts recognised in the statement of cash flows**				
	Total cash outflow for leases	**638 051**	**-**	**265 624**	**-**

11 DEFERRED TAXATION

Deferred tax liability

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

The deferred tax included in the statement of financial position and changes recorded in the statement of profit or loss and other comprehensive income comprised of

	INFLATION ADJUSTED		HISTORICAL	
	AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
Opening balance	3 921 876	131 547	631 389	21 178
Impact of IFRS 9	-	3 738 096		601 802
Equity investments	1 558 478	55 888	4 828 051	8 998
Property and equipment	1 188 359	(4 414)	766 739	(711)
Intangible assets	757	757	122	122
Other	193 258	-	-	-
Closing balance	**6 862 728**	**3 921 576**	**6 226 303**	**631 389**

		INFLATION ADJUSTED		HISTORICAL	
		AUDITED 31 DEC 2019 ZWL$	AUDITED 31 DEC 2018 ZWL$	UNAUDITED 31 DEC 2019 ZWL$	UNAUDITED 31 DEC 2018 ZWL$
12	**OTHER ASSETS**				
	CBZ Bank	203 877	-	203 877	-
	CBZ Asset Management	40 145	-	40 145	-
	CBZ Risk advisory	7 878	-	7 878	-
	Red Sphere	5 420	-	5 420	-
	CBZ Life	507 396	-	507 396	-
	Other receivables and prepayment	843 680	3 622 448	882 676	583 184
		1 608 396	**3 622 448**	**1 607 392**	**583 184**
13	**OTHER LIABILITIES**				
	CBZ Bank	-	39 851 604	-	6 415 779
	CBZ Asset Management	-	19 063	-	3 069
	CBZ Building Society	-	285 929	-	46 032
	CBZ Insurance	71 622	133 778	71 622	21 537
	CBZ Life	9 209	-	9 209	-
	Sundry creditors and accrual	2 026 754	4 371 196	2 026 754	703 679
		2 107 585	**44 718 773**	**2 107 585**	**7 199 305**
14	**REVENUE RESERVE**				
	Opening balance	76 791 432	80 607 136	12 362 786	12 977 083
	Total comprehensive income for the year	149 970 178	20 819 509	52 520 259	3 351 768
	Cancellation of treasury shares	(82 769 030)	-	(9 301 796)	-
	Cancellation of share options	7 137 838	-	1 085 608	-
	Dividends paid	(27 276 458)	(24 635 213)	(12 070 852)	(3 966 065)
		123 853 960	**76 791 432**	**44 596 034**	**12 362 786**
15	**FAIR VALUE RESERVE**				
	Opening balance	14 853 507	-	2 391 292	-
	Impact of adopting IFRS 9	-	14 952 392	-	2 407 211
	Total Change in equity due to adopting IFRS 9	14 952 392	14 952 392	2 391 292	2 407 211
	Comprehensive income for the year	14 263 022	(98 879)	90 164 104	(15 919)
		29 116 529	**14 853 507**	**92 555 398**	**2 391 292**

ACCOUNTING POLICIES

The Company accounting policies are consistent with those applied in the Group’s financial statements

NOTICE
OF AN ANNUAL
GENERAL MEETING

Notice is hereby given that the **Twenty-Ninth Annual General Meeting** of the Shareholders of CBZ Holdings Limited will be held **Through a virtual platform** on **Friday 14 August 2020** at **1800 hours** for the purpose of transacting the following business:

ORDINARY MATTERS

a) To note and approve the convening of the 29th Annual General Meeting through a virtual platform.
b) To receive and consider the Audited Annual Financial Statements for the year ended 31 December 2019, including the Chairman's, Group Chief Executive's Reports and the Report of the External Auditors.
c) To consider the payment of a final dividend to Members.
d) Directorate
   i) To note the retirement of Messrs Noah Matimba from the Board of Directors of CBZ Holdings Limited with effect from 31 August 2019.
   ii) To note the retirement of Messrs Varaidzo Zifudzi, John Matorofa, Patience Matshe and Malcolm John Hollingworth from the CBZ Holdings Limited Board of Directors with effect from 1 November 2019.
   iii) To note the resignation of Messrs William John Annandale from the Board of Directors of CBZ Holdings Limited with effect from 31 October 2019.
   iv) To note the retirement of Collen Chimutsa from the Board of Directors with effect from 10 January 2020.
   v) To confirm the appointment of Marc Lawrence Holtzman as Chairman to the Board of Directors of CBZ Holdings Limited with effect from 1 September 2019.
   vi) To confirm the appointment of Louis Charles Gerken, Edward Ushemazoro Mashingaidze, Rebecca Louisa Gaskin Gain and Edward Elio Galante as Independent Non-Executive Directors to the Board of Directors of CBZ Holdings Limited with effect from 1 November 2019.
   vii) To confirm the appointment of Tawanda Gumbo as an Executive Director to the Board of Directors of CBZ Holdings Limited with effect from 3 February 2020.
e) To approve Directors' fees for the year ended 31 December 2019.
f) To approve External Auditors' fees for the year ended 31 December 2019.
g) To appoint Ernst and Young Chartered Accountants (Zimbabwe) as External Auditors of the Company for the year ending 31 December 2020. Ernst and Young have been the Company's external Auditors for the past 4 years.

BY ORDER OF THE BOARD

RUMBIDZAYI ANGELINE JAKANANI
Group Legal Corporate Secretary

24 July 2020

NOTES:-

a. Members are entitled to appoint a proxy (or more than one proxy) to attend, speak and vote in his or her stead. The proxy need not be a Member of the Company.
b. In terms of the Company's Articles of Association, the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for holding the meeting. Completed proxies can also be lodged with the Company's Transfer Secretaries at:- **First Transfer Secretaries, 1 Armagh, Avenue, Harare**
c. Shareholders can also submit their proxy forms through email, to info@fts-net.com and ftsgen@fts-net.com

REGISTERED HEAD OFFICE
5 Campbell Road
Pomona
Borrowdale
Harare, Zimbabwe
Telephone: (263-4) 748 050 - 79
Email: info@cbzh.co.zw

Directors:
Marc L Holtzman, Edward E. Galante, Rebecca L. Gaskin Gain, Louis C. Gerken, Edward U. Mashingaidze, Blessing Mudavanhu* (Group Chief Executive Officer), Tawanda L. Gumbo*(Group Chief Finance Officer)

* Executive Director

GROUP DETAILS

REGISTERED HEAD OFFICE

5 Campbell Road
Pomona, Borrowdale
Harare, Zimbabwe
Telephone: (263-242) 748 050 - 79
Email: info@cbz.co.zw
www.cbz.co.zw

TRANSFER SECRETARIES

First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea
Harare
P O Box 11 Harare
Zimbabwe
Tel:+263 4 782869/72; +263 772 146157
+263 4 749048
Email: info@fts-net.com
www.fts-net.com

LEGAL PRACTITIONERS

Mawere & Sibanda Legal Practitioners
3rd Floor Chiyedza House
1st Street/ Kwame Nkrumah Avenue
P.O Box CY 1376
Causeway
Harare, Zimbabwe

AUDITORS

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way/ Kwame Nkrumah Avenue
P O Box 62 or 702
Harare Zimbabwe Tel: +263 4 750905-14 or 750979-83
Fax: +263 4 750707 / 773842
Email: admin@zw.ey.com
www.ey.com

FORM **OF PROXY**

I/We………………………………………………………………….

Of……………………………………………………………………...

Being a member of CBZ Holdings Limited and entitled to…………………………votes hereby

appoint……………………………………………………….Of…………………………………….

Or failing him/her……………………………………………………………………………as my/our proxy to vote for me/us and on

my/our behalf at the Annual General Meeting to be held through Zoom at 18:00 hours and at any adjournment thereof.

Signed by me this ________________________ day of______________________ 2020

Signature: _____________________________

NOTES:

1. Any member of the Company entitled to attend and vote at the meeting of the company shall be entitled to appoint another person, whether a member of the Company or not, as his proxy to attend, vote and speak in his stead.
2. Proxy Forms should be forwarded to reach office of the Company at least 48 (forty-eight) hours before the time appointed for holding the meeting.
3. An instrument appointing a proxy shall be valid only for the one specified meeting for which it shall be submitted and any adjournment thereof.

NOTES

NOTES

NOTES

CBZ Holdings

NOTES

Smart Cash

The Smart Decision I made today!

SmartCash Account makes life more convenient. It's easy to open. All you need is a copy of your ID and your account and debit card will be ready to use in just 5 minutes. Plus it's linked to Ecocash so you can transact anywhere, anytime.

Open a SmartCash account and transact the smart way.

cbz Bank

Partners for Success

Banking | Insurance | Investments | Agro-Business

Call: +263 8677004050 • **WhatsApp:** +263 774 460 460 / 774 461 461
Toll free: 460 / 461 • **Mail:** contactcentre@cbz.co.zw • **Site:** www.cbz.co.zw

Registered Head Office
5 Campbell Road
Pomona
Harare

Telephone: (263-242) 748 050 - 79

Email: info@cbzh.co.zw

www.cbz.co.zw

cbz Holdings