



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021



### #StrengtheningPartnerships



#### CHAIRMAN'S STATEMENT

M Holtzman

It is a great pleasure to present the financial and strategic performance of CBZ Holdings Limited (CBZH) and its subsidiaries "The Group" for the half year ended 30 June 2021.

Despite persistent headwinds emanating from the COVID-19 virus mutations, resurgences in infections and vaccine hesitancy, the economy continued to exhibit signs of macroeconomic stability and recovery during the period under review.

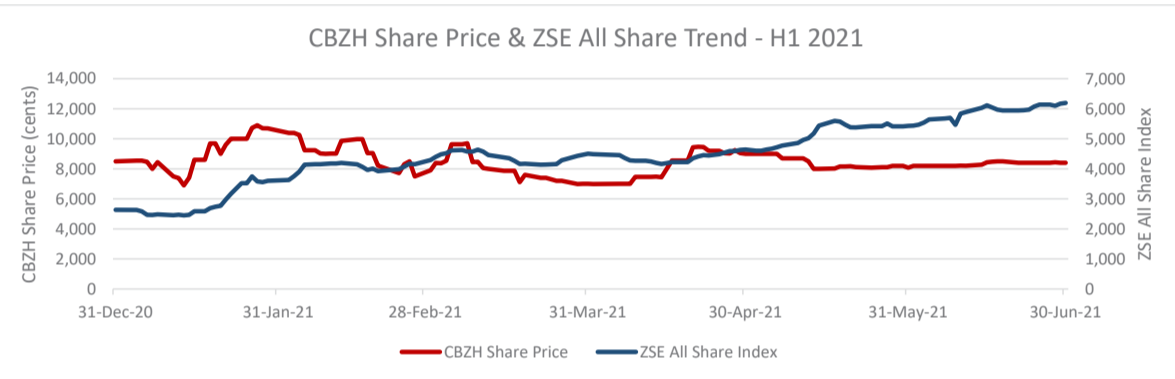
The local currency depreciated by only 4% during the first half of 2021, compared to a depreciation of 74% that was recorded during the corresponding period of 2020. Additionally, the month-on-month rate of inflation averaged 3.2% in the first half of 2021, down from an average of 17.8% recorded in the first half of 2020. The year-on-year rate of inflation decelerated sharply from 737% in June 2020 to close the first half of 2021 at 107%.

These trends largely reflected the continuation of a tight monetary policy stance and fiscal restraint by the authorities, as well as the benefits of an improved agricultural season, enhanced foreign currency management through the auction system, pent-up remittances inflows and commendable resilience by businesses in the face of the COVID-19 pandemic. Subsequently, the International Monetary Fund "IMF" revised its 2021 growth projection for Zimbabwe upwards from 3.1% to 6.0%.

In view of these developments, the Group continued to pursue strategies aimed at taking advantage of the expected economic stability and growth.

#### Share Price Performance

On the capital markets, the CBZH share price closed the half year at ZWL8399 cents. The Zimbabwe Stock Exchange benchmark index rose by 135% in the period under review. CBZH, resultantly ended the half year as the fourth largest counter on the Zimbabwe Stock Exchange with a market capitalisation of ZW\$43.9 billion. The graph below highlights the movements in the CBZH share price and the benchmark all share index from December 2020 to June 2021.



#### Corporate Social Responsibility

CBZ Holdings values the communities in which it operates in and continues to plough back through corporate social responsibility initiatives. During the first half of 2021, The main focus was towards the fight against the global Covid-19 pandemic. The Group donated Personal Protective Equipment (PPEs) worth US\$50 000 to major hospitals and various schools in the country. The donations included, N95 masks, 3 tier disposable face masks, plastic aprons, sanitisers and surgical gloves. The Group also donated hand sanitisers, plastic buckets, mutton cloth, laundry soap and washing powder to a group of Traditional Midwives who assist less privileged pregnant members of one of the highly populated suburbs, Epworth, in giving safe home child deliveries.

The Group also pursued various initiatives during the period under review which includes paying school fees for 30 orphaned girl learners from Tairi - Hope and Health for Zimbabwe's Orphans, donating towards the maintenance of a school bus for Makomborero Trust and of building material towards the construction of key infrastructure at ZRP Borrowdale Station.

#### Governance & Directorship

The CBZH 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 the highest standards of governance which are recognised and understood throughout the Group.

I would like to acknowledge the Board, the main decision making body, for steering the Group forward in a challenging environment. The Board has set measurable objectives to promote a healthy corporate culture that is aligned with strategy and a strong commitment to our stakeholders.

Board changes during the period under review are highlighted in the Corporate Governance section.

#### Overview of the Group's performance

The table below summarises the Group's financial performance for the first half of the year.

	INFLATION ADJUSTED	INFLATION ADJUSTED RESTATED	HISTORICAL	HISTORICAL	INFLATION ADJUSTED RESTATED	HISTORICAL
	REVIEWED 30 JUN 21 ZWL \$M	REVIEWED 30 JUN 20 ZWL \$M	UNAUDITED 30 JUN 21 ZWL \$M	UNAUDITED 30 JUN 20 ZWL \$M	AUDITED 31 DEC 20 ZWL \$M	UNAUDITED 31 DEC 20 ZWL \$M
<b>Key Financial Highlights</b>						
Profit after taxation	2 425.7	3 763.0	3 837.6	3 492.9	6 123.3	6 147.1
Total comprehensive income	2 038.7	5 277.2	4 131.6	5 542.5	6 653.7	9 502.4
Total assets	146 067.6	121 193.6	137 502.0	56 138.7	114 511.5	88 353.6
Total equity	21 786.7	20 535.4	13 676.6	7 579.9	21 267.2	11 064.2
Total deposits	100 084.4	93 018.8	100 084.4	45 014.0	78 672.9	65 186.9
Total advances	49 495.2	25 300.2	49 495.2	12 243.4	35 529.3	29 438.9
<b>Other statistics</b>						
Basic earnings per share (cents)	929.40	1 449.90	1 470.16	1 345.63	1 179.74	1 184.09
Non-interest income to total income (%)	80.0	88.8	81.3	92.9	72.8	79.6
Cost to income ratio (%)	46.1	31.6	42.0	21.9	38.2	29.2
Return on assets (%)	6.6	7.5	9.1	21.3	5.8	11.7
Return on equity (%)	22.5	42.1	62.0	145.3	33.5	93.8
Growth in deposits (YTD %)	27.2	31.5	53.5	244.5	11.2	398.9
Growth in advances (YTD %)	39.3	55.1	68.1	306.2	107.2	876.8
Growth in PAT (YOY %)	(35.5)	39.0	9.9	2 442.1	261.9	564.6

**Dividend**  
The Board has proposed the declaration of a interim dividend of \$500 000 000 or 95.78 cents per share. This declaration translates to a growth of 42.8% on the comparative 2020 interim dividend.

**Outlook**  
With a strong asset base, and well capitalised subsidiaries, the Group remains in a favourable position to continue to invest in agile business processes which are geared towards quality client service, even during the Covid-19 induced limitations.

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

*Marc Holtzman*  
M Holtzman  
Group Chairman

11 November 2021

#### AUDITOR'S STATEMENT

The inflation adjusted financial results of CBZ Holdings Limited, and its subsidiaries and the inflation adjusted financial results for CBZ Bank Limited for the half year financial period ended 30 June 2021, have been reviewed by Messrs KPMG Chartered Accountants (Zimbabwe). The inflation adjusted financial results for CBZ Life, CBZ Insurance and CBZ Asset Management (t/a) Datvest, for the half year financial period ended 30 June 2021 have not been audited or reviewed. An unmodified review conclusion has been expressed for both CBZ Holdings Limited and CBZ Bank Limited.

The auditors' review conclusion is available for inspection at the Company's registered office. The engagement partner responsible for this review is Themba Mudidi (PAAB Practicing Certificate Number 0437).

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2021

NOTES	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUN 2021 ZWL\$ 000	RESTATED 30 JUN 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUN 2020 ZWL\$ 000
Interest income	2	3 986 402	2 023 178	3 760 864
Interest expense	2	(1 944 071)	(534 989)	(1 807 263)
<b>Net interest income</b>		<b>2 042 331</b>	<b>1 488 189</b>	<b>1 953 601</b>
Net non-interest income	3	9 001 020	13 655 311	9 276 171
Net underwriting income	4	210 135	242 462	183 359
<b>Total income</b>		<b>11 253 486</b>	<b>15 385 962</b>	<b>11 413 131</b>
Operating expenditure	5	(5 184 209)	(4 866 853)	(4 798 928)
<b>Operating income</b>		<b>6 069 277</b>	<b>10 519 109</b>	<b>6 614 203</b>
Transfer to annuity reserve		(64 135)	(25 438)	(64 135)
Credit loss expense	14	(1 423 199)	(1 630 086)	(1 423 199)
Charge for impairment on insurance assets		(6 937)	(11 057)	(6 937)
Monetary loss		(307 830)	(4 786 011)	-
<b>Profit before taxation</b>		<b>4 267 176</b>	<b>4 066 517</b>	<b>5 119 932</b>
Taxation	6	(1 841 428)	(303 512)	(1 282 308)
<b>Profit after tax for the period</b>		<b>2 425 748</b>	<b>3 763 005</b>	<b>3 837 624</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>				
Gains / (losses) on property revaluations		(443 222)	1 717 252	166 129
Gains / (losses) on equity instruments at FVOCI		(26 069)	134 745	188 121
Deferred income tax relating to components of other comprehensive income	6	45 199	(334 789)	(49 245)
		<b>(424 092)</b>	<b>1 517 208</b>	<b>305 005</b>
<b>Items that will be reclassified to profit or loss in subsequent periods</b>				
Exchange gain / (losses) on translation of foreign subsidiary	30.7	37 049	(2 996)	(11 014)
<b>Other comprehensive income for the period net of tax</b>		<b>(387 043)</b>	<b>1 514 212</b>	<b>293 991</b>
<b>Total comprehensive income for the period</b>		<b>2 038 705</b>	<b>5 277 217</b>	<b>4 131 615</b>
<b>Profit for the period attributable to:</b>				
Equity holders of parent		2 425 808	3 762 797	3 837 231
Non-controlling interests	30.5	(60)	208	393
		<b>2 425 748</b>	<b>3 763 005</b>	<b>3 837 624</b>
<b>Total comprehensive income for the period attributable to:</b>				
Equity holders of parent		2 038 864	5 276 328	4 131 146
Non-controlling interests	30.5	(159)	889	469
<b>Total comprehensive income for the period</b>		<b>2 038 705</b>	<b>5 277 217</b>	<b>4 131 615</b>
<b>Earnings per share (cents)</b>				
Basic	7.1	929.40	1 449.90	1 470.16
Fully diluted	7.1	929.40	1 449.90	1 470.16
Headline	7.1	1 078.06	1 130.17	1 432.03

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

NOTES	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
<b>ASSETS</b>				
Cash and cash equivalents	9	29 460 995	23 838 489	29 460 995
Money market assets	10	14 549 626	9 152 658	14 549 626
Financial securities	11	961 097	1 186 219	961 097
Loans and advances to customers	12	49 495 227	35 529 321	49 495 227
Insurance assets	13	501 392	733 873	501 392
Equity investments	17	4 965 163	2 321 836	4 965 163
Land inventory	16	4 565 076	4 469 007	560 932
Other assets	15	32 537 399	27 471 757	29 183 920
Current tax receivable		540	651	540
Intangible assets	22	128 955	149 085	72 295
Property and equipment	20	5 325 950	5 784 732	4 021 089
Investment properties	21	2 886 003	3 316 956	2 886 003
Deferred tax asset	23	690 159	556 963	843 746
<b>TOTAL ASSETS</b>		<b>146 067 582</b>	<b>114 511 547</b>	<b>137 502 025</b>
<b>LIABILITIES</b>				
Deposits	24	100 084 381	78 672 928	100 084 381
Insurance liabilities	25	447 916	667 414	447 916
Other liabilities	26	19 813 909	10 462 546	19 770 924
Current tax payable		932 071	805 705	932 071
Life fund	27	157 690	111 956	157 690
Investment contract liabilities	28	28 094	17 651	28 094
Deferred tax liability	23	2 772 517	2 480 651	2 360 033
Lease liability	20.1b	44 291	25 518	44 291
		<b>124 280 869</b>	<b>93 244 369</b>	<b>123 825 400</b>
<b>EQUITY</b>				
Share capital	30.1	202 033	202 033	5 220
Share premium	30.2	1 234 615	1 234 615	33 876
Revaluation reserve	30.3	3 308	402 343	2 936 954
Fair value reserve	30.6	566 724	591 682	1 092 598
Retained earnings	30.4	16 893 390	15 986 752	9 444 237
Foreign currency translation reserve	30.7	2 883 473	2 846 424	160 364
<b>Equity attributable to equity holders of the parent</b>		<b>21 783 543</b>	<b>21 263 849</b>	<b>13 673 249</b>
Non-controlling interests	30.5	3 170	3 329	3 376
<b>TOTAL EQUITY</b>		<b>21 786 713</b>	<b>21 267 178</b>	<b>13 676 625</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>146 067 582</b>	<b>114 511 547</b>	<b>88 353 645</b>

The historical cost information has been shown as supplementary information for the benefit of users. 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. As a result, the auditors have not expressed an opinion on this historic financial information.

## Partners for Success

Banking | Insurance | Investments | Agro-Business





# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2021

REVIEWED INFLATION ADJUSTED									
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Revaluation reserve ZWL\$ 000	Fair value reserve ZWL\$ 000	*FCTR ZWL\$ 000	Retained earnings ZWL\$ 000	Total equity attributable to parent ZWL\$ 000	Non-controlling interests ZWL\$ 000	Total ZWL\$ 000
<b>RESTATED 30 June 2020</b>									
Opening balance	202 033	1 234 615	147 476	467 289	2 749 662	10 454 167	15 255 242	2 947 208	15 258 189
Profit for the period	–	–	–	–	–	3 762 797	3 762 797	–	3 763 005
Other comprehensive income for the period	–	–	1 438 926	77 601	(2 996)	–	1 513 531	681	1 514 212
Closing balance	202 033	1 234 615	1 586 402	544 890	2 746 666	14 216 964	20 531 570	3 836	20 535 406
<b>30 June 2021</b>									
Opening balance	202 033	1 234 615	402 343	591 682	2 846 424	15 986 752	21 263 849	3 329	21 267 178
Profit for the period	–	–	–	–	–	2 425 808	2 425 808	(60)	2 425 748
Other comprehensive income for the period	–	–	(399 035)	(24 958)	37 049	–	(386 944)	(99)	(387 043)
Dividend paid	–	–	–	–	–	(1 519 170)	(1 519 170)	–	(1 519 170)
Closing balance	202 033	1 234 615	3 308	566 724	2 883 473	16 893 390	21 783 543	3 170	21 786 713

UNAUDITED HISTORICAL									
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Revaluation reserve ZWL\$ 000	Fair value reserve ZWL\$ 000	*FCTR ZWL\$ 000	Retained earnings ZWL\$ 000	Total equity attributable to parent ZWL\$ 000	Non-controlling interests ZWL\$ 000	Total ZWL\$ 000
<b>30 June 2020</b>									
Opening balance	5 220	33 876	592 078	164 808	91 523	1 149 527	2 037 032	420	2 037 452
Profit for the period	–	–	–	–	–	3 492 190	3 492 190	755	3 492 945
Other comprehensive income for the period	–	–	1 748 678	303 512	(3 407)	–	2 048 783	746	2 049 529
Closing balance	5 220	33 876	2 340 756	468 320	88 116	4 641 717	7 578 005	1 921	7 579 926
<b>30 June 2021</b>									
Opening balance	5 220	33 876	2 810 911	913 712	171 378	7 126 176	11 061 273	2 907	11 064 180
Profit for the period	–	–	–	–	–	3 837 231	3 837 231	393	3 837 624
Other comprehensive income for the period	–	–	126 043	178 886	(11 014)	–	293 915	76	293 991
Dividend paid	–	–	–	–	–	(1 519 170)	(1 519 170)	–	(1 519 170)
Closing balance	5 220	33 876	2 936 954	1 092 598	160 364	9 444 237	13 673 249	3 376	13 676 625

\* FCTR - Foreign Currency Translation Reserve

### CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2021

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 30 JUN 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>4 267 176</b>	<b>4 066 517</b>	<b>5 119 932</b>	<b>3 898 835</b>
<b>Non cash items:</b>				
Monetary loss	307 830	4 786 011	-	-
Depreciation	184 872	218 499	142 161	31 464
Amortisation of intangible assets	23 020	11 683	17 446	690
Impairment of property and equipment	80 758	-	-	-
Write off of intangible assets	-	947	-	175
Write off of land inventory	9 334	-	8 985	-
Write off of investment properties	-	272 157	-	50 270
Fair value adjustments on investment properties	425 323	(1 375 207)	(141 195)	(1 504 145)
Write off of right of use asset and lease liability	105	-	92	-
Fair value adjustments on financial instruments	(2 605 246)	(115 318)	(2 792 532)	(98 524)
Expected credit loss expense	1 423 199	1 630 086	1 423 199	788 838
Impairment on insurance assets	6 937	11 057	6 937	5 351
Unrealised profit on foreign currency position	(108 192)	(4 335 520)	(108 192)	(1 789 600)
Profit / (loss) on disposal of investment properties	(2 771)	236 050	(2 720)	37 612
Unearned premium reserve movement	(7 346)	(22 024)	9 962	15 939
Incurred But Not Reported (IBNR) claims provisions	4 594	6 924	4 594	2 367
Deferred commission movement	(22 806)	4 560	(23 068)	302
Profit on sale of property and equipment	(77)	(148)	(75)	(104)
Annuities reserve movement	64 135	25 438	64 135	12 310
Interest on lease liability	1 840	716	1 753	191
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>4 052 685</b>	<b>5 422 428</b>	<b>3 731 414</b>	<b>1 451 971</b>
<b>Changes in operating assets and liabilities</b>				
Deposits	34 730 374	1 658 953	32 370 243	461 546
Loans and advances to customers	(22 087 201)	(29 859 216)	(20 586 247)	(8 307 283)
Life assurance investment contract liabilities	15 002	23 179	13 469	6 449
Money market assets	(6 791 911)	(3 178 312)	(6 330 360)	(884 254)
Financial securities	21 453	505 939	20 858	140 764
Insurance assets	112 731	(150 066)	37 764	(50 646)
Insurance liabilities	(38 127)	98 170	(33 808)	21 715
Land inventory	(105 403)	(254 654)	(99 278)	(52 787)
Other assets	(9 883 096)	17 320 001	(7 720 983)	7 062 357
Other Liabilities	11 819 300	10 291 936	10 773 990	261 060
	<b>7 793 122</b>	<b>(3 544 070)</b>	<b>8 445 648</b>	<b>(1 341 079)</b>
<b>TAXATION</b>				
Corporate tax paid	(1 422 567)	(361 399)	(1 373 193)	(128 207)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>10 423 240</b>	<b>1 516 959</b>	<b>10 803 869</b>	<b>(17 315)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds on disposal of investment property	69 378	47 372	63 271	14 740
Investment in equities during the period	(119 294)	(1 045 396)	(114 213)	(494 585)
Equity investments disposed during the period	55 144	19 018	53 533	5 591
Purchase of investment property	(60 976)	(126 656)	(56 991)	(57 158)
Proceeds on disposal of property and equipment	115	257	105	124
Purchase of property and equipment	(218 727)	(275 036)	(176 780)	(99 027)
Purchase of intangible assets	(2 890)	(762)	(2 540)	(420)
<b>Net cash outflow from investing activities</b>	<b>(277 250)</b>	<b>(1 381 203)</b>	<b>(233 615)</b>	<b>(630 735)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Lease liability principal repayment	(7 938)	(2 254)	(7 122)	(757)
Interest on lease liability paid	(1 840)	(716)	(1 753)	(191)
Dividend paid	(1 519 170)	-	(1 519 170)	-
<b>Net cash outflow from financing activities</b>	<b>(1 528 948)</b>	<b>(2 970)</b>	<b>(1 528 045)</b>	<b>(948)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>8 617 042</b>	<b>132 786</b>	<b>9 042 209</b>	<b>(648 998)</b>
Cash and cash equivalents at beginning of the period	23 838 489	12 994 735	19 752 126	2 400 254
Exchange gains on foreign cash balances	666 660	6 446 993	666 660	3 119 853
Inflation effects on cash and cash equivalents	(3 661 196)	(9 508 659)	-	-
<b>Cash and cash equivalents at end of the period</b>	<b>29 460 995</b>	<b>10 065 855</b>	<b>29 460 995</b>	<b>4 871 109</b>

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## ACCOUNTING POLICIES

### FOR THE HALF YEAR ENDED 30 JUNE 2021

#### 1. GROUP ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial results are consistent with those followed in the preparation of the Group's annual consolidated financial results for the year ended 31 December 2020, except for new standards and amendments adopted effective 1 January 2021 (see 1.1c). The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial results of the Group. For a detailed analysis of the Group's accounting policies, kindly refer to the Group's 2020 annual report which is available at the Company registered offices.

#### 1.1 BASIS OF PREPARATION

The interim condensed consolidated financial results for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as the requirements of the Companies and Other Business Entities Act (Chapter 24.03), Banking Act (Chapter 24.20), Insurance Act (Chapter 24.07), the Building Society Act (Chapter 24.02), Zimbabwe Stock Exchange (ZSE) Listing Rules 2019 and the Securities Act (Chapter 24.25). The consolidated financial results have been restated to take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

These interim condensed consolidated financial results do not include all the information and disclosures required in the annual financial results, and should be read in conjunction with the Group's annual consolidated financial results as at 31 December 2020.

#### a) Basis of consolidation

The Group's consolidated financial results incorporate the financial results of the Company and entities controlled by the Company. The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Control is achieved when the Company has power over the investee, is exposed or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired up to the date control ceased. The financial results 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 statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

#### b) Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial results.

#### c) Changes in significant accounting policies

The details of changes in accounting policies are disclosed below:

#### Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial results of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

#### 1.2 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

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.

Date	Indices	Conversion Factors
30 June 2021	2 986.443	1.000
30 June 2020	1 445.211	2.066
31 December 2020	2 474.511	1.206

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

- All comparative figures as at end of the period 31 December 2020 and 30 June 2020 were restated by applying the change in the index from the date of last re-measurement to 30 June 2021.
- 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 30 June 2021. Property and equipment is restated by applying the change in the index from the date of transaction to 30 June 2021.
- 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 period ended 30 June 2021.
- Opening deferred tax was calculated for temporary differences between tax bases of assets and liabilities and their carrying amounts expressed in the purchasing power at the opening balance sheet date. The calculated tax was then inflated to the purchasing power at the reporting date. The closing deferred tax position was calculated based on the applicable temporary differences between the tax base and the IAS 29-adjusted IFRS balance sheet (i.e. expressed in the measuring unit current at the balance sheet 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.

The historical cost information has been shown as supplementary information for the benefit of users. 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. As a result, the auditors have not expressed an opinion on this historic financial information.



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



## NOTES TO THE REVIEWED INFLATION ADJUSTED CONSOLIDATED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

1.2 INCORPORATION AND ACTIVITIES

The consolidated financial results of the Group for the half year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 30 August 2021. 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.

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
2. INTEREST				
Interest Income				
Bankers acceptances	19 072	498	17 721	144
Overdrafts	1 769 554	838 982	1 562 341	203 618
Loans	1 261 997	814 603	1 294 901	230 787
Mortgage loans	61 343	72 778	57 444	21 297
Staff loans	39 827	7 830	37 126	2 253
Securities investments	192 352	208 799	179 563	65 405
Other investments	642 257	79 688	611 768	26 121
	3 986 402	2 023 178	3 760 864	549 625
Interest expense				
Call deposits	21 081	2 818	19 666	939
Savings deposits	1 109 374	109 532	1 024 116	21 720
Money market deposits	793 319	361 847	744 734	123 564
Other offshore deposits	18 457	60 076	16 994	21 151
Lease liability	1 840	716	1 753	191
	1 944 071	534 989	1 807 263	167 565
NET INTEREST INCOME	2 042 331	1 488 189	1 953 601	382 060
3. NET NON-INTEREST INCOME				
Net income from trading securities	5 240	6 190	7 957	2 620
Fair value adjustments on financial instruments	2 605 246	115 318	2 792 532	98 524
Fair value adjustments on investment properties	(425 323)	1 375 207	141 195	1 504 145
Net income from foreign currency dealing	305 682	168 902	286 076	47 300
Unrealised profit on foreign currency exchange	108 192	4 335 520	108 192	1 789 600
Agro business income	3 239 939	5 982 559	3 015 630	1 673 937
Commission and fee income	2 993 324	1 460 215	2 767 253	423 554
Profit on disposal of property and equipment	77	148	75	104
Profit/(loss) on disposal of investment property	2 771	(236 050)	2 720	(37 612)
Bad debts recovered	13 521	19 846	12 504	9 441
Property sales	52 506	32 745	51 018	7 034
Lease income	38 288	21 200	18 056	6 325
Other operating income	61 557	373 511	72 963	70 932
	9 001 020	13 655 311	9 276 171	5 595 904
4. Underwriting Income (Net)				
Gross premium insurance	504 055	455 401	480 138	135 953
Reinsurance	(239 672)	(172 916)	(229 178)	(57 838)
Net written premium	264 383	282 485	250 960	78 115
Unearned premium	7 346	22 024	(9 962)	(15 939)
Net earned premium	271 729	304 509	240 998	62 176
Net commission(a)	(1 755)	(15 476)	(466)	(2 822)
Net claims (b)	(59 839)	(46 571)	(57 173)	(13 632)
	210 135	242 462	183 359	45 722
(a) Net Commissions				
Commission received	54 991	49 342	52 700	16 652
Commission paid	(79 552)	(60 258)	(76 234)	(19 172)
Deferred acquisition costs	22 806	(4 560)	23 068	(302)
	(1 755)	(15 476)	(466)	(2 822)
(b) Net Claims				
Gross claims incurred	114 654	111 579	107 573	25 297
Reinsurance claims	(71 862)	(34 782)	(63 258)	(14 539)
Incurred but not yet reported claims	4 594	6 924	4 594	2 367
Gross outstanding claims	69 614	(17 967)	65 425	992
Reinsurance share of outstanding claims	(57 161)	(19 183)	(57 161)	(485)
	59 839	46 571	57 173	13 632
5. OPERATING EXPENDITURE				
Staff costs	2 857 146	1 806 452	2 715 117	605 715
Administration expenses	1 995 893	2 541 858	1 883 697	625 454
Audit fees	26 964	11 364	25 550	3 702
Depreciation	184 872	218 499	142 161	31 464
Amortisation of intangible assets	23 020	11 683	17 446	690
Write off of land inventory	9 334	-	8 985	-
Property cost of sales	6 117	3 893	5 880	882
Impairment of property and equipment	80 758	-	-	-
Write off intangible assets	-	947	-	175
Write off of investment properties	-	272 157	-	50 270
Write off of right of use asset and lease liability	105	-	92	-
	5 184 209	4 866 853	4 798 928	1 318 352
Remuneration of directors and key management personnel (included in staff costs)				
Fees for services as directors	20 763	21 114	19 352	5 874
Pension and retirement benefits for past and present directors	13 984	10 312	13 034	2 869
Salaries and other benefits	143 723	295 590	133 956	82 238
	178 470	327 016	166 342	90 981
6. TAXATION				
6.1 The following constitutes the major components of income tax expense recognised in the Statement of Profit or Loss.				
Analysis of tax charge in respect of the profit for the period				
Current income tax charge	1 637 559	421 853	1 637 559	323 464
Deferred income tax	203 869	(118 341)	(355 251)	82 426
Income tax expense	1 841 428	303 512	1 282 308	405 890
6.2 Tax rate reconciliations				
Notional tax	24.00	24.00	24.00	24.00
Aids levy	0.72	0.72	0.72	0.72
Non-deductible expenses	21.03	11.27	1.26	7.18
Exempt income	(2.46)	(28.44)	(0.91)	(21.45)
Tax credit	(0.14)	(0.09)	(0.02)	(0.04)
Effective tax rate	43.15	7.46	25.05	10.41

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.

6.3 The following constitutes the major components of deferred income tax expense recognised in the Statement of Other Comprehensive Income.				
Revaluation of property and equipment	(44 139)	277 644	40 023	336 959
Unlisted equities	(1 060)	57 145	9 222	70 235
Total taxation relating to components of other comprehensive income	(45 199)	334 789	49 245	407 194

7. EARNINGS PER SHARE

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

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

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

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
7.1 Annualised earnings per share (ZWL cents)				
Basic	929.40	1 449.90	1 470.16	1 345.63
Fully diluted	929.40	1 449.90	1 470.16	1 345.63
Headline	1 078.06	1 130.17	1 432.03	923.92
7.2 Earnings				
Basic (earnings attributable to holders of parent)	2 425 808	3 762 797	3 837 231	3 492 190
Fully diluted	2 425 808	3 762 797	3 837 231	3 492 190
Headline	2 813 833	2 933 022	3 737 716	2 397 766
Number of shares used in calculations (weighted)				
Basic	522 016	519 042	522 016	519 042
Fully diluted	522 016	519 042	522 016	519 042
Headline	522 016	519 042	522 016	519 042

7.3 Reconciliation of denominators used for calculating basic and diluted earnings per share:

Number of shares used for basic and diluted EPS

7.4 Headline Earnings

Profit attributable to ordinary shareholders

Adjusted to exclude re-measurements

Impairment on property and equipment  
Write off of right of use asset and lease liability  
Write off of intangible assets  
Write offs of investment property  
Write off of land inventory  
Disposal (gain)/loss on property and equipment  
Gains on investment properties valuation  
Tax relating to remeasurements  
Headline earnings

8. DIVIDENDS

Cash dividends on ordinary shares declared and paid:

Final Dividend

Final dividend paid per share (cents)

Dividends are paid on shares held at the record date net of treasury shares held on the same date.

Proposed dividend on ordinary shares:

Interim  
Interim dividend per share (cents)

Proposed dividends on ordinary shares are subject to approval and are not recognised as a liability as at 30 June 2021.

9. CASH AND CASH EQUIVALENTS

Cash  
Nostro accounts  
Balances with the Reserve Bank of Zimbabwe  
RBZ Statutory reserve

The cash and cash equivalents balance represent the Group's cash and cash equivalent balance. RBZ Statutory reserve balances relates to restricted liquid reserve determined in line with the RBZ Statutory reserve guidelines currently 5% for demand deposits and 2.5% for term deposits denominated in ZWL.

10. MONEY MARKET ASSETS

Interbank placements  
RBZ Savings bonds  
Bankers acceptances  
Accrued interest  
Total gross money market assets  
Expected credit loss  
Total net money market assets

10.1 Maturity analysis

The maturity analysis of money market assets is shown below.  
Between 0 and 3 months  
Between 3 and 6 months  
Between 6 and 12 months

11. FINANCIAL SECURITIES

Treasury bills  
Accrued interest  
Total gross financial securities  
Expected credit loss  
Total net financial securities

11.1 Maturity analysis

The maturity analysis of financial securities is shown below:

Between 0 and 3 months  
Between 3 and 6 months  
Between 6 and 12 months  
Between 1 and 5 years  
Above 5 years

Maturity analysis is based on the remaining period from 30 June 2021 to contractual maturity.

12. LOANS AND ADVANCES TO CUSTOMERS

Overdrafts  
Commercial loans  
Staff loans  
Mortgage advances  
Agro business loans  
Interest accrued  
Total gross loans and advances to customers  
Allowance for Expected Credit Loss (ECL)  
Total net advances

12.1 Sectoral analysis:

Private  
Agriculture  
Mining  
Manufacturing  
Distribution  
Construction  
Transport  
Communication  
Services  
Financial organisations

12.2 Maturity analysis

Less than 1 month  
Between 1 and 3 months  
Between 3 and 6 months  
Between 6 months and 1 year  
Between 1 and 5 years  
More than 5 years

Maturity analysis is based on the remaining period from 30 June 2021 to contractual maturity.

REVIEWED		UNAUDITED	
INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
522 016	519 042	522 016	519 042
2 425 808	3 762 797	3 837 231	3 492 190
80 758	-	-	-
105	-	92	-
-	947	-	175
-	272 157	-	50 270
9 334	-	8 985	-
(77)	(148)	(75)	(104)
425 323	(1 375 207)	(141 195)	(1 504 145)
(127 418)	272 476	32 678	359 380
2 813 833	2 933 022	3 737 716	2 397 766
1 519 170	-	1 519 170	-
291.02	-	291.02	-
500 000	723 254	500 000	350 000
95.78	138.55	95.78	67.05

REVIEWED		UNAUDITED	
INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
7 739 739	9 030 617	7 739 739	7 482 600
9 644 037	4 929 907	9 644 037	4 084 829
10 219 237	9 237 148	10 219 237	7 653 728
1 857 982	640 817	1 857 982	530 969
29 460 995	23 838 489	29 460 995	19 752 126
14 059 975	9 151 358	13 974 567	7 582 644
1 908	-	1 908	-
500 000	-	585 408	-
12 892	16 365	12 892	13 560
14 574 775	9 167 723	14 574 775	7 596 204
(25 149)	(15 065)	(25 149)	(12 483)
14 549 626	9 152 658	14 549 626	7 583 721
14 074 775	9 167 723	14 074 775	7 596 204
300 000	-	300 000	-
200 000	-	200 000	-
14 574 775	9 167 723	14 574 775	7 596 204
962 695	1 168 007	962 695	967 789
5 330	25 459	5 330	21 095
968 025	1 193 466	968 025	988 884
(6 928)	(7 247)	(6 928)	(6 005)
961 097	1 186 219	961 097	982 879
9 540	6 950	9 540	5 759
5	6 820	5	5 651
14 749	5 098	14 749	4 224
46 756	75 734	46 756	62 752
896 975	1 098 864	896 975	910 498
968 025	1 193 466	968 025	988 884
2 264 609	2 191 621	2 264 609	1 815 936
13 835 625	12 619 996	13 835 625	10 456 692
1 210 686	1 467 553	1 210 686	1 215 987
670 204	580 288	670 204	480 816
27 702 927	18 160 485	27 702 927	15 047 438
6 181 036	1 926 769	6 181 036	1 596 485
51 865 087	36 946 712	51 865 087	30 613 354
(2 369 860)	(1 417 391)	(2 369 860)	(1 174 424)
49 495 227	35 529 321	49 495 227	29 438 930

REVIEWED				UNAUDITED			
INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000		RESTATED 31 DEC 2020 ZWL\$ 000		HISTORICAL 30 JUNE 2021 ZWL\$ 000		HISTORICAL 31 DEC 2020 ZWL\$ 000	
	%		%		%		%
3 578 619	7	2 553 700	7	3 578 619	7	2 115 948	7
31 569 211	61	20 432 022	55	31 569 211	61	16 929 591	55
3 253 443	6	3 724 609	10	3 253 443	6	3 086 141	10
1 000 671	2	987 980	3	1 000 671	2	818 622	3
7 276 911	14	7 266 926	20	7 276 911	14	6 021 239	20
68 787	-	65 841	-	68 787	-	54 555	-
96 419	-	87 074	-	96 418	-	72 148	-
-	-	3 523	-	-	-	2 919	-
4 969 203	10	1 492 170	4	4 969 203	10	1 236 384	4
51 823	-	332 867	1	51 824	-	275 807	1
51 865 087	100	36 946 712	100	51 865 087	100	30 613 354	100

# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



	REVIEWED			UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	
<b>12.3 Loans to directors and key management</b>					
Included in advances are loans to Executive Directors and key management:-					
Opening balance	266 207	89 706	220 574	16 570	
Advances made during the period	26 988	580 197	25 154	235 109	
Monetary adjustment	(46 913)	(326 937)	-	-	
Repayment during the period	(8 147)	(76 759)	(7 595)	(31 105)	
<b>Closing balance</b>	<b>238 135</b>	<b>266 207</b>	<b>238 133</b>	<b>220 574</b>	
<b>Loans to employees</b>					
Included in advances are loans to employees:-					
Opening balance	1 201 348	220 435	995 414	40 717	
Advances made during the period	10 025	2 612 112	9 344	1 058 489	
Monetary adjustment	(204 264)	(1 375 062)	-	-	
Repayments during the period	(34 552)	(256 137)	(32 204)	(103 792)	
<b>Closing balance</b>	<b>972 557</b>	<b>1 201 348</b>	<b>972 554</b>	<b>995 414</b>	
<b>12.4 Allowance for Expected Credit Loss (ECL)</b>					
Opening balance	1 417 391	1 511 452	1 174 424	279 180	
Credit loss expense on loans and advances	1 133 093	1 116 015	1 146 204	924 708	
Interest in suspense	49 583	22 431	49 232	9 088	
Monetary adjustment	(230 207)	(1 044 000)	-	-	
Amounts written off during the period	-	(188 507)	-	(38 552)	
<b>Closing balance</b>	<b>2 369 860</b>	<b>1 417 391</b>	<b>2 369 860</b>	<b>1 174 424</b>	
<b>12.5 Collateral</b>					
Government Guarantee	27 702 927	18 160 485	27 702 927	15 047 438	
Cash cover	1 846 545	1 747 594	1 846 545	1 448 024	
Mortgage bonds	4 223 031	4 708 688	4 223 031	3 901 531	
Notarial general covering bonds	16 043 576	13 182 165	16 043 576	10 922 495	
	<b>49 816 079</b>	<b>37 798 932</b>	<b>49 816 079</b>	<b>31 319 488</b>	
<b>13. INSURANCE ASSETS</b>					
Reinsurance unearned premium reserve	137 735	238 026	137 735	197 223	
Reinsurance receivables	77 470	31 740	77 470	26 299	
Deferred acquisition costs	48 887	60 613	48 887	50 223	
Insurance premium receivables	261 888	424 877	261 888	352 045	
Suspended premium	(1 522)	(1 917)	(1 522)	(1 588)	
Impairment provision	(23 066)	(19 466)	(23 066)	(16 129)	
	<b>501 392</b>	<b>733 873</b>	<b>501 392</b>	<b>608 073</b>	
<b>13.1 Reinsurance unearned premium reserve</b>					
Unearned premiums at the beginning of period	238 026	151 321	197 223	27 744	
Written premiums	237 012	1 020 845	226 630	403 028	
Premiums earned during the period	(337 303)	(934 140)	(286 118)	(233 549)	
<b>Closing balance</b>	<b>137 735</b>	<b>238 026</b>	<b>137 735</b>	<b>197 223</b>	
<b>13.2 Impairment provision on insurance assets</b>					
Opening balance	19 466	18 966	16 129	3 503	
Charge for impairment on insurance receivables	6 937	18 633	6 937	15 439	
Monetary adjustment	(3 337)	(14 388)	-	-	
Amounts written off during the period	-	(3 745)	-	(2 813)	
<b>Closing balance</b>	<b>23 066</b>	<b>19 466</b>	<b>23 066</b>	<b>16 129</b>	
<b>14. EXPECTED CREDIT LOSSES (ECL) ON FINANCIAL INSTRUMENTS AND IMPAIRMENT ON INSURANCE ASSETS</b>					

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

REVIEWED INFLATION ADJUSTED								
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020
Money market assets	12 666	205	-	-	-	-	12 666	205
Financial securities	924	8	-	-	-	-	924	8
Loans and advances to customers	1 013 106	1 392 289	32 135	26 492	100 963	210 411	1 146 204	1 629 192
Financial guarantees	12 411	(1 025)	-	-	-	(119)	12 411	(1 144)
Other commitments	247 689	-	(174)	-	657	-	248 172	-
Lease receivables	792	271	839	403	1 191	1 151	2 822	1 825
	<b>1 287 588</b>	<b>1 391 748</b>	<b>32 800</b>	<b>26 895</b>	<b>102 811</b>	<b>211 443</b>	<b>1 423 199</b>	<b>1 630 086</b>
Insurance assets impairment charge	6 937	11 057	-	-	-	-	6 937	11 057
<b>Total</b>	<b>1 294 525</b>	<b>1 402 805</b>	<b>32 800</b>	<b>26 895</b>	<b>102 811</b>	<b>211 443</b>	<b>1 430 136</b>	<b>1 641 143</b>

UNAUDITED HISTORICAL								
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020
Money market assets	12 666	99	-	-	-	-	12 666	99
Financial securities	924	4	-	-	-	-	924	4
Loans and advances to customers	1 013 106	673 762	32 135	12 820	100 963	101 823	1 146 204	788 405
Financial guarantees	12 411	(496)	-	-	-	(58)	12 411	(554)
Other commitments	247 689	-	(174)	-	657	-	248 172	-
Lease receivables	792	132	839	195	1 191	557	2 822	884
	<b>1 287 588</b>	<b>673 501</b>	<b>32 800</b>	<b>13 015</b>	<b>102 811</b>	<b>102 322</b>	<b>1 423 199</b>	<b>788 838</b>
Insurance assets impairment charge	6 937	5 351	-	-	-	-	6 937	5 351
<b>Total</b>	<b>1 294 525</b>	<b>678 852</b>	<b>32 800</b>	<b>13 015</b>	<b>102 811</b>	<b>102 322</b>	<b>1 430 136</b>	<b>794 189</b>

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
<b>15. OTHER ASSETS</b>				
Prepayments and deposits	8 606 551	5 675 737	5 253 072	2 443 538
*Other receivables	23 930 848	21 796 020	23 930 848	18 059 774
	<b>32 537 399</b>	<b>27 471 757</b>	<b>29 183 920</b>	<b>20 503 312</b>

\*Included in other receivables is an amount of ZWL\$14 929 575 942 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 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.

	REVIEWED			UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000	
<b>16. LAND INVENTORY</b>					
Opening balance	4 469 007	3 986 139	470 639	139 034	
Additions	108 759	498 972	102 360	340 685	
Disposals	(3 356)	(15 117)	(3 082)	(8 262)	
Write offs	(9 334)	-	(8 985)	-	
Impairment	-	(987)	-	(818)	
<b>Closing balance</b>	<b>4 565 076</b>	<b>4 469 007</b>	<b>560 932</b>	<b>470 639</b>	
<b>17. EQUITY INVESTMENTS</b>					
Opening balance	2 321 836	1 148 227	1 923 830	212 089	
Investment in equities during the period	119 294	1 162 073	114 213	583 357	
Investment disposed during the period	(55 144)	(57 282)	(53 533)	(34 103)	
Fair value adjustments - Profit or loss	2 605 246	(63 403)	2 792 532	374 155	
Fair value adjustments - Other comprehensive income	(26 069)	132 221	188 121	788 332	
	<b>4 965 163</b>	<b>2 321 836</b>	<b>4 965 163</b>	<b>1 923 830</b>	
<b>17.1 Investments in equities</b>					
Unlisted investments	1 271 976	1 241 044	1 271 976	1 028 306	
Listed investments	3 693 187	1 080 792	3 693 187	895 524	
	<b>4 965 163</b>	<b>2 321 836</b>	<b>4 965 163</b>	<b>1 923 830</b>	
Equity investment designated at fair value through profit or loss	3 693 187	1 080 792	3 693 187	895 524	
Equity investment designated at fair value through other comprehensive income	1 271 976	1 241 044	1 271 976	1 028 306	
	<b>4 965 163</b>	<b>2 321 836</b>	<b>4 965 163</b>	<b>1 923 830</b>	

<b>17.2 Investment in subsidiaries</b>	
CBZ Bank Limited	734 441
CBZ Asset Management (Private) Limited	66 852
CBZ Building Society	642 807
CBZ Insurance (Private) Limited	142 890
CBZ Properties (Private) Limited	160 716
CBZ Life Assurance (Private) Limited	46 676
CBZ Asset Management Mauritius	2 989
CBZ Risk Advisory Services (Private) Limited	45 233
Red Sphere Finance (Private) Limited	330 197
CBZ Agro Yield (Private) Limited	7 411
	<b>2 180 212</b>

## 18. CATEGORIES OF FINANCIAL ASSETS

### 30 June 2021

Balances with banks and cash	-
Money market assets	-
Financial securities	-
Loans and advances to customers	-
Equity investments	3 693 187
Other assets	-
<b>TOTAL ASSETS</b>	<b>3 693 187</b>

### 31 Dec 2020

Balances with banks and cash	-
Money market assets	-
Financial securities	-
Loans and advances to customers	-
Equity investments	1 080 792
Other assets	-
<b>TOTAL ASSETS</b>	<b>1 080 792</b>

### 30 June 2021

Balances with banks and cash	-
Money market assets	-
Financial securities	-
Loans and advances to customers	-
Equity investments	3 693 187
Other assets	-
<b>TOTAL ASSETS</b>	<b>3 693 187</b>

### 31 Dec 2020

Balances with banks and cash	-
Money market assets	-
Financial securities	-
Loans and advances to customers	-
Equity investments	895 524
Other assets	-
<b>TOTAL ASSETS</b>	<b>895 524</b>

## 19. FAIR VALUE MEASUREMENT

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

REVIEWED INFLATION ADJUSTED								
	Level 1		Level 2		Level 3		Total carrying amount	
	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000
Equity investments	3 693 187	1 080 792	-	-	1 271 976	1 241 044	4 965 163	2 321 836
Land and Buildings	-	-	3 110 789	3 630 909	-	-	3 110 789	3 630 909
Investment properties	-	-	2 886 003	3 316 956	-	-	2 886 003	3 316 956
<b>Total assets at fair value</b>	<b>3 693 187</b>	<b>1 080 792</b>	<b>5 996 792</b>	<b>6 947 865</b>	<b>1 271 976</b>	<b>1 241 044</b>	<b>10 961 955</b>	<b>9 269 701</b>

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

UNAUDITED HISTORICAL								
	Level 1		Level 2		Level 3		Total carrying amount	
	31 DEC 20 ZWL\$ 000	31 DEC 19 ZWL\$ 000	31 DEC 20 ZWL\$ 000	31 DEC 19 ZWL\$ 000	31 DEC 20 ZWL\$ 000	31 DEC 19 ZWL\$ 000	31 DEC 20 ZWL\$ 000	31 DEC 19 ZWL\$ 000
Equity investments	3 693 187	895 524	-	-	1 271 976	1 028 306	4 965 163	1 923 830
Land and Buildings	-	-	3 110 789	3 008 503	-	-	3 110 789	3 008 503
Investment properties	-	-	2 886 003	2 748 368	-	-	2 886 003	2 748 368
<b>Total assets at fair value</b>	<b>3 693 187</b>	<b>895 524</b>	<b>5 996 792</b>	<b>5 756 871</b>	<b>1 271 976</b>	<b>1 028 306</b>	<b>10 961 955</b>	<b>7 680 701</b>

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
• Earnings Multiple	• Liquidity discount • GDP Growth	The fair values would increase/ decrease if : • 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\$ 981 254 and the Statement of Financial Position would be ZWL\$ 1 303 472 higher or lower than the reported position.



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



20. PROPERTY AND EQUIPMENT

REVIEWED INFLATION ADJUSTED									
	Land ZWL\$ 000	Buildings ZWL\$ 000	Leasehold improvements ZWL\$ 000	Motor vehicles ZWL\$ 000	Computer ZWL\$ 000	Equipment ZWL\$ 000	Furniture & Fittings ZWL\$ 000	Work in progress ZWL\$ 000	Total ZWL\$ 000
30 JUNE 2021									
COST									
Opening balance	484 120	3 721 891	66 270	239 674	1 362 556	480 010	311 221	566 069	7 231 811
Additions	-	37 705	-	10 383	83 594	14 505	3 240	106 133	255 560
Revaluation loss	(101 850)	(453 035)	-	-	-	-	-	-	(554 885)
Impairments	-	(80 758)	-	-	-	-	-	-	(80 758)
Disposals	-	-	-	-	(71)	(4)	(26)	-	(101)
Write offs	-	(6 485)	-	-	-	-	-	-	(6 485)
Transfers(PPE Inter-categories)	-	1 305	2 364	1 283	61 937	7 646	9 925	(84 460)	-
Closing balance	382 270	3 220 623	68 634	251 340	1 508 016	502 157	324 360	587 742	6 845 142
Accumulated depreciation									
Opening balance	-	23 152	3 758	9 994	47 302	12 678	7 970	-	-
Charge for the period	-	36 834	27 922	190 127	672 260	349 021	170 915	-	1 447 079
Disposals	-	124 192	2 093	3 685	43 825	6 872	4 205	-	184 872
Write offs	-	-	-	-	(41)	(2)	(20)	-	(63)
Revaluation	-	(1 033)	-	-	-	-	-	-	(1 033)
Closing balance	-	48 330	30 015	193 812	716 044	355 891	175 100	-	1 519 192
Net Book Value	382 270	3 172 293	38 619	57 528	791 972	146 266	149 260	587 742	5 325 950
31 DEC 2020									
COST									
Opening balance	761 528	3 620 685	60 034	221 834	1 048 464	466 478	298 939	396 913	6 874 875
Right of use assets additions	-	-	-	-	-	-	-	-	-
Additions	-	53 994	6 236	14 137	186 506	9 224	12 964	468 816	751 877
Revaluation gain	71 027	55 939	-	-	-	-	-	-	126 966
Disposals	(348 435)	-	-	-	(868)	(77)	(1 102)	-	(359 719)
Transfers intangible assets	-	-	-	-	-	-	(118 710)	(118 710)	-
Transfers Investment Properties	-	-	-	-	-	-	(34 550)	(34 550)	-
Write offs	-	(8 727)	-	-	(201)	-	-	-	(8 928)
Transfers(PPE Inter-categories)	-	-	-	3 703	128 655	4 385	420	(137 163)	-
Closing balance	484 120	3 721 891	66 270	239 674	1 362 556	480 010	311 221	566 069	7 231 811
Accumulated depreciation & impairment									
Opening balance	-	13 682	24 164	180 133	624 958	336 343	162 945	-	1 342 225
Charge for the period	-	241 063	3 758	9 994	48 012	12 747	8 582	-	324 156
Disposals	-	-	-	-	(702)	(69)	(612)	-	(1 385)
Revaluations / Acquisitions	-	(1 982)	-	-	(8)	-	-	-	(1 990)
Revaluation	-	(215 929)	-	-	-	-	-	-	(215 929)
Closing balance	-	36 834	27 922	190 127	672 260	349 021	170 915	-	1 447 079
Net Book Value	484 120	3 685 057	38 348	49 547	690 296	130 989	140 306	566 069	5 784 732

UNAUDITED HISTORICAL									
	Land ZWL\$ 000	Buildings ZWL\$ 000	Leasehold improvements ZWL\$ 000	Motor vehicles ZWL\$ 000	Computer ZWL\$ 000	Equipment ZWL\$ 000	Furniture & Fittings ZWL\$ 000	Work in progress ZWL\$ 000	Total ZWL\$ 000
30 JUNE 2021									
COST									
Opening balance	401 133	2 976 150	34 622	12 508	251 828	23 299	17 671	150 360	3 867 571
Additions	-	35 759	-	9 595	75 809	13 697	3 029	73 831	211 720
Revaluation gain	(18 863)	80 971	-	-	-	-	-	-	62 108
Disposals	-	-	-	-	(59)	(3)	(21)	-	(83)
Write offs	-	(5 664)	-	-	-	-	-	-	(5 664)
Transfers(PPE Inter-categories)	-	1 305	2 365	1 204	54 092	6 679	8 670	(74 315)	-
Closing balance	382 270	3 088 521	36 987	23 307	381 670	43 672	29 349	149 876	4 135 652
Accumulated depreciation									
Opening balance	-	12 109	1 169	6 652	39 331	12 055	6 062	-	77 378
Right of use asset	-	-	-	-	-	-	-	-	-
Charge for the period	-	112 444	365	1 268	25 467	1 826	791	-	142 161
Disposals	-	-	-	-	(34)	(2)	(17)	-	(53)
Write offs	-	(902)	-	-	-	-	-	-	(902)
Revaluation	-	(104 021)	-	-	-	-	-	-	(104 021)
Closing balance	-	19 630	1 534	7 920	64 764	13 879	6 836	-	114 563
Net Book Value	382 270	3 068 891	35 453	15 387	316 906	29 793	22 513	149 876	4 021 089
31 DEC 2020									
COST									
Opening balance	140 662	658 304	3 587	7 533	42 618	16 332	11 850	33 980	914 866
Additions	-	336	31 035	3 014	120 266	4 903	5 523	314 315	479 302
Revaluation surplus	567 171	2 321 910	-	-	-	-	-	-	2 889 081
Disposals	(306 700)	-	-	-	(81)	(9)	(50)	(4 191)	(311 031)
Transfers to intangible assets	-	-	-	-	-	-	-	(97 971)	(97 971)
Transfers to investment properties	-	-	-	-	-	-	-	(2 232)	(2 232)
Write offs	-	(4 400)	-	-	(134)	-	-	-	(4 534)
Transfers(PPE Inter-categories)	-	-	-	1 961	89 159	2 073	348	(93 541)	-
Closing balance	401 133	2 976 150	34 622	12 508	251 828	23 299	17 671	150 360	3 867 571
Accumulated depreciation & impairment									
Opening balance	-	1 182	754	5 416	19 020	10 132	4 923	-	41 427
Charge for the period	-	118 283	415	1 236	20 376	1 931	1 167	-	143 408
Disposals	-	-	-	-	(59)	(8)	(28)	-	(95)
Write offs	-	(1 668)	-	-	(6)	-	-	-	(1 674)
Revaluation	-	(105 688)	-	-	-	-	-	-	(105 688)
Closing balance	-	12 109	1 169	6 652	39 331	12 055	6 062	-	77 378
Net Book Value	401 133	2 964 041	33 453	5 856	212 497	11 244	11 609	150 360	3 790 193

Properties were revalued on an open market basis by an internal professional valuer, as at 30 June 2021 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\$ 872 709 703 (December 2020: ZWL\$ 1 009 583 790) had they been carried at cost.

Further details on fair valuation hierarchy are provided in the Group's annual report for the year ended 31 December 2020.

If the fair value adjustment had been 5% up or down, the Group's other Comprehensive Income would have been ZWL\$ 16 682 864 higher or lower the reported position.

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

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

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

20.1a Right of use assets  
Opening balance 90 985  
Additions 36 833  
Write offs (5 453)  
Depreciation charge for the period (12 529)  
Closing balance 109 836

20.1b Lease liability  
Opening balance 25 518  
Additions 36 833  
Write-offs (5 347)  
Interest 1 840  
Repayment (9 778)  
Monetary adjustment (4 775)  
Closing balance 44 291

20.1c Lease liability maturity analysis  
Less than one month 1 976  
One to three months 5 747  
Three to six months 5 957  
Six to twelve months 10 937  
One to five years 25 833  
Closing balance 50 450

20.1d Amounts recognised in Statement of Profit or Loss  
Interest on lease liabilities 1 840  
Depreciation 12 529  
Expenses relating to leases of low value assets -  
Closing balance 14 369

20.1e Amounts recognised in statement of cash flow  
Closing balance 9 778

21. INVESTMENT PROPERTIES

Opening balance 3 316 956  
Additions 60 976  
Disposals (66 607)  
Transfer from property and equipment -  
Write offs -  
Fair valuation gain/(loss) (425 322)  
Closing balance 2 886 003

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 yields applicable to similar property. The properties were valued as at 30 June 2021.

If the fair value adjustment had been 5% up or down, the Group's profit would have been ZWL\$ 16 009 139 higher or lower the reported position the Statement of Financial Position would be ZWL\$21 266 125 higher or lower than the reported position.

22. INTANGIBLE ASSETS

At cost 376 982  
Accumulated amortisation (248 027)  
Closing balance 128 955

Movement in intangible assets  
Opening balance 149 085  
Additions 2 890  
Transfer from property and equipment -  
Write offs -  
Amortisation charge (23 020)  
Closing balance 128 955

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

23. DEFERRED TAXATION

23.1 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 asset balances included in the statement of financial position are comprised of:

REVIEWED				UNAUDITED	
INFLATION	ADJUSTED	RESTATED		HISTORICAL	HISTORICAL
30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
ZWL\$ 000	ZWL\$ 000	ZWL\$ 000	ZWL\$ 000	ZWL\$ 000	ZWL\$ 000
Assessed losses	34 008	32 777		189 398	24 248
Credit loss provisions	571 015	341 069		571 015	282 603
Intangible assets	1 403	-		1 020	5 819
Prepayments	344	-		328	-
Property and equipment	-	-		15 451	-
Tax claimable impairments	66 071	66 072		54 745	54 745
Other	9 703	117 045		4 174	96 417
Closing deferred tax balance	690 159	556 963		843 746	463 832

23.2 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 liability balances included in the statement of financial position are comprised of:

REVIEWED		UNAUDITED			
INFLATION	ADJUSTED	RESTATED		HISTORICAL	HISTORICAL
30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
ZWL\$ 000	ZWL\$ 000	ZWL\$ 000	ZWL\$ 000	ZWL\$ 000	ZWL\$ 000
Impairments and provisions	3	-		3	-
Intangible assets	22 595	26 157		8 448	77
Equity investments	91 220	60 804		91 220	50 381
Property and equipment	573 995	506 892		373 466	280 906
Investment properties	288 324	318 647		288 324	264 025
Other	1 800 129	1 568 151		1 598 572	1 690 736
Closing balance	2 772 517	2 480 651		2 360 033	2 286 125
DEPOSITS					
Call deposits	360 600	97 031		360 600	80 398
Savings and other deposits	76 124 780	60 123 794		76 124 780	49 817 450
Wholesale deposits	4 643 896	5 411 807		4 643 896	4 484 122
Money market deposits	17 224 984	12 248 296		17 224 984	10 148 709
Lines of credit	421 497	613 487		421 497	508 332
Accrued interest	1 308 624	178 503		1 308 624	147 904
	100 084 381	78 672 928		100 084 381	65 186 915
Deposits by type					
Retail	7 260 685	4 767 499		7 260 685	3 950 260
Corporate	74 688 060	60 882 999		74 688 060	50 446 513
Money market	17 713 861	12 403 629		17 713 861	10 277 415
Lines of credit	421 775	618 801		421 775	512 727
	100 084 381	78 672 928		100 084 381	65 186 915



		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
24.4	<b>Maturity analysis</b>				
	Less than 1 month	85 582 212	68 910 283	85 582 212	57 097 770
	Between 1 and 3 months	6 209 954	1 870 804	6 209 954	1 550 113
	Between 3 and 6 months	4 405 414	1 783 129	4 405 414	1 477 467
	Between 6 months and 1 year	3 402 318	5 414 089	3 402 318	4 486 013
	Between 1 and 5 years	479 411	688 182	479 411	570 215
	More than 5 year	5 072	6 441	5 072	5 337
		<b>100 084 381</b>	<b>78 672 928</b>	<b>100 084 381</b>	<b>65 186 915</b>

Maturity analysis is based on the remaining period from 30 June 2021 to contractual maturity.

25.	<b>INSURANCE LIABILITIES</b>				
	Reinsurance payables (a)	90 910	229 180	90 910	189 895
	Gross outstanding claims (b)	102 016	38 916	102 016	32 245
	Gross unearned premium reserve (c)	231 065	339 595	231 065	281 382
	Deferred reinsurance acquisition reserve (d)	23 925	59 723	23 925	49 485
		<b>447 916</b>	<b>667 414</b>	<b>447 916</b>	<b>553 007</b>

25.1	Insurance contract provisions	447 916	667 414	447 916	555 007
	(a) Reinsurance payables				
	Opening balance	229 180	93 978	189 895	17 358
	Premiums ceded during the period	237 013	637 427	225 973	403 033
	Reinsurance paid	(339 846)	(364 547)	(324 958)	(230 496)
	Monetary adjustment	(35 437)	(137 678)	-	-
	Closing balance	90 910	229 180	90 910	189 895

<b>(b) Gross outstanding claims provision</b>				
Opening balance	38 916	33 288	32 245	6 149
Claims incurred	207 211	164 755	158 429	101 275
Incurred but not yet reported claims provision	16 595	16 596	4 594	13 751
Claims paid	(154 035)	(144 670)	(93 252)	(88 930)
Monetary adjustment	(6 671)	(31 053)	-	-
<b>Closing balance</b>	<b>102 016</b>	<b>38 916</b>	<b>102 016</b>	<b>32 245</b>

<b>(c) Gross premium reserve</b>				
Opening balance	339 595	154 615	281 382	28 559
Written premiums	396 075	1 102 060	376 870	608 879
Premiums earned during the period	(504 605)	(917 080)	(427 187)	(356 056)
<b>Closing balance</b>	<b>231 065</b>	<b>339 595</b>	<b>231 065</b>	<b>281 382</b>

	REVIEWED INFLATION ADJUSTED		
(d) Deferred reinsurance acquisition revenue	Unearned commissions ZWLS 000	Deferred acquisition ZWLS 000	Net ZWLS 000
30 June 2021			
Opening balance	59 253	59 722	(469)
Written premiums	54 749	63 148	(8 399)
Earned during the period	(73 500)	(98 945)	25 445
<b>Closing balance</b>	<b>40 502</b>	<b>23 925</b>	<b>16 577</b>

<b>31 Dec 2020</b>			
Opening balance	38 614	36 958	1 656
Written premiums	154 335	164 755	(10 420)
Earned during the period	(133 696)	(141 991)	8 295
<b>Closing balance</b>	<b>59 253</b>	<b>59 722</b>	<b>(469)</b>

	REVIEWED HISTORICAL		
	Unearned commissions ZWL\$ 000	Deferred acquisition ZWL\$ 000	Net ZWL\$ 000
<b>30 June 2021</b>			
Opening balance	49 362	49 484	(122)
Written premiums	29 312	21 384	7 928
Earned during the period	(38 173)	(46 943)	8 770
<b>Closing balance</b>	<b>40 501</b>	<b>23 925</b>	<b>16 576</b>

<b>31 Dec 2020</b>			
Opening balance	7 132	6 826	306
Written premiums	96 766	101 275	(4 509)
Earned during the period	(54 536)	(58 617)	4 081
<b>Closing balance</b>	<b>49 362</b>	<b>49 484</b>	<b>(122)</b>

REVIEWED		UNAUDITED	
INFLATION	ADJUSTED	RESTATE	HISTORICAL
30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
ZWL\$ 000	ZWL\$ 000	ZWL\$ 000	ZWL\$ 000
121 943	86 585	78 958	28 183
4 764 381	8 645 968	4 764 381	7 163 887
10 405 859	788 678	10 405 859	653 484
4 374 628	658 627	4 374 628	545 726
147 098	282 688	147 098	76 012
<b>19 813 909</b>	<b>10 462 546</b>	<b>19 770 924</b>	<b>8 467 292</b>

**26. OTHER LIABILITIES**

Revenue received in advance  
Sundry creditors  
Accruals  
Suspense  
Provisions

27.	LIFE FUNDS					
27.1	Movement in Life Fund	REVIEWED INFLATION ADJUSTED				
		Unearned Premium Reserve ZWL\$ 000	Incurred But Not Reported ZWL\$ 000	Annuities Reserve ZWL\$ 000	Revaluation ZWL\$ 000	Total ZWL\$ 000
	Restated 31 Dec 2020					
	Opening balance	8 579	3 543	9 181	-	21 303
	Transfer (to)/from income	4 187	17	20 822	99 260	124 286
	Monetary adjustment	(8 408)	(2 760)	(15 796)	(6 669)	(33 633)
	Closing balance	4 358	800	14 207	92 591	111 956

<b>30 June 2021</b>					
Opening balance	4 358	800	14 207	92 591	111 956
Transfer (to)/from income	893	-	64 135	-	65 028
Monetary adjustment	(851)	(136)	(2 435)	(15 872)	(19 294)
<b>Closing balance</b>	<b>4 400</b>	<b>664</b>	<b>75 907</b>	<b>76 719</b>	<b>157 690</b>

UNAUDITED HISTORICAL				
Unearned Premium Reserve ZWLS 000	Incurred But Not Reported ZWLS 000	Annuities Reserve ZWLS 000	Revaluation ZWLS 000	Total ZWLS 000
1 584	655	1 696	-	3 935
2 026	9	10 076	76 719	88 830
<b>3 610</b>	<b>664</b>	<b>11 772</b>	<b>76 719</b>	<b>92 765</b>
3 610	664	11 772	76 719	92 765
790	-	64 135	-	64 925
<b>4 400</b>	<b>664</b>	<b>75 907</b>	<b>76 719</b>	<b>157 690</b>

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
<b>27.2 Life funds liabilities as supported by the following</b>				
Money market assets	277	7 232	277	5 992
Prescribed assets	5 562	14 700	5 562	12 180
Investment property	82 950	38 477	82 950	31 881
Listed equity investment	68 901	51 547	68 901	42 712
	<b>157 690</b>	<b>111 956</b>	<b>157 690</b>	<b>92 765</b>

28.	<b>LIFE ASSURANCE INVESTMENT CONTRACT LIABILITIES</b>				
28.1	<b>Life assurance investment contract liabilities movement</b>				
	Opening balance	17 651	18 457	14 625	3 409
	Interest on GEP fund	7 706	17 852	7 201	11 925
	Fund management expenses	(519)	(891)	(488)	(310)
	GEP investments	9 520	1 657	8 394	757
	GEP withdrawals	(1 705)	(3 321)	(1 638)	(1 156)
	Monetary adjustment	-	(16 103)	-	-
	<b>Closing balance</b>	<b>28 094</b>	<b>17 651</b>	<b>28 094</b>	<b>14 625</b>

28.2	<b>Life assurance investment contract liabilities are supported by the following net assets</b>				
	Money market assets	69	1 242	69	1 029
	Cash	15 026	1 813	15 026	1 502
	Prescribed assets	2 834	7 482	2 833	6 199
	Listed equity investment	7 004	3 577	7 005	2 964
	Investment property	3 161	3 537	3 161	2 931

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
<b>29. CATEGORIES OF FINANCIAL LIABILITIES</b>				
The Group's financial liabilities are carried at amortised cost as follows:				
Deposits	100 084 381	78 672 928	100 084 381	65 186 915
Other liabilities	4 764 381	8 645 968	4 764 381	7 163 887
Lease liability	44 291	25 518	44 291	21 144

30.	<b>EQUITY AND RESERVES</b>				
30.1	<b>Share capital</b>				
	<b>Authorised</b>				
	1 000 000 000 ordinary shares of ZWL\$ 0.01 each	1 000 000	1 000 000	1 000 000	1 000 000

		REVIEWED	UNAUDITED	
INFLATION	ADJUSTED	RESTATED	HISTORICAL	HISTORICAL
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
	SHARES 000	SHARES 000	SHARES 000	SHARES 000

	REVIEWED	UNAUDITED
INFLATION ADJUSTED	RESTATED	HISTORICAL
30 JUNE 2021	31 DEC 2020	30 JUNE 2021
ZWL\$ 000	ZWL\$ 000	ZWL\$ 000

	Issued and fully paid	202 033	202 033	5 220	5 220
30.2	Share premium	1 234 615	1 234 615	33 876	33 876

<b>30.3</b>	<b>Revaluation reserve</b>				
	Opening balance	402 343	147 476	2 810 911	592 078
	Net revaluation gain	(399 035)	309 206	126 043	2 525 533
	Inter-category transfer	-	(54 339)	-	(306 700)
	<b>Closing balance</b>	<b>3 308</b>	<b>402 343</b>	<b>2 936 954</b>	<b>2 810 911</b>

<b>30.4</b>	<b>Retained earnings</b>				
	Opening balance	15 986 752	10 454 167	7 126 176	1 149 527
	Profit for the period	2 425 808	6 123 438	3 837 231	6 145 925
	Inter-category transfer	-	54 340	-	306 700
	Dividend paid	(1 519 170)	(645 193)	(1 519 170)	(475 976)
	<b>Closing balance</b>	<b>16 893 390</b>	<b>15 986 752</b>	<b>9 444 237</b>	<b>7 126 176</b>

<b>The retained earnings comprises:</b>				
Holding company	2 566 774	15 963 599	1 904 272	(17 099)
Subsidiary companies	15 632 965	87 291	7 674 161	7 264 266
Effect of consolidation journals	(253 845)	(64 138)	(134 196)	(120 991)
	<b>16 893 390</b>	<b>15 986 752</b>	<b>9 444 237</b>	<b>7 126 176</b>

30.5	Non-controlling interests	16 693 390	15 986 732	9 444 237	7 126 176
	Reconciliation of Non-controlling Interests:				
	Non controlling interests comprise:				
	Non controlling interests comprise:				
	Opening balance	3 329	2 945	2 907	420
	Profit for the period	(60)	(107)	393	1 142
	Other comprehensive income	(99)	24	76	1 000
	Rights issue	-	467	-	345
	<b>Closing balance</b>	<b>3 170</b>	<b>3 329</b>	<b>3 376</b>	<b>2 907</b>

30.6	<b>Fair value reserve</b>				
	Opening balance	591 682	467 289	913 712	164 808
	Other comprehensive income	(24 958)	124 393	178 886	748 904
	<b>Closing balance</b>	<b>566 724</b>	<b>591 682</b>	<b>1 092 598</b>	<b>913 712</b>


<b>30.7 Foreign currency translation reserve</b>				
Opening balance	2 846 424	2 749 661	171 378	91 524
Exchange gain/(loss) on translation of a foreign subsidiary	37 049	96 763	(11 014)	79 854
<b>Closing balance</b>	<b>2 883 473</b>	<b>2 846 424</b>	<b>160 364</b>	<b>171 378</b>

**31. CAPITAL MANAGEMENT**

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

32. CONTINGENCIES AND COMMITMENT				
	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
<b>Guarantees</b>	90 853	86 596	90 853	71 752
<b>Capital Commitments</b>				
Authorised and contracted for	91 673	1 017	91 673	843

	The capital commitments will be funded from the Group's own resources.			
<b>33.</b>	<b>FUNDS UNDER MANAGEMENT</b>			
Pensions	11 602 162	8 600 523	11 602 162	7 126 232
Institutional & individual clients - Equities	9 605 471	5 172 237	9 605 471	4 285 619
Institutional & individual clients - Fixed Income	266 709	-	266 709	-
Unit trust	48 015	24 449	48 015	20 258
	<b>21 522 357</b>	<b>13 797 209</b>	<b>21 522 357</b>	<b>11 432 109</b>



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# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS








## FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



### 34. OPERATING SEGMENTS

The Group is comprised of the following operating segments:

BANKING OPERATIONS	MORTGAGE FINANCE	ASSET MANAGEMENT	INSURANCE OPERATIONS	PROPERTY INVESTMENTS	AGRO BUSINESS OPERATIONS	OTHER OPERATIONS
						
Provides commercial banking products through retail banking corporate and merchant banking and investing portfolios through the treasury function.	Provides mortgage financing to its clients for both finance and commercial purposes.	Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.	Provides short term insurance and Life assurance. 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 by Redsphere Finance and equity investments by the Holdings Company.

The table below shows the segment operational results for the period ended 30 June 2021:

#### 34.1 Segment operational results

	REVIEWED INFLATION ADJUSTED									
	Commercial banking ZWL\$ 000	Mortgage finance ZWL\$ 000	Asset management ZWL\$ 000	Insurance operations ZWL\$ 000	Property investment ZWL\$ 000	Agro business ZWL\$ 000	Other operations ZWL\$ 000	Intersegment amounts ZWL\$ 000	Consolidated ZWL\$ 000	
<b>INCOME</b>										
Total income for the period ended 30 June 2021	9 329 905	(455 179)	89 073	344 205	(108 930)	(175 352)	4 341 848	(2 112 084)	11 253 486	
Total income for the period ended 30 June 2020	5 253 557	3 662 718	136 450	558 354	233 747	5 420 696	630 265	(509 825)	15 385 962	
<b>Net underwriting income for the period ended 30 June 2021</b>										
Net underwriting income for the period ended 30 June 2020	–	–	–	224 420	–	–	–	(14 285)	210 135	
Depreciation and amortisation for the period ended 30 June 2021	130 702	37 025	3 669	13 046	2 460	10 679	15 914	(5 603)	207 892	
Depreciation and amortisation for the period ended 30 June 2020	166 703	45 435	2 957	12 854	1 261	3 764	7 629	(10 421)	230 182	
<b>Impairment of assets for the period ended 30 June 2021</b>										
Impairment of assets for the period ended 30 June 2020	928 797	49 649	(11)	23 522	3 569	467 865	10 448	27 055	1 510 894	
Results										
Profit before taxation for the period ended 30 June 2021	3 193 066	(218 718)	(104 610)	17 378	(153 043)	(532 642)	3 736 353	(1 670 608)	4 267 176	
Profit before taxation for the period ended 30 June 2020	756 043	3 059 701	(79 126)	185 893	(45 218)	268 168	191 445	(270 389)	4 066 517	
<b>Cash flows:</b>										
Used in operating activities for the period ended 30 June 2021	10 593 664	(78 872)	25 357	117 766	(45 231)	(956 868)	1 247 885	(480 461)	10 423 240	
Used in operating activities for the period ended 30 June 2020	762 461	170 536	–	22 939	137 582	14 759 537	180 489	(14 516 585)	1 516 959	
Used in investing activities for the period ended 30 June 2021	(203 810)	(4 471)	(17 120)	(45 906)	35 785	(21 441)	(51 618)	31 331	(277 250)	
Used in investing activities for the period ended 30 June 2020	(334 291)	(10 132)	–	(1 989)	59	(14 390)	(1 030 839)	10 379	(1 381 203)	
Used in financing activities for the period ended 30 June 2021	(1 563 756)	(655)	(1 567)	(489)	(1 265)	(106 601)	(1 525 449)	1 670 834	(1 528 948)	
Used in financing activities for the period ended 30 June 2020	(313 492)	(274)	–	(152)	(192)	(2 613)	2 056	311 697	(2 970)	
<b>Total assets and liabilities</b>										
Reportable segment liabilities for the period ended 30 June 2021	105 854 187	6 644 347	491 685	893 305	478 771	34 659 444	4 543 523	(29 284 393)	124 280 869	
Reportable segment liabilities for the period ended 31 Dec 2020	80 829 247	7 131 880	835 781	1 030 015	413 958	7 975 611	449 220	(5 421 343)	93 244 369	
Total segment assets for the period ended 30 June 2021	123 638 828	4 509 499	343 787	1 626 955	1 291 432	36 865 939	9 051 890	(31 260 748)	146 067 582	
Total segment assets for the period ended 31 Dec 2020	98 665 923	5 425 505	766 731	1 782 942	1 344 066	10 900 905	3 085 341	(7 459 866)	114 511 547	

	UNAUDITED HISTORICAL									
	Commercial banking ZWL\$ 000	Mortgage finance ZWL\$ 000	Asset management ZWL\$ 000	Insurance operations ZWL\$ 000	Property investment ZWL\$ 000	Agro business ZWL\$ 000	Other operations ZWL\$ 000	Intersegment amounts ZWL\$ 000	Consolidated ZWL\$ 000	
<b>INCOME</b>										
Total income for the period ended 30 June 2021	8 951 772	(246 494)	110 870	399 845	53 871	(223 217)	4 427 799	(2 061 315)	11 413 131	
Total income for the period ended 30 June 2020	2 151 356	2 056 910	100 083	336 431	237 419	1 068 229	276 258	(203 000)	6 023 686	
<b>Net underwriting income for the period ended 30 June 2021</b>										
Net underwriting income for the period ended 30 June 2020	–	–	–	195 321	–	–	–	(11 962)	183 359	
Depreciation and amortisation 30 June 2021	108 080	32 626	1 218	4 289	1 201	4 781	5 264	2 148	159 607	
Depreciation and amortisation 30 June 2020	18 857	6 963	280	1 407	105	821	1 269	2 452	32 154	
<b>Impairment of assets for the period ended 30 June 2021</b>										
Impairment of assets for the period ended 30 June 2020	891 678	49 649	(11)	6 937	3 569	467 865	10 449	–	1 430 136	
Results										
Profit before taxation for the period ended 30 June 2021	4 956 509	(848 001)	(77 959)	101 968	(7 861)	(1 112 186)	3 722 807	(1 615 345)	5 119 932	
Profit before taxation for the period ended 30 June 2020	1 097 022	1 876 222	(4 803)	255 446	176 029	514 214	97 366	(112 661)	3 898 835	
<b>Cash flows:</b>										
Used in operating activities for the period ended 30 June 2021	11 030 304	(63 329)	(16 456)	108 898	(38 398)	77 030	550 454	(844 634)	10 803 869	
Used in operating activities for the period ended 30 June 2020	(344 587)	44 437	10 889	45 893	7 115	1 484 763	49 012	(1 314 837)	(17 315)	
Used in investing activities for the period ended 30 June 2021	(162 280)	(3 184)	(15 534)	(45 449)	33 591	(20 164)	(52 698)	32 103	(233 615)	
Used in investing activities for the period ended 30 June 2020	(131 976)	(4 503)	(9 442)	(33 373)	–	(3 311)	(479 780)	31 650	(630 735)	
Used in financing activities for the period ended 30 June 2021	(1 505 136)	(1 288)	(1 461)	(456)	(1 265)	(102 413)	(1 312 794)	1 396 768	(1 528 045)	
Used in financing activities for the period ended 30 June 2020	(151 073)	(78)	(353)	21 310	(53)	(151)	9 068	120 382	(948)	
<b>Total assets and liabilities</b>										
Reportable segment liabilities for the period ended 30 June 2021	105 603 802	6 644 347	490 691	913 964	405 834	34 634 264	4 531 496	(29 398 998)	123 825 400	
Reportable segment liabilities for the period ended 31 Dec 2020	67 081 840	5 908 513	689 410	849 521	287 922	6 606 514	361 935	(4 496 190)	77 289 465	
Total segment assets for the period ended 30 June 2021	118 907 012	4 208 600	306 288	1 592 758	991 644	33 711 074	7 497 631	(29 712 982)	137 502 025	
Total segment assets for the period ended 31 Dec 2020	78 043 282	4 248 136	604 553	1 424 496	880 439	6 765 649	1 157 459	(4 770 369)	88 353 645	

### 35. RELATED PARTIES

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

#### Loans and advances to Directors' companies

REVIEWED INFLATION ADJUSTED					
	Gross limits	ZWL\$ 000	Utilised limits	ZWL\$ 000	Value of security ZWL\$ 000
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021
Loans to directors' companies	–	362	–	332	–

UNAUDITED HISTORICAL					
	Gross limits	ZWL\$ 000	Utilised limits	ZWL\$ 000	Value of security ZWL\$ 000
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021
Loans to directors' companies	–	300	–	275	–

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.

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
Transactions with Directors' companies				
Interest income	-	269	-	122
Commission and fee income	-	11	-	5
	-	280	-	127
<b>36. CLOSING EXCHANGE RATES</b>				
USD	85.4234	81.7866	85.4234	81.7866
ZAR	0.1673	0.1789	0.1673	0.1789
GBP	118.3029	111.07	118.3029	111.07
EUR	101.67950	100.5076	101.6795	100.5076

### 37. RISK MANAGEMENT

#### 37.1 Risk overview

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

#### 37.2 Group risk management framework

The Group's risk management framework looks at enterprise wide risks and recognises that for effective risk management to take root, it has to be structured in terms of acceptable appetite, defined responsibility, accountability and independent validation of set processes. The Group Board is responsible for setting and reviewing the risk appetite as well as Group Policies. Management and staff are responsible for the implementation of strategies aimed at the management and control of the risks that fall within their strategic organisational responsibilities. The CBZ Group Enterprise Wide Risk Management function is responsible for ensuring that the Group's risk taking remains within the set risk benchmarks. The Group Internal Audit function on the other hand provides independent assurance on the adequacy and effectiveness of the deployed risk management processes.

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

**Risk Management & Compliance Committee** – has the responsibility for oversight and review of prudential risks comprising of but not limited to credit, liquidity, interest rate, exchange, investment, operational, equities, insurance, security, technological, reputational and compliance. Its other responsibilities include 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 results are prepared in line with the International Financial Reporting Standards. This committee is responsible for capital management policy as well as the adequacy of the Group's prudential capital requirements taking into account the Group's risk appetite. The committee is also tasked with the responsibility of ensuring that efficient tax management systems are in place and that the Group is in full compliance with tax regulations.

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

#### 37.3 Credit risk

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

#### Credit risk management framework

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

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

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

#### Credit mitigation

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

#### 37.3 (a) Credit risk exposure

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

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
Balances with banks	21 721 255	14 807 873	21 721 255	12 269 526
Money market assets	14 549 626	9 152 658	14 549 626	7 583 721
Financial securities	961 097	1 186 219	961 097	982 879
Loans and advances to customers	49 495 227	35 529 321	49 495 227	29 438 930
Other assets	23 930 848	24 745 082	23 930 848	20 503 312
Total	110 658 053	85 421 153	110 658 053	70 778 368
Financial guarantees	90 853	86 596	90 853	71 752
Capital Commitments	91 673	101	91 673	84
Total	182 526	86 697	182 526	71 836

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\$ 21 721 255 321 excluding notes and coins as at 30 June 2021, (31 December 2020-ZWL\$14 807 872 833 ) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank, local and foreign banks.

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

	INFLATION ADJUSTED		RESTATE		HISTORICAL			
	30 JUNE 2021 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2020 ZWL\$ 000
		Net maximum exposure (not covered by mortgage security)		Net maximum exposure (not covered by mortgage security)		Net maximum exposure (not covered by mortgage security)		Net maximum exposure (not covered by mortgage security)
	Gross maximum exposure		Gross maximum exposure		Gross maximum exposure		Gross maximum exposure	
Private	3 578 619	2 553 700	2 553 700	65 671 441	3 578 619	567 891	2 115 948	262 550
Agriculture	31 569 211	20 432 022	20 432 022	19 402 576	31 569 211	6 055 555	16 929 591	2 698 183
Mining	3 253 443	3 724 609	3 724 609	7 616 133	3 253 443	2 691 712	3 086 141	1 160 801
Manufacturing	1 000 671	987 980	987 980	20 092 309	1 000 671	729 634	818 622	249 977
Distribution	7 276 911	7 266 926	7 266 926	19 457 923	7 276 911	4 968 480	6 021 239	125 694
Construction	68 787	65 841	65 841	152 405	68 787	–	54 555	6 288
Transport	96 419	87 074	87 074	196 352	96 419	68 520	72 148	39 782
Communication	–	3 523	3 523	83 608	–	–	2 919	2 919
Services	4 969 203	1 492 170	1 492 170	23 700 796	4 969 203	4 607 523	1 236 384	804 993
Financial organisations	51 823	332 867	332 867	1 894 608 564	51 823	2 039 062	275 807	1 219 113
Gross value	51 865 087	36 946 712	36 946 712	2 050 982 107	51 865 087	21 728 377	30 613 354	6 570 300



	REVIEWED		UNAUDITED
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATE 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000
			HISTORICAL 31 DEC 2020 ZWL\$ 000
<b>Collateral</b>			
Government Guarantee	27 702 927	18 160 485	27 702 927
Cash cover	1 846 545	1 747 594	1 846 545
Collateral (mortgage security)	4 223 031	4 708 688	4 223 031
Other forms of security including Notarial General Covering Bonds			
Notarial general covering bonds	16 043 576	13 182 165	16 043 576
	<b>49 816 079</b>	<b>37 798 932</b>	<b>49 816 079</b>
			<b>4 645 743</b>

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.

### 37.3 (c) Credit quality per class of 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

REVIEWED INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
<b>Internal rating grade</b>									
Performing	"1 – 3c"	7 666 984	16 184 638	9 133 696	438 863	–	–	16 800 680	16 623 501
Special mention	"4a – 7c"	34 206 383	19 598 759	488 433	611 641	–	–	34 694 816	20 210 400
Non-performing	"8 – 10"	–	–	–	–	369 591	112 811	369 591	112 811
<b>Total</b>		<b>41 873 367</b>	<b>35 783 397</b>	<b>9 622 129</b>	<b>1 050 504</b>	<b>369 591</b>	<b>112 811</b>	<b>51 865 087</b>	<b>36 946 712</b>

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
<b>Internal rating grade</b>									
Performing	"1 – 3c"	7 666 984	13 410 288	9 133 696	363 634	–	–	16 800 680	13 773 922
Special mention	"4a – 7c"	34 206 383	16 239 165	488 433	506 794	–	–	34 694 816	16 745 959
Non-performing	"8 – 10"	–	–	–	–	369 591	93 473	369 591	93 473
<b>Total</b>		<b>41 873 367</b>	<b>29 649 453</b>	<b>9 622 129</b>	<b>870 428</b>	<b>369 591</b>	<b>93 473</b>	<b>51 865 087</b>	<b>30 613 354</b>

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

REVIEWED INFLATION ADJUSTED									
GROSS CARRYING AMOUNT	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Opening balance	35 783 397	16 816 523	1 050 504	443 944	112 811	567 941	36 946 712	17 828 408	
New assets originated or purchased (excluding write offs)	19 089 098	65 131 192	16 664 884	5 233 139	57 672	31 364	35 811 654	70 395 695	
Transfers (from)/to Stage 1	(4 070 761)	(1 793 302)	9 175 019	1 541 160	192 328	252 142	5 296 586	–	
Transfers to/(from) Stage 2	1 046 767	3 965 382	(3 033 141)	(4 314 035)	625 500	348 653	(1 360 874)	–	
Transfers to/(from) Stage 3	(1 655)	2 689	47 120	122 156	(43 313)	(124 845)	2 152	–	
Repayments during the period	(2 948 618)	(1 803 745)	(1 256 976)	(636 639)	(150 190)	(437 584)	(4 355 784)	(2 877 968)	
Amounts written off	–	–	–	–	–	(97 426)	–	(97 426)	
Monetary adjustment	(7 024 861)	(46 535 342)	(13 025 281)	(1 339 221)	(425 217)	(427 434)	(20 475 359)	(48 301 997)	
<b>Gross loans and advances to customers</b>	<b>41 873 367</b>	<b>35 783 397</b>	<b>9 622 129</b>	<b>1 050 504</b>	<b>369 591</b>	<b>112 811</b>	<b>51 865 087</b>	<b>36 946 712</b>	
ECL allowance	(2 063 624)	(1 268 506)	(108 568)	(82 030)	(197 668)	(66 855)	(2 369 860)	(1 417 391)	
<b>Net loans and advances to customers</b>	<b>39 809 743</b>	<b>34 514 891</b>	<b>9 513 561</b>	<b>968 474</b>	<b>171 923</b>	<b>45 956</b>	<b>49 495 227</b>	<b>35 529 321</b>	

UNAUDITED HISTORICAL									
GROSS CARRYING AMOUNT	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Opening balance	29 649 453	3 106 176	870 427	82 000	93 473	104 905	30 613 353	3 293 081	
New assets originated or purchased (excluding write offs)	17 792 196	26 392 930	6 753 132	2 120 542	23 126	12 499	24 568 454	28 525 971	
Transfers (from)/to Stage 1	(3 794 129)	(726 688)	3 717 931	624 514	77 936	102 174	1 738	–	
Transfers to/(from) Stage 2	975 632	1 606 864	(1 229 099)	(1 748 147)	253 467	141 283	–	–	
Transfers to/(from) Stage 3	(1 543)	1 090	19 094	49 500	(17 551)	(50 590)	–	–	
Repayments during the period	(2 748 242)	(730 919)	(509 356)	(257 981)	(60 860)	(177 319)	(3 318 458)	(1 166 219)	
Amounts written off	–	–	–	–	–	(39 479)	–	(39 479)	
<b>Gross loans and advances to customers</b>	<b>41 873 367</b>	<b>29 649 453</b>	<b>9 622 129</b>	<b>870 428</b>	<b>369 591</b>	<b>93 473</b>	<b>51 865 087</b>	<b>30 613 354</b>	
ECL allowance	(2 063 624)	(1 051 060)	(108 568)	(67 969)	(197 668)	(55 395)	(2 369 860)	(1 174 424)	
<b>Net loans and advances to customers</b>	<b>39 809 743</b>	<b>28 598 393</b>	<b>9 513 561</b>	<b>802 459</b>	<b>171 923</b>	<b>38 078</b>	<b>49 495 227</b>	<b>29 438 930</b>	

REVIEWED INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Opening balance	1 268 506	1 033 119	82 030	114 020	66 855	364 313	1 417 391	1 511 452	
New assets originated or purchased	3 140 312	2 281 048	367 458	495 471	28 344	28 424	3 536 114	2 804 943	
Transfers (from)/to Stage 1	(492 440)	(249 017)	375 735	113 968	116 705	135 049	–	–	
Transfers to/(from) Stage 2	121 929	156 480	(368 165)	(417 416)	246 236	260 936	–	–	
Transfers to/(from) Stage 3	(274)	82	21 016	8 104	(20 742)	(8 186)	–	–	
Amounts written off	–	(59 522)	–	(76 445)	–	(365 505)	–	(501 472)	
Monetary adjustment	(1 703 657)	(1 887 411)	(73 653)	(147 814)	(220 286)	(268 098)	(1 997 596)	(2 303 323)	
Amounts paid off	(270 752)	(6 273)	(295 853)	(7 858)	(19 444)	(80 078)	(586 049)	(94 209)	
<b>Closing balance</b>	<b>2 063 624</b>	<b>1 268 506</b>	<b>108 568</b>	<b>82 030</b>	<b>197 668</b>	<b>66 855</b>	<b>2 369 860</b>	<b>1 417 391</b>	

UNAUDITED HISTORICAL									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Opening balance	1 051 060	190 828	67 969	21 059	55 395	67 293	1 174 424	279 180	
New assets originated or purchased	1 272 532	924 361	148 902	200 751	11 482	11 515	1 432 916	1 136 627	
Transfers (from)/to Stage 1	(199 548)	(100 907)	152 256	46 182	47 292	54 725	–	–	
Transfers to/(from) Stage 2	49 406	63 407	(149 189)	(169 146)	99 783	105 739	–	–	
Transfers to/(from) Stage 3	(111)	33	8 516	3 284	(8 405)	(3 317)	–	–	
Amounts written off	–	(24 120)	–	(30 977)	–	(148 111)	–	(203 208)	
Amounts paid off	(109 715)	(2 542)	(119 886)	(3 184)	(7 879)	(32 449)	(237 480)	(38 175)	
<b>Closing balance</b>	<b>2 063 624</b>	<b>1 051 060</b>	<b>108 568</b>	<b>67 969</b>	<b>197 668</b>	<b>55 395</b>	<b>2 369 860</b>	<b>1 174 424</b>	

#### 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

REVIEWED INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
<b>Internal rating grade</b>									
Performing	"1 – 3c"	968 025	1 193 466	–	–	–	–	968 025	1 193 466
<b>Total</b>		<b>968 025</b>	<b>1 193 466</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>968 025</b>	<b>1 193 466</b>

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
<b>Internal rating grade</b>									
Performing	"1 – 3c"	968 025	988 884	–	–	–	–	968 025	988 884
<b>Total</b>		<b>968 025</b>	<b>988 884</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>968 025</b>	<b>988 884</b>

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

REVIEWED INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Opening balance	1 193 466	6 452 463	–	–	–	–	1 193 466	6 452 463	
Monetary adjustment	(173 968)	(4 765 435)	–	–	–	–	(173 968)	(4 765 435)	
Maturities during the period	(51 473)	(493 562)	–	–	–	–	(51 473)	(493 562)	
<b>Gross financial securities</b>	<b>968 025</b>	<b>1 193 466</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>968 025</b>	<b>1 193 466</b>	
ECL allowance	(6 928)	(7 247)	–	–	–	–	(6 928)	(7 247)	
<b>Closing balance</b>	<b>961 097</b>	<b>1 186 219</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>961 097</b>	<b>1 186 219</b>	

UNAUDITED HISTORICAL								
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Opening balance	988 884	1 191 832	–	–	–	–	988 884	1 191 832
Maturities during the period	(20 859)	(202 948)	–	–	–	–	(20 859)	(202 948)
Gross financial securities	968 025	988 884	–	–	–	–	968 025	988 884
ECL allowance	(6 928)	(6 005)	–	–	–	–	(6 928)	(6 005)
Closing balance	961 097	982 879	–	–	–	–	961 097	982 879



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



GROSS CARRYING AMOUNT		UNAUDITED HISTORICAL							
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Opening balance	7 596 204	224 353	–	–	–	–	7 596 204	224 353	
New assets originated or purchased (excluding write offs)	12 150 590	7 588 502	–	–	–	–	12 150 590	7 588 502	
Maturities during the period	(5 172 019 )	(216 651 )	–	–	–	–	(5 172 019 )	(216 651 )	
Gross money market assets	14 574 775	7 596 204	–	–	–	–	14 574 775	7 596 204	
ECL allowance	(25 149 )	(12 483 )	–	–	–	–	(25 149 )	(12 483 )	
Closing balance	14 549 626	7 583 721	–	–	–	–	14 549 626	7 583 721	

#### 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

REVIEWED INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Internal rating grade									
Performing	"1 – 3c"	90 853	86 596	–	–	–	–	90 853	86 596
Total		90 853	86 596	–	–	–	–	90 853	86 596

UNAUDITED HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Internal rating grade									
Performing	"1 – 3c"	90 853	71 752	–	–	–	–	90 853	71 752
Total		90 853	71 752	–	–	–	–	90 853	71 752

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

REVIEWED INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Opening balance	86 596	452 015	–	–	–	–	86 596	452 015	
New assets originated or purchased (excluding write offs)	95 230	177 067	–	–	–	–	95 230	177 067	
Monetary adjustment	(16 237 )	(336 447 )	–	–	–	–	(16 237 )	(336 447 )	
Guarantees Expired	(74 736 )	(206 039 )	–	–	–	–	(74 736 )	(206 039 )	
Gross Guarantees	90 853	86 596	–	–	–	–	90 853	86 596	
ECL allowance	(12 945 )	(701 )					(12 945 )	(701 )	
Closing balance	77 908	85 895	–	–	–	–	77 908	85 895	

UNAUDITED HISTORICAL									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Opening balance	71 752	83 491	–	–	–	–	71 752	83 491	
New assets originated or purchased (excluding write offs)	88 759	71 751	–	–	–	–	88 759	71 751	
Guarantees expired during the period	(69 658 )	(83 490 )	–	–	–	–	(69 658 )	(83 490 )	
Gross Guarantees	90 853	71 752	–	–	–	–	90 853	71 752	
ECL allowance	(12 945 )	(581 )	–	–	–	–	(12 945 )	(581 )	
Closing balance	77 908	71 171	–	–	–	–	77 908	71 171	

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 30 June 2021.

Expected Credit Losses is determined through a combination of expected credit exposures (Exposure-at-Default), likelihood of default occurring (Probability of Default) and anticipated Loss in the event of Default (Loss-Given-Default).

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

##### The Probability of Default (PD)

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

##### The Exposure at Default (EAD)

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

##### The Loss Given Default (LGD)

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

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

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

##### Significant increase in credit risk and Stage Recognition

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

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

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

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

#### Forward looking information

In its ECL model, the Group considers three scenarios, namely, Best Case, Base Case and Worst Case from a spectrum of macro-economic fortunes. These scenarios are probability weighted based on input from senior management. The ECL model focuses on perturbing PDs by treating this ECL component as a random variable. It is assumed that macro-economic fortunes are related to credit default risk with the Base Case PDs being equal to the credibility weighted PDs. Best Case and Worst Case PDs, by credit rating/class, are determined by taking the left and right tails respectively using the scenario probabilities outlined by management.

The Group will also be monitoring the impact of major external shocks and how they affect lending activities. The impact of catastrophes and systemic risk factors such as pandemics and adverse climatic conditions are considered through modification of the adverse scenario maturity horizon of exposures. This affects the evolution of the EAD in a way that increases ECLs. The Group will also consider macro-economic variables with proven statistical relationships to credit default risk and sufficient time and information to allow statistically significant assertions to be made. The macro-economic variables to be considered as explanatory to credit default risk measures or recovery rates are; Interest Rates, Unemployment Rates, Commodity Prices, Inflation Rates and Gross Domestic Product.

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

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

#### Stage 1: (Performing)

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

#### Stage 2: (Underperforming)

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

#### Stage 3: (Credit Impaired)

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

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

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;

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

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

Account Cure	Impairment triggers
Move from stage 3 to stage 2 (decrease in credit risk)	<ul style="list-style-type: none"><li>Modifications</li></ul>
Move from stage 3 to stage 1 (decrease in credit risk)	<ul style="list-style-type: none"><li>Restructured loans</li></ul>
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)	<ul style="list-style-type: none"><li>Arrears re-spread</li><li>Arrears deferred</li><li>Loan term extended</li><li>Arrears deferred and re-spread</li></ul>

#### 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, is reassessed by the Group for potential significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum six months' probation year. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

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

#### Derecognition

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

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

#### Write-offs

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

#### 37.3.2 Market risk

This is the risk of loss under both the banking book and or trading book arising from unfavourable changes in market price such as interest rates, foreign exchanges rates, equity prices, credit spreads and commodity prices, which can cause substantial variations in earnings and or economic value of the Group and its strategic business units (SBUs) if not properly managed. The Group's exposure to market risk arises mainly from customer driven transactions.

#### 37.3.3 Group market risks management framework

To manage these risks, there is oversight at Group Board level through the Group Board Risk Management Committee, which covers Asset and Liability Management processes through yearly review of the Group's Asset and Liability as well as investment policies and benchmarks meant to assist in attaining the Group's liquidity strategic plan. The Group's (SBU) Boards are responsible for setting specific market risks strategies for their respective SBU and Executive Management implements policy and track performance regularly against set benchmarks through use of daily liquidity position reports, investment portfolio mix, cash flow analysis, liquidity matrix analysis, liquidity gap analysis and liquidity simulations to evaluate ability of the SBU to withstand stressed liquidity situations.

#### 37.4 Liquidity risk

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

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

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

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

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



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



### 37.4.1 Contractual Gap analysis

#### CONTRACTUAL LIQUIDITY PROFILE AS AT 30 JUNE 2021

REVIEWED INFLATION ADJUSTED							
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
<strong>Assets</strong>							
Balances with banks and cash	29 460 995	—	—	—	—	—	29 460 995
Money market assets	13 022 688	1 025 362	301 576	200 000	—	—	14 549 626
Financial securities	2 612	—	5	14 749	46 756	896 975	961 097
Loans and advances to customers	6 263 610	1 672 420	26 012 392	9 589 913	4 656 911	1 299 981	49 495 227
Insurance assets	12 545	303 011	36 859	546	—	—	352 961
Financial guarantees	5 828	29 378	12 389	39 904	3 356	—	90 855
Current tax receivable	—	540	—	—	—	—	540
Other liquid assets	19 398 308	5 562 857	2 013 027	1 600 000	—	—	28 574 192
<strong>Total assets</strong>	<strong>68 166 586</strong>	<strong>8 593 568</strong>	<strong>28 376 248</strong>	<strong>11 445 112</strong>	<strong>4 707 023</strong>	<strong>2 196 956</strong>	<strong>123 485 493</strong>
<strong>Liabilities</strong>							
Deposits	85 582 212	6 209 954	4 405 414	3 402 318	479 411	5 072	100 084 381
Insurance liabilities	—	90 909	—	—	—	—	90 909
Other liabilities	563 669	10 940 977	2 013 027	6 019 564	—	—	19 537 237
Current tax payable	—	932 071	—	—	—	—	932 071
Life Fund	157 690	—	—	—	—	—	157 690
Investment contract liabilities	28 094	—	—	—	—	—	28 094
Lease Liability	1 814	4 536	5 442	9 775	22 724	—	44 291
Financial guarantees	5 828	29 378	12 389	39 904	3 356	—	90 855
Capital commitments	—	—	—	—	—	—	—
<strong>Total liabilities</strong>	<strong>86 339 307</strong>	<strong>18 207 825</strong>	<strong>6 436 272</strong>	<strong>9 471 561</strong>	<strong>505 491</strong>	<strong>5 072</strong>	<strong>120 965 528</strong>
<strong>Liquidity gap</strong>	<strong>(18 172 721 )</strong>	<strong>(9 614 257 )</strong>	<strong>21 939 976</strong>	<strong>1 973 551</strong>	<strong>4 201 532</strong>	<strong>2 191 884</strong>	<strong>2 519 965</strong>
<strong>Cumulative liquidity gap</strong>	<strong>(18 172 721 )</strong>	<strong>(27 786 978 )</strong>	<strong>(5 847 002 )</strong>	<strong>(3 873 451 )</strong>	<strong>328 081</strong>	<strong>2 519 965</strong>	<strong>2 519 965</strong>

#### CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2020

REVIEWED INFLATION ADJUSTED							
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
<strong>Assets</strong>							
Balances with banks and cash	23 838 489	—	—	—	—	—	23 838 489
Money market assets	7 966 205	1 184 625	—	1 828	—	—	9 152 658
Financial securities	—	6 950	6 820	5 098	75 734	1 091 617	1 186 219
Loans and advances to customers	988 924	14 683 798	1 875 281	12 334 593	4 078 782	1 567 943	35 529 321
Insurance assets	391 239	1 650	—	43 384	—	—	436 273
Financial guarantees	1 341	35 918	41 420	7 917	—	—	86 596
Current tax receivable	467	—	—	—	—	—	467
Other liquid assets	13 946	21 371 154	414	—	—	—	21 385 514
<strong>Total assets</strong>	<strong>33 200 611</strong>	<strong>37 284 095</strong>	<strong>1 923 935</strong>	<strong>12 392 820</strong>	<strong>4 154 516</strong>	<strong>2 659 560</strong>	<strong>91 615 537</strong>
<strong>Liabilities</strong>							
Deposits	68 910 283	1 870 804	1 783 129	5 414 089	688 182	6 441	78 672 928
Insurance liabilities	268 097	—	—	—	—	—	268 097
Other liabilities	958 179	1 283 396	3 691	34 441	—	—	2 279 707
Current tax payable	—	329 152	9 823	—	—	—	338 975
Life Fund	111 956	—	—	—	—	—	111 956
Lease Liability	961	2 845	3 216	5 313	13 183	—	25 518
Investment contract liabilities	17 651	—	—	—	—	—	17 651
Financial guarantees	1 341	35 918	41 420	7 917	—	—	86 596
<strong>Total liabilities</strong>	<strong>70 268 468</strong>	<strong>3 522 115</strong>	<strong>1 841 279</strong>	<strong>5 461 760</strong>	<strong>701 365</strong>	<strong>6 441</strong>	<strong>81 801 428</strong>
<strong>Liquidity gap</strong>	<strong>(37 067 857 )</strong>	<strong>33 761 980</strong>	<strong>82 656</strong>	<strong>6 931 060</strong>	<strong>3 453 151</strong>	<strong>2 653 119</strong>	<strong>9 814 109</strong>
<strong>Cumulative liquidity gap</strong>	<strong>(37 067 857 )</strong>	<strong>(3 305 877 )</strong>	<strong>(3 223 221 )</strong>	<strong>3 707 839</strong>	<strong>7 160 990</strong>	<strong>9 814 109</strong>	<strong>9 814 109</strong>

#### CONTRACTUAL LIQUIDITY PROFILE AS AT 30 JUNE 2021

UNAUDITED HISTORICAL							
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
<strong>Assets</strong>							
Balances with banks and cash	29 460 995	—	—	—	—	—	29 460 995
Money market assets	13 022 688	1 025 362	301 576	200 000	—	—	14 549 626
Financial securities	2 612	—	5	14 749	46 756	896 975	961 097
Loans and advances to customers	6 263 610	1 672 420	26 012 392	9 589 913	4 656 911	1 299 981	49 495 227
Insurance assets	12 545	303 011	36 859	546	—	—	352 961
Financial guarantees	5 828	29 378	12 389	39 904	3 356	—	90 855
Current tax receivable	—	540	—	—	—	—	540
Other liquid assets	19 398 308	5 562 857	2 013 027	1 600 000	—	—	28 574 192
<strong>Total assets</strong>	<strong>68 166 586</strong>	<strong>8 593 568</strong>	<strong>28 376 248</strong>	<strong>11 445 112</strong>	<strong>4 707 023</strong>	<strong>2 196 956</strong>	<strong>123 485 493</strong>
<strong>Liabilities</strong>							
Deposits	85 582 212	6 209 954	4 405 414	3 402 318	479 411	5 072	100 084 381
Insurance liabilities	—	90 909	—	—	—	—	90 909
Other liabilities	563 669	10 940 977	2 013 027	6 019 564	—	—	19 537 237
Current tax payable	—	932 071	—	—	—	—	932 071
Life Fund	157 690	—	—	—	—	—	157 690
Investment contract liabilities	28 094	—	—	—	—	—	28 094
Lease Liability	1 814	4 536	5 442	9 775	22 724	—	44 291
Financial guarantees	5 828	29 378	12 389	39 904	3 356	—	90 855
Capital commitments	—	—	—	—	—	—	—
<strong>Total liabilities</strong>	<strong>86 339 307</strong>	<strong>18 207 825</strong>	<strong>6 436 272</strong>	<strong>9 471 561</strong>	<strong>505 491</strong>	<strong>5 072</strong>	<strong>120 965 528</strong>
<strong>Liquidity gap</strong>	<strong>(18 172 721 )</strong>	<strong>(9 614 257 )</strong>	<strong>21 939 976</strong>	<strong>1 973 551</strong>	<strong>4 201 532</strong>	<strong>2 191 884</strong>	<strong>2 519 965</strong>
<strong>Cumulative liquidity gap</strong>	<strong>(18 172 721 )</strong>	<strong>(27 786 978 )</strong>	<strong>(5 847 002 )</strong>	<strong>(3 873 451 )</strong>	<strong>328 081</strong>	<strong>2 519 965</strong>	<strong>2 519 965</strong>

#### CONTRACTUAL LIQUIDITY PROFILE AS AT 31 DECEMBER 2020

UNAUDITED HISTORICAL							
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
<strong>Assets</strong>							
Balances with banks and cash	19 752 126	—	—	—	—	—	19 752 126
Money market assets	6 600 648	981 558	—	1 515	—	—	7 583 721
Financial securities	—	5 759	5 651	4 224	62 752	904 493	982 879
Loans and advances to customers	819 404	12 166 720	1 553 823	10 220 213	3 379 602	1 299 168	29 438 930
Insurance assets	324 173	1 367	—	35 947	—	—	361 487
Financial guarantees	1 111	29 761	34 320	6 560	—	—	71 752
Current tax receivable	387	—	—	—	—	—	387
Other liquid assets	11 555	17 707 738	343	—	—	—	17 719 636
<strong>Total assets</strong>	<strong>27 509 404</strong>	<strong>30 892 903</strong>	<strong>1 594 137</strong>	<strong>10 268 459</strong>	<strong>3 442 354</strong>	<strong>2 203 661</strong>	<strong>75 910 918</strong>
<strong>Liabilities</strong>							
Deposits	57 097 770	1 550 113	1 477 467	4 486 013	570 215	5 337	65 186 915
Insurance liabilities	222 140	—	—	—	—	—	222 140
Other liabilities	793 929	1 063 398	3 058	28 537	—	—	1 888 922
Current tax payable	—	272 729	8 139	—	—	—	280 868
Life Fund	92 765	—	—	—	—	—	92 765
Lease Liability	796	2 357	2 665	4 402	10 924	—	21 144
Investment contract liabilities	14 625	—	—	—	—	—	14 625
Financial guarantees	1 111	29 761	34 320	6 560	—	—	71 752
<strong>Total liabilities</strong>	<strong>58 223 136</strong>	<strong>2 918 358</strong>	<strong>1 525 649</strong>	<strong>4 525 512</strong>	<strong>581 139</strong>	<strong>5 337</strong>	<strong>67 779 131</strong>
<strong>Liquidity gap</strong>	<strong>(30 713 732 )</strong>	<strong>27 974 545</strong>	<strong>68 488</strong>	<strong>5 742 947</strong>	<strong>2 861 215</strong>	<strong>2 198 324</strong>	<strong>8 131 787</strong>
<strong>Cumulative liquidity gap</strong>	<strong>(30 713 732 )</strong>	<strong>(2 739 187 )</strong>	<strong>(2 670 699 )</strong>	<strong>3 072 248</strong>	<strong>5 933 463</strong>	<strong>8 131 787</strong>	<strong>8 131 787</strong>

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.

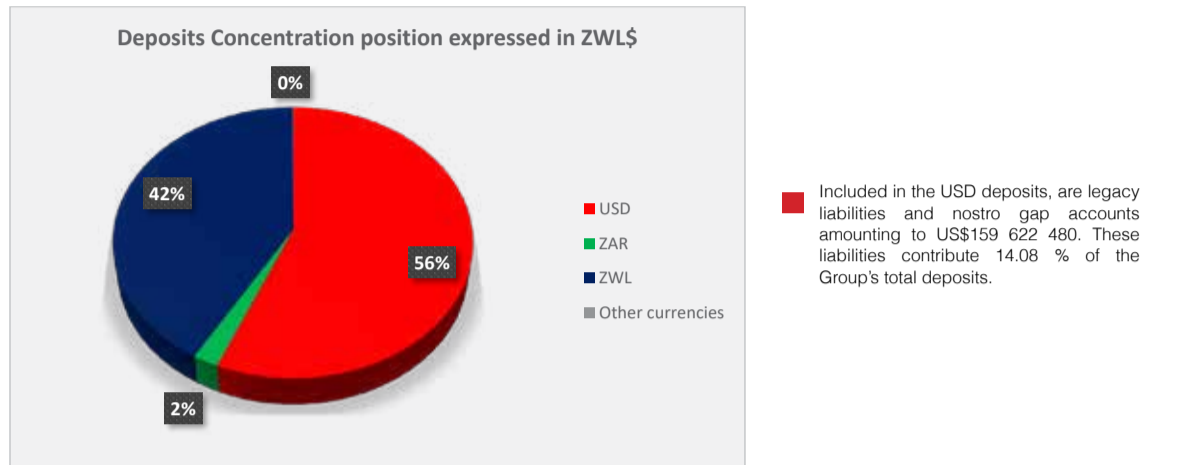
Details of the liquidity ratios for the relevant Group SBUs as at the reporting date and during the reporting year were as follows:

	CBZ Bank Limited
At 30 June 2021	%
At 31 December 2020	55
Average for the period	62
Maximum for the period	59
Minimum for the period	63
	55

### 37.4.2 Concentration & Counterparty Risk

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

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



### 37.5 Interest rate risk

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

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

At 30 June 2021, 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\$ 30 632 779 lower or higher respectively than the reported position. This arises as a result of the sensitivity of the net interest assets in the movement in the interest rates.

#### 37.5.1 INTEREST RATE REPRICING

REVIEWED INFLATION ADJUSTED								
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non–interest bearing ZWL\$ 000	Total ZWL\$ 000
30 JUNE 2021								
Assets								
Balances with banks and cash	19 863 274	–	–	–	–	–	9 597 721	29 460 995
Money market assets	13 022 688	1 025 362	301 576	200 000	–	–	–	14 549 626
Financial securities	2 612	–	5	14 749	46 756	896 975	–	961 097
Loans and advances to customers	6 263 610	1 672 420	26 012 392	9 589 913	4 656 911	1 299 981	–	49 495 227
Insurance assets	–	–	–	–	–	–	501 392	501 392
Equity investments	–	–	–	–	–	–	4 965 163	4 965 163
Land inventory	–	–	–	–	–	–	4 565 076	4 565 076
Other assets	–	–	–	–	–	–	32 537 399	32 537 399
Current tax receivable	–	–	–	–	–	–	540	540
Intangible assets	–	–	–	–	–	–	128 955	128 955
Investment properties	–	–	–	–	–	–	2 886 003	2 886 003
Property and equipment	–	–	–	–	–	–	5 325 950	5 325 950
Deferred taxation	–	–	–	–	–	–	690 159	690 159
Total assets	39 152 184	2 697 782	26 313 973	9 804 662	4 703 667	2 196 956	61 198 358	146 067 582
Equity & Liabilities								
Deposits	85 582 212	6 209 954	4 405 414	3 402 318	479 411	5 072	–	100 084 381
Insurance liabilities	–	–	–	–	–	–	447 916	447 916
Other liabilities	–	–	–	–	–	–	19 813 909	19 813 909
Current tax payable	–	–	–	–	–	–	932 071	932 071
Life Fund	–	–	–	–	–	–	157 690	157 690
Investment contract liabilities	–	–	–	–	–	–	28 094	28 094
Deferred taxation	–	–	–	–	–	–	2 772 517	2 772 517
Lease liability	1 814	4 536	5 442	9 775	22 724	–	–	44 291
Equity	–	–	–	–	–	–	21 786 713	21 786 713
Total liabilities and equity	85 584 026	6 214 490	4 410 856	3 412 093	502 135	5 072	45 938 910	146 067 582
Interest rate repricing gap	(46 431 842)	(3 516 708)	21 903 117	6 392 569	4 201 532	2 191 884	15 259 448	–
Cumulative gap	(46 431 842)	(49 948 550)	(28 045 433)	(21 652 864)	(17 451 332)	(15 259 448)	–	–



37.5.1 INTEREST RATE REPRICING (continued)

UNAUDITED HISTORICAL							
	Less than 1 month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non– interest bearing ZWL\$ 000
							Total ZWL\$ 000
<b>31 DEC 2020</b>							
<b>Assets</b>							
Balances with banks and cash	19 752 126	–	–	–	–	–	19 752 126
Money market assets	6 600 648	981 558	–	1 515	–	–	7 583 721
Financial securities	–	5 759	5 651	4 224	62 752	904 493	982 879
Loans and advances to customers	819 404	12 166 720	1 553 823	10 220 213	3 379 602	1 299 168	29 438 930
Insurance assets	–	–	–	–	–	–	608 073
Equity investments	–	–	–	–	–	–	1 923 830
Land inventory	–	–	–	–	–	–	470 639
Other liquid assets	–	–	–	–	–	–	20 503 312
Current tax receivable	–	–	–	–	–	–	540
Intangible assets	–	–	–	–	–	–	87 202
Investment properties	–	–	–	–	–	–	2 748 368
Property and equipment	–	–	–	–	–	–	3 790 193
Deferred taxation	–	–	–	–	–	–	463 832
<b>Total assets</b>	<b>27 172 178</b>	<b>13 154 037</b>	<b>1 559 474</b>	<b>10 225 952</b>	<b>3 442 354</b>	<b>2 203 661</b>	<b>30 595 989</b>
<b>Equity &amp; Liabilities</b>							
Deposits	57 097 770	1 550 113	1 477 467	4 486 013	570 215	5 337	65 186 915
Insurance liabilities	–	–	–	–	–	–	553 007
Other liabilities	–	–	–	–	–	–	8 467 292
Current tax payable	–	–	–	–	–	–	667 592
Life Fund	–	–	–	–	–	–	92 765
Investment contract liabilities	–	–	–	–	–	–	14 625
Deferred taxation	–	–	–	–	–	–	2 286 125
Lease Liability	–	–	–	–	–	–	21 144
Equity	–	–	–	–	–	–	11 064 180
<b>Total liabilities and equity</b>	<b>57 097 770</b>	<b>1 550 113</b>	<b>1 477 467</b>	<b>4 486 013</b>	<b>570 215</b>	<b>5 337</b>	<b>23 166 730</b>
<b>Interest rate repricing gap</b>	<b>(29 925 592)</b>	<b>11 603 924</b>	<b>82 007</b>	<b>5 739 939</b>	<b>2 872 139</b>	<b>2 198 324</b>	<b>7 429 259</b>
<b>Cumulative gap</b>	<b>(29 925 592)</b>	<b>(18 321 668)</b>	<b>(18 239 661)</b>	<b>(12 499 722)</b>	<b>(9 627 583)</b>	<b>(7 429 259)</b>	<b>–</b>

37.6 Exchange rate risk

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

Supervision is at Board level through the Board Risk Management Committee which covers ALCO processes by way of strategic policy and benchmarking reviews and approval. The management Assets and Liabilities Committee (ALCO) which meets on a monthly basis reviews performance against set benchmarks embedded under acceptable currencies, currency positions as well as stop loss limits.

At 31 December 2020, 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\$ 403 742 743 higher or lower respectively than the reported position. This arises as a result of the increase or decrease in the fair value of the underlying assets and liabilities denominated in foreign currencies. The foreign currency position for the Group as at 30 June 2021 is as below:

FOREIGN CURRENCY POSITION AS AT 30 JUNE 2021

REVIEWED INFLATION ADJUSTED							
Position expressed in ZWL\$ 000	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
<b>Assets</b>							
Balances with banks and cash	29 460 995	6 627 669	20 257 680	1 735 360	20 357	811 148	8 781
Money market assets	14 549 626	765 202	13 784 424	–	–	–	–
Financial securities	961 097	961 097	–	–	–	–	–
Loans and advances to customers	49 495 227	34 991 947	14 476 830	26 287	161	2	–
Insurance assets	501 392	501 392	–	–	–	–	–
Equity investments	4 965 163	4 965 163	–	–	–	–	–
Land inventory	4 565 076	4 565 076	–	–	–	–	–
Other assets	32 537 399	13 390 471	12 406 511	5 882 592	340 792	507 094	9 940
Current tax receivable	540	540	–	–	–	–	–
Intangible assets	128 955	128 955	–	–	–	–	–
Investment properties	2 886 003	2 886 003	–	–	–	–	–
Property and equipment	5 325 950	5 325 950	–	–	–	–	–
Deferred taxation	690 159	690 159	–	–	–	–	–
<b>Total assets</b>	<b>146 067 582</b>	<b>75 799 623</b>	<b>60 925 445</b>	<b>7 644 239</b>	<b>361 310</b>	<b>1 318 244</b>	<b>18 721</b>
<b>Equity &amp; Liabilities</b>							
Deposits	100 084 381	42 210 928	55 760 307	2 053 816	16 807	40 192	2 331
Insurance liabilities	447 916	447 916	–	–	–	–	–
Other liabilities	19 813 909	11 994 611	4 139 967	2 709 213	338 329	513 200	118 589
Current tax payable	932 071	932 071	–	–	–	–	–
Life Fund	157 690	157 690	–	–	–	–	–
Investment contract liabilities	28 094	28 094	–	–	–	–	–
Deferred taxation	2 772 517	2 772 517	–	–	–	–	–
Lease Liability	44 291	44 291	–	–	–	–	–
Equity	21 786 713	21 786 713	–	–	–	–	–
<b>Total equity and liabilities</b>	<b>146 067 582</b>	<b>80 374 831</b>	<b>59 900 274</b>	<b>4 763 029</b>	<b>355 136</b>	<b>553 392</b>	<b>120 920</b>

FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2020

REVIEWED INFLATION ADJUSTED							
Position expressed in ZWL\$ 000	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
<b>Assets</b>							
Balances with banks and cash	23 838 489	2 838 828	19 886 287	489 350	57	437 842	186 125
Money market assets	9 152 658	5 032 219	3 371 427	749 012	–	–	–
Financial securities	1 186 219	1 186 219	–	–	–	–	–
Loans and advances to customers	35 529 321	33 102 954	2 396 325	29 869	168	4	1
Insurance assets	733 873	733 873	–	–	–	–	–
Equity investments	2 321 836	2 321 612	–	–	–	224	–
Land inventory	4 469 007	4 469 007	–	–	–	–	–
Other assets	27 471 757	12 104 572	15 037 051	321 658	7 643	833	–
Current tax receivable	651	651	–	–	–	–	–
Intangible assets	149 085	149 085	–	–	–	–	–
Investment properties	3 316 956	3 316 956	–	–	–	–	–
Property and equipment	5 784 732	5 590 149	140 934	53 557	–	92	–
Deferred taxation	556 963	556 963	–	–	–	–	–
<b>Total assets</b>	<b>114 511 547</b>	<b>71 403 088</b>	<b>40 832 024</b>	<b>1 643 446</b>	<b>7 868</b>	<b>438 995</b>	<b>186 126</b>
<b>Equity &amp; Liabilities</b>							
Deposits	78 672 928	40 425 699	35 902 579	2 096 404	29 929	169 452	48 865
Insurance liabilities	667 414	667 414	–	–	–	–	–
Other liabilities	10 462 546	4 852 963	978 172	4 622 401	3 612	5 342	56
Current tax payable	805 705	805 705	–	–	–	–	–
Life Fund	111 956	111 956	–	–	–	–	–
Investment contract liabilities	17 651	17 651	–	–	–	–	–
Deferred taxation	2 480 651	2 480 651	–	–	–	–	–
Lease Liability	25 518	25 518	–	–	–	–	–
Equity	21 267 178	21 267 178	–	–	–	–	–
<b>Total equity and liabilities</b>	<b>114 511 547</b>	<b>49 387 557</b>	<b>36 880 751</b>	<b>6 718 805</b>	<b>33 541</b>	<b>174 794</b>	<b>48 921</b>

UNAUDITED HISTORICAL							
Position expressed in ZWL\$ 000	Total	ZWL	USD	ZAR	GBP	EUR	Other foreign currencies
<b>Assets</b>							
Balances with banks and cash	29 460 995	6 627 669	20 257 680	1 735 360	20 357	811 148	8 781
Money market assets	14 549 626	765 202	13 784 424	–	–	–	–
Financial securities	961 097	961 097	–	–	–	–	–
Loans and advances to customers	49 495 227	34 991 947	14 476 830	26 287	161	2	–
Insurance assets	501 392	501 392	–	–	–	–	–
Equity investments	4 965 163	4 965 163	–	–	–	–	–
Land inventory	560 932	560 932	–	–	–	–	–
Other assets	29 183 920	106 654.33	12 406 511	5 882 592	340 792	507 094	9 940 276.67
Current tax receivable	540	540	–	–	–	–	–
Intangible assets	72 295	72 295	–	–	–	–	–
Investment properties	2 886 003	2 886 003	–	–	–	–	–
Property and equipment	4 021 089	4 021 089	–	–	–	–	–
Deferred taxation	843 746	843 746	–	–	–	–	–
<b>Total assets</b>	<b>137 502 025</b>	<b>57 303 729.33</b>	<b>60 925 445</b>	<b>7 644 239</b>	<b>361 310</b>	<b>1 318 244</b>	<b>9 949 057.67</b>
<b>Equity &amp; Liabilities</b>							
Deposits	100 084 381	42 210 928	55 760 307	2 053 816	16 807	40 192	2 331
Insurance liabilities	447 916	447 916	–	–	–	–	–
Other liabilities	19 770 924	11 951 626	4 139 967	2 709 213	338 329	513 200	118 589
Current tax payable	932 071	932 071	–	–	–	–	–
Life Fund	157 690	157 690	–	–	–	–	–
Investment contract liabilities	28 094	28 094	–	–	–	–	–
Deferred taxation	2 360 033	2 360 033	–	–	–	–	–
Lease liability	44 291	44 291	–	–	–	–	–
Equity	13 676 625	13 676 625	–	–	–	–	–
<b>Total equity and liabilities</b>	<b>137 502 025</b>	<b>71 809 274</b>	<b>59 900 274</b>	<b>4 763 029</b>	<b>355 136</b>	<b>553 392</b>	<b>120 920</b>

FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2020

UNAUDITED HISTORICAL							
Position expressed in ZWL\$ 000	Total	USD	ZAR	GBP	EUR	Other foreign currencies	
<b>Assets</b>							
Balances with banks and cash	19 752 126	2 352 200	16 477 405	405 466	47	362 788	154 220
Money market assets	7 583 721	4 169 603	2 793 501	620 617	—	—	—
Financial securities	982 879	982 879	—	—	—	—	—
Loans and advances to customers	29 438 930	27 428 488	1 985 550	24 749	139	3	1
Insurance assets	608 073	608 073	—	—	—	—	—
Equity investments	1 923 830	1 923 644	—	—	—	186	—
Land Inventory	470 639	470 639	—	—	—	—	—
Other assets	20 503 312	7 770 350	12 459 419	266 520	6 333	690	—
Current tax receivable	540	540	—	—	—	—	—
Intangible assets	87 202	87 202	—	—	—	—	—
Investment properties	2 748 368	2 748 368	—	—	—	—	—
Property and equipment	3 790 193	3 628 966	116 775	44 376	—	76	—
Deferred taxation	463 832	463 832	—	—	—	—	—
<b>Total assets</b>	<b>88 353 645</b>	<b>52 634 784</b>	<b>33 832 650</b>	<b>1 361 728</b>	<b>6 519</b>	<b>363 743</b>	<b>154 221</b>
<b>Equity &amp; Liabilities</b>							
Deposits	65 186 915	33 495 976	29 748 205	1 737 041	24 799	140 405	40 489
Insurance liabilities	553 007	553 007	—	—	—	—	—
Other liabilities	8 467 292	3 819 297	810 495	3 830 035	2 993	4 426	46
Current tax payable	667 592	667 592	—	—	—	—	—
Life Fund	92 765	92 765	—	—	—	—	—
Investment contract liabilities	14 625	14 625	—	—	—	—	—
Deferred taxation	2 286 125	2 286 125	—	—	—	—	—
Lease Liability	21 144	21 144	—	—	—	—	—
Equity	11 064 180	11 064 180	—	—	—	—	—
<b>Total equity and liabilities</b>	<b>88 353 645</b>	<b>52 014 711</b>	<b>30 558 700</b>	<b>5 567 076</b>	<b>27 792</b>	<b>144 831</b>	<b>40 535</b>



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business

37.13 Risk and Credit Ratings

CBZ Bank Limited												
Rating agent	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Global Credit Rating	AA- <sub>(zw)</sub>	A+	A+	A	A	A	A	A+	A+	A+	A+	A

CBZ Life Private Limited												
Rating agent	2021	2020	2019	2018	2017	2016	2015	201 4	2013	2012	2011	2010
Global Credit Rating (Financial strength)	A <sub>(zw)</sub>	A <sub>(zw)</sub>	A-	A-	BBB+	BBB+	BBB+	-	-	-	-	-

CBZ Insurance Private Limited												
Rating agent	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Global Credit Rating(Claims paying ability)	BBB-	BBB-	BBB+	BBB+	BBB+	BBB	BBB	-	-	-	-	-

CBZ Asset Management Private Limited												
Rating agent	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Global Credit Rating (Manager quality)	MQ2 <sub>(zw)</sub>	MQ2 <sub>(zw)</sub>	MQ2 <sub>(zw)</sub>	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	
<b>Level of inherent risk</b>	
<b>Low –</b>	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.
<b>Moderate –</b>	could reasonably be expected to result in a loss which could be absorbed by an institution in the normal course of business.
<b>High –</b>	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.
<b>Adequacy of Risk Management Systems</b>	
<b>Weak –</b>	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.
<b>Acceptable –</b>	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.
<b>Strong –</b>	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.
<b>Overall Composite Risk</b>	
<b>Low Risk –</b>	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.
<b>Moderate Risk –</b>	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.
<b>Direction of Overall Composite Risk Rating</b>	
<b>Increasing –</b>	based on the current information composite risk is expected to increase in the next twelve months.
<b>Decreasing –</b>	based on current information composite risk is expected to decrease in the next twelve months.
<b>Stable –</b>	based on the current information composite risk is expected to be stable in the next twelve months.

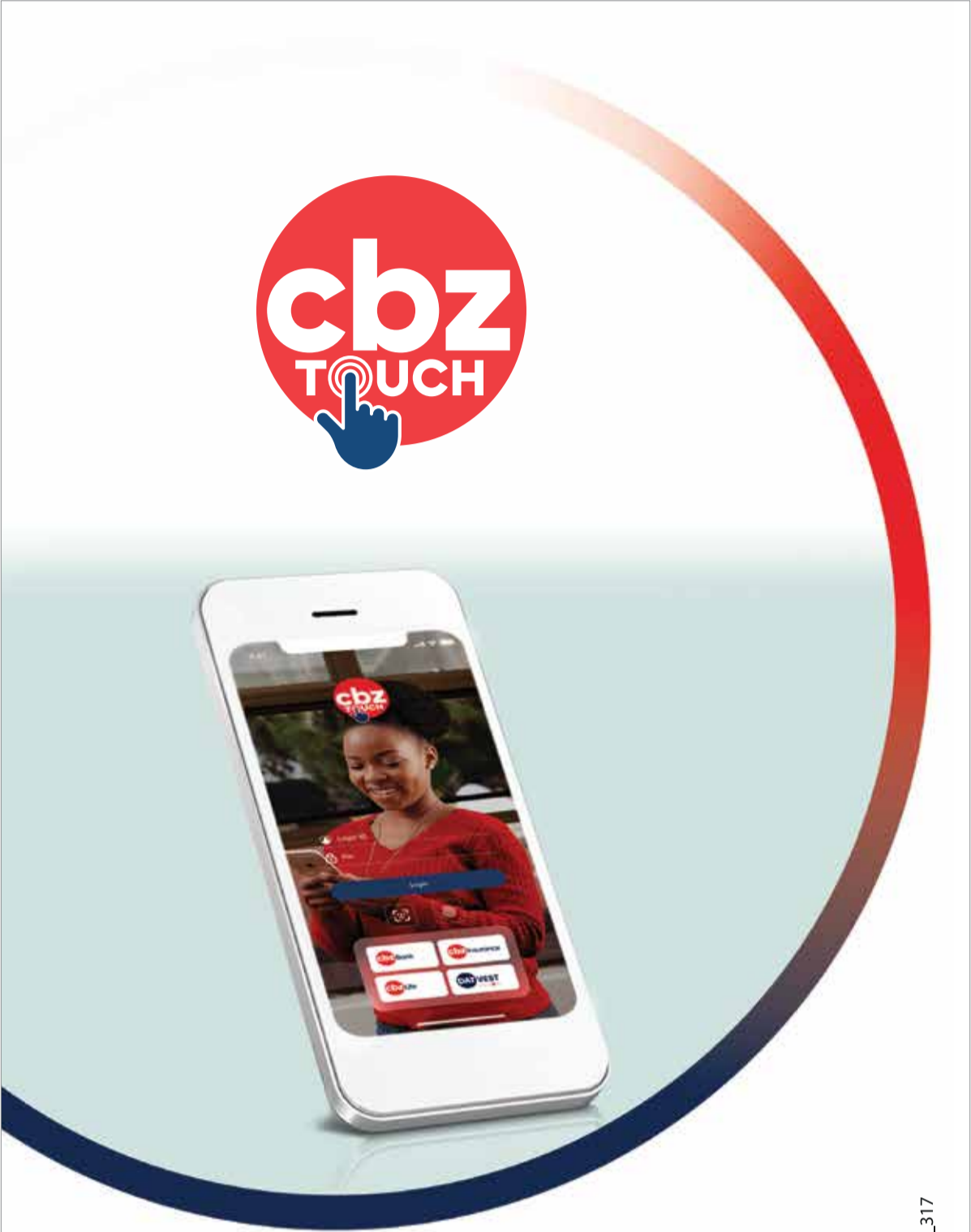
38. Going concern

The Directors have assessed the ability of the Group and its subsidiaries (the Group) to continue operating as a going concern and believe that the preparation of these financial results 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 results.

Particular attention is given to the following issues:

- a) **Minimum capital requirements**
- All the Group's regulated subsidiaries were well capitalised as at 30 June 2021. The Directors expect all its Banking subsidiaries to be compliant with the minimum revised requirements whose deadline has been moved to 31 December 2021.
- b) **Strategies to deal with hyperinflation**
- The Group is currently operating within a hyperinflationary environment. The effects are unlikely to have a major impact on the Group's going concern status as there are various mitigating strategies that management has put in place. These include, investment strategies skewed towards value preservation, costs containment and revenue pool expansion (including foreign currency income generation).
- c) **Impact of the COVID 19**
- The Group is responding to the needs presented by COVID-19, particularly the accelerated need for digitalisation across all business units. Serving customers through digital channels has become the Group's preferred way of doing business whilst observing WHO-approved COVID-19 guidelines. These developments - together with the rollout of Covid-19 vaccines across the globe - including in Zimbabwe, our main market - generally outweighed the negative impact of renewed Covid-19 infections.
- Vaccine efficacy and uptake, as well as efforts to subdue virus mutations and new waves of infections, will determine the pace of economic reopening and global re-integration. The CBZ Group will continue to leverage on its strong capital and balance sheet positions, deep understanding of the local markets, extensive investment in digital platforms and a culture of innovation to provide the much-needed support and remain a source of resilience to its employees, clients and other stakeholders.

In light of the above, the Group has assessed that COVID-19 will not have an inhibiting impact on its ability to continue operating as a going concern. The Directors have made a detailed impact assessment which is available at the Company registered offices.



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CORPORATE GOVERNANCE

The CBZ Holdings Limited governance framework supports the principles of integrity, strong ethical values and professionalism integral to the company's business. The Board 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, whilst also considering the interests of other stakeholders such as customers, employees, suppliers, regulators and the community. In an environment of increasing change and complexity of regulation, management aims to achieve a balance between the governance expectations of shareholders and other stakeholders, and the need to generate competitive financial returns.

GOVERNANCE STRUCTURE



We aim to stay abreast of developments in good governance and practice, and have a well-developed structure that ensures the continued minimum 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/BSO, The Banking Act [Chapter 24:20], the Banking Amendment Act of 2015, IPEC Directive on Governance and Risk Management for Insurance Companies, March 2016; Securities Act Chapter 24:25; Securities Amendment Act No. 2 of 2013; Asset Management Act 24:26 and the South African King reports.

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.

Appointment of New Directors

During the course of the period the Group effected the following Board Changes:

Board Appointments during 2021

NAME	STATUS	BOARD	DATE OF APPOINTMENT
Daryl Archibald	Non-Executive Director	CBZ Agro-Yield	4 February 2021
Muneshkumar Bhabubai Narotam	Non-Executive Director	CBZ Insurance	4 February 2021

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, IPEC Directive on Governance and Risk Management for Insurance Companies, March 2016 were applicable and the Banking Act [Chapter 24:20].

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 30 June 2021 were constituted as tabulated below:

CBZ Holdings Limited	CBZ Bank Limited	CBZ Asset Management	CBZ Life Limited	CBZ Insurance	CBZ Risk Advisory	CBZ Properties	Red Sphere Finance	CBZ Agro Yield	CBZ Digital
Holtzman M L	Holtzman M L	Mhlanga N	Tshuma H	Matika ATK	Magorimbo L	R Snow	Jinnah J	Parham W D	Bhamre P
Mashingaidze E U	Shangwa ET	Moyo MTV	Munesh Narotam	Chitiga WR	Ndlovu N	C Makwiranzou	Dr Mudavanhu B	Mazike P S	Dr Mudavanhu B
Galante E E	Dr Marufu MPA	Joshi H G	Dr Mudavanhu B	Dr Mudavanhu B	Marandu N	M. Sinyoro	Gumbo TL	Dr Mudavanhu B	Gumbo T L
Gerken L C	Dr Beddies CH	Mukanganga C	Gumbo T L	Gumbo T L	Dr Mudavanhu B	Dr B Mudavanhu	Alii D**	Gumbo TL	
Gaskin Gain, R L	Shah JG	Gumbo T L	Mutizwa J ***	Mharadze J***	Gumbo TL	T L Gumbo		Chigodora W**	
Dr Mudavanhu B**	Dr Mudavanhu B	Smith J F			Chinyani T***	J F Smith	Archibald A D		
Gumbo T L**	Gumbo T L	Muzadzi T**				H Bvumburai**			
		Zimunya P**	Dr Mudavanhu B						
		Nyazema L **							

Key  
\*\* Executive Director  
\*\*\* Ex-Officio member

CBZ HOLDINGS LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

	AUDIT & FINANCE	SPECIAL AUDIT & FINANCE	HR & CORPORATE GOVERNANCE	RISK MANAGEMENT & COMPLIANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings Held	2	11	2	2	2	17	2
Holtzman M.L	*	—	2	*	2	2	2
Gerken L C	2	11	*	2	2	15	2
Gaskin Gain R L	*	*	2	2	2	4	2
Mashingaidze E U	2	11	2	*	2	15	2
Galante E E	2	11	*	*	2	13	2
Dr Mudavanhu B **	2	11	2	2	2	17	2
Gumbo T L**	2	11	*	2	2	15	2

NB Special Audit Committee Meetings were a result of the recruitment process for External Auditors

Key  
\*\* Executive Director  
\*Not a member  
- did not attend

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

NAME	AUDIT & FINANCE	RISK MANAGEMENT & COMPLIANCE	CREDIT	SPECIAL CREDIT	LOANS REVIEW	MAIN BOARD	TOTAL COMMITTEES	TOTAL MAIN BOARD
Meetings Held	2	2	2	4	2	2	12	2
Holtzman M L	*	*	2	4	—	2	6	2
Marufu M P A	*	*	2	4	*	2	6	2
Shangwa E T	2	2	2	4	*	2	10	2
Beddies C H	2	2	*	*	*	2	4	2
Shah J G	2	*	*	*	2	2	4	2
Dr Mudavanhu B	2	*	2	4	*	2	8	2
Gumbo T L	2	2	*	*	2	2	6	2
Zimunya P**	2	2	2	4	2	2	12	2
Nyazema L**	2	2	2	4	2	2	12	2

Key  
\*\*Executive Director  
\* Not a member  
- Did not attend

CBZ ASSET MANAGEMENT (PRIVATE) LIMITED BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

NAME	AUDIT & COMPLIANCE	INVESTMENTS & RISK	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Number of meetings held	1	2	2	3	2
Mhlanga N	*	2	2	2	2
Moyo M T V	1	2	2	3	2
Mukanganga C F	1	2	2	3	2
Heena J J	1	2	2	3	2
Dr B Mudavanhu	1	2	2	3	2
Gumbo T L	1	2	2	3	2
Smith J F	1	2	2	3	2
Muzadzi T**	1	2	2	3	2

Key  
\*\*Executive Director  
\*Not a member

CBZ LIFE LIMITED BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

NAME	INVESTMENTS & RISK	HR & REMUNERATION	AUDIT & FINANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings held	2	2	2	2	6	2
H Tshuma	2	2	2	2	6	2
M B Narotam	2	2	2	2	6	2
Dr Mudavanhu, B	—	1	1	—	2	—
T L Gumbo	2	2	2	2	6	2

Key  
\*not a member  
-did not attend

CBZ INSURANCE BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

NAME	HR & REMUNERATION	INVESTMENTS & RISK	AUDIT & FINANCE	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings Held	2	2	2	2	6	2
Matika A K T	2	2	*	2	4	2
Chitiga W	*	2	2	2	4	2
Dr Mudavanhu B	1	1	1	1	3	1
Gumbo T L	2	2	2	1	6	1

Key  
\*not a member  
- did not attend

CBZ RISK ADVISORY SERVICES BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

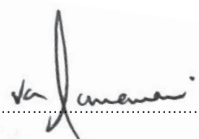
NAME	AUDIT & RISK	MAIN BOARD	TOTAL COMMITTEES	TOTAL BOARDS
Meetings Held	1	2	1	2
L Magorimbo	*	2	*	2
N Ndlovu	1	2	1	2
N Marandu	1	2	1	2
Dr B Mudavanhu	1	1	1	2
T L Gumbo	1	2	1	2

Key  
\*not a member  
- did not attend

STATEMENT OF COMPLIANCE

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

By order of the Board

  
Rumbidzayi Angeline Jakanani  
GROUP LEGAL CORPORATE SECRETARY

11 November 2021

CBZ PROPERTIES BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings held	2	2
Snow R	2	2
Makwiranzou C	2	2
Sinyoro M	2	2
Dr Mudavanhu B	*	*
Gumbo T L	2	2
Smith J F	2	2
Bvumburai H*	2	2

Key  
\*not a member

RED SPHERE FINANCE BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings Held	2	2
Jinnah J	2	2
Dr B Mudavanhu	2	2
Gumbo T L	2	2
J F Smith	2	2
Alii D	2	2

Key  
\*not a member

CBZ AGRO YIELD BOARD ATTENDANCE REGISTER  
(JANUARY TO JUNE 2021)

NAME	MAIN BOARD	TOTAL BOARDS
Meetings Held	2	2
Parham W D	2	2
Mazike P S	2	2
Dr Mudavanhu B	2	2
Gumbo T L	2	2
Chigodora W	2	2
Mhundu S	2	2

Key  
-did not attend

Bank On  
A Seasoned  
Partner

#StrengtheningPartnerships



REVIEWED INFLATION ADJUSTED  
FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

#StrengtheningPartnerships



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 30 JUNE 2021

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
Interest income	2.1	7 884 138	2 497 135	7 405 865	835 319
Interest expense	2.2	(1 824 199)	(536 239)	(1 690 526)	(167 852)
Net interest income		6 059 939	1 960 896	5 715 339	667 467
Non interest income	3	3 269 966	3 292 661	3 236 433	1 483 889
Total income		9 329 905	5 253 557	8 951 772	2 151 356
Operating expenditure	4	(3 336 963)	(2 042 133)	(3 103 585)	(622 870)
Operating income		5 992 942	3 211 424	5 848 187	1 528 486
Credit loss expense		(891 678)	(891 594)	(891 678)	(431 464)
Monetary Loss		(1 908 198)	(1 563 787)	-	-
Profit before taxation		3 193 066	756 043	4 956 509	1 097 022
Taxation	5	(1 581 471)	(173 991)	(1 293 214)	(229 021)
Profit for the period after tax		1 611 595	582 052	3 663 295	868 001
Other comprehensive income					
Items that will not be reclassified to Profit or Loss in subsequent periods					
Gains / (losses) on property revaluations		(181 380)	1 002 997	140 424	1 200 094
Gains / (losses) on equity instruments at FVOCI		32 779	(95 746)	76 590	21 528
Deferred income tax relating to components of other comprehensive income	5.3	43 198	(243 154)	(38 541)	(297 740)
		(105 403)	664 097	178 473	923 882
Total comprehensive income for the period		1 506 192	1 246 149	3 841 768	1 791 883
Profit for the period attributable to:					
Equity holders of parent		1 611 595	582 052	3 663 295	868 001
		1 611 595	582 052	3 663 295	868 001
Total comprehensive income for the period attributable to:					
Equity holders of parent		1 506 192	1 246 149	3 841 768	1 791 883
		1 506 192	1 246 149	3 841 768	1 791 883
Earnings per share (cents)					
Basic	6.1	314.88	113.72	715.74	169.59
Fully Diluted	6.1	314.88	113.72	715.74	169.59

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
ASSETS					
Cash and cash equivalents	8	29 281 083	23 247 623	29 281 083	19 262 545
Money market assets	9	14 459 648	8 646 212	14 459 648	7 164 089
Financial securities	10	961 097	1 186 219	961 097	982 879
Loans and advances to customers	11	45 969 018	29 977 380	45 969 018	24 838 696
Equity investments	15	320 814	254 556	320 814	210 920
Land inventory	14	3 893 701	3 885 633	420 232	412 622
Other assets	13	24 457 665	26 887 532	24 388 237	22 271 339
Intangible assets	20	115 724	134 135	68 584	84 723
Investment properties	19	757 878	878 193	757 878	727 654
Property and equipment	18	3 422 200	3 568 440	2 280 421	2 087 815
TOTAL ASSETS		123 638 828	98 665 923	118 907 012	78 043 282
LIABILITIES					
Deposits	22	98 015 764	76 596 702	98 015 764	63 466 593
Other liabilities	23	5 382 154	2 085 567	5 342 208	1 529 631
Current tax payable		639 993	319 075	639 993	264 380
Deferred taxation	21	1 796 831	1 811 897	1 586 392	1 807 974
Lease liability		19 445	16 006	19 445	13 262
		105 854 187	80 829 247	105 603 802	67 081 840
EQUITY					
Share capital	25.1	172 116	172 116	5 118	5 118
Share premium	25.2	562 325	562 325	16 722	16 722
Revaluation reserve	25.3	-	136 543	1 366 708	1 260 996
Retained earnings	25.4	15 430 825	15 377 457	11 600 724	9 437 429
Foreign currency translation reserve	25.6	1 406 501	1 406 501	47 096	47 096
Fair value reserve	25.5	212 874	181 734	266 842	194 081
TOTAL EQUITY		17 784 641	17 836 676	13 303 210	10 961 442
TOTAL LIABILITIES AND EQUITY		123 638 828	98 665 923	118 907 012	78 043 282

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2021

REVIEWED INFLATION ADJUSTED							
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Revaluation reserve ZWL\$ 000	*FCTR ZWL\$ 000	Fair value reserve ZWL\$ 000	Retained earnings ZWL\$ 000	Total ZWL\$ 000
30 June 2020							
Opening balance	172 116	562 325	79 176	1 406 501	160 640	6 253 241	8 633 999
Profit for the period	-	-	-	-	-	582 052	582 052
Total comprehensive income for the period	-	-	755 056	-	(90 959)	-	664 097
Dividend paid	-	-	-	-	-	(309 966)	(309 966)
Closing balance	172 116	562 325	834 232	1 406 501	69 681	6 525 327	9 570 182
30 June 2021							
Opening balance	172 116	562 325	136 543	1 406 501	181 734	15 377 457	17 836 676
Profit for the period	-	-	-	-	-	1 611 595	1 611 595
Other comprehensive income for the period	-	-	(136 543)	-	31 140	-	(105 403)
Dividend paid	-	-	-	-	-	(1 558 227)	(1 558 227)
Closing balance	172 116	562 325	-	1 406 501	212 874	15 430 825	17 784 641
UNAUDITED HISTORICAL							
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Revaluation reserve ZWL\$ 000	*FCTR ZWL\$ 000	Fair value reserve ZWL\$ 000	Retained earnings ZWL\$ 000	Total ZWL\$ 000
30 June 2020							
Opening balance	5 118	16 722	301 889	47 096	37 875	597 313	1 006 013
Profit for the period	-	-	-	-	-	868 001	868 001
Other comprehensive income for the period	-	-	903 431	-	20 452	-	923 883
Dividend paid	-	-	-	-	-	(150 000)	(150 000)
Closing balance	5 118	16 722	1 205 320	47 096	58 327	1 315 314	2 647 897
30 June 2021							
Opening balance	5 118	16 722	1 260 996	47 096	194 081	9 437 429	10 961 442
Profit for the period	-	-	-	-	-	3 663 295	3 663 295
Other comprehensive income for the period	-	-	105 712	-	72 761	-	178 473
Dividend paid	-	-	-	-	-	(1 500 000)	(1 500 000)
Closing balance	5 118	16 722	1 366 708	47 096	266 842	11 600 724	13 303 210

\* FCTR - Foreign Currency Translation Reserve

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2021

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		3 193 066	756 043	4 956 509	1 097 022
Non cash items:					
Depreciation		111 899	158 124	91 584	18 588
Amortisation of intangible assets		18 802	8 579	16 496	269
Monetary loss		1 908 198	1 563 787	-	-
Write offs other assets		-	947	-	175
Fair value adjustments on properties		120 315	(476 274)	(30 224)	(419 902)
Fair value adjustments on financial instruments		(3 319)	-	(4 271)	-
Expected credit loss expense		891 678	891 594	891 678	431 464
Unrealised profit on foreign currency position		(422 792)	(1 288 970)	(422 792)	(623 763)
Profit on disposal of fixed assets		(60)	(146)	(58)	(102)
Revaluation loss on buildings		37 119	-	-	-
Write off land inventory		9 333	-	8 985	-
Interest on lease liability		518	353	501	90
Operating cash flows before changes in operating assets and liabilities		5 864 757	1 614 037	5 508 408	503 841
Changes in operating assets and liabilities					
Deposits		70 679 943	(4 322 423)	32 109 315	(1 202 564)
Loans and advances to customers		(55 408 018)	(39 494 014)	(21 375 625)	(6 893 001)
Financial securities		470 775	9 037 566	20 858	139 564
Money market assets		(17 501 417)	(7 736 678)	(6 660 026)	(886 273)
Land inventory		(17 401)	26 876	(16 595)	(97)
Other assets		5 158 130	58 919 013	(1 265 123)	7 250 230
Other Liabilities		2 571 450	(16 926 238)	3 886 819	869 325
		5 953 462	(495 898)	6 699 623	(722 816)
TAXATION					
Corporate tax paid		(1 224 555)	(355 678)	(1 177 727)	(125 612)
Net cash inflow/(outflow) from operating activities		10 593 664	762 461	11 030 304	(344 587)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment property		-	(92 728)	-	(44 873)
Net change in investments		(30 160)	-	(29 033)	-
Proceeds on disposal of property and equipment		94	250	84	121
Purchase of property and equipment		(173 353)	(241 813)	(132 974)	(87 224)
Purchase of intangible assets		(391)	-	(357)	-
Net cash outflow from investing activities		(203 810)	(334 291)	(162 280)	(131 976)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(1 558 227)	(309 966)	(1 500 000)	(150 000)
Lease liability payment		(5 011)	(3 173)	(4 635)	(983)
Interest on lease liability		(518)	(353)	(501)	(90)
Net cash inflow/(outflow) from financing activities		(1 563 756)	(313 492)	(1 505 136)	(151 073)
Net increase/ (decrease) in cash and cash equivalents		8 826 098	114 678	9 362 888	(627 636)
Cash and cash equivalents at beginning of period		23 247 623	12 605 114	19 262 545	2 328 287
Exchange gains on foreign cash balances		655 650	6 310 473	655 650	3 053 790
Inflation effects on cash		(3 448 288)	(9 205 500)	-	-
Cash and cash equivalents at end of period		29 281 083	9 824 765	29 281 083	4 754 441

NOTES TO THE REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

1. INCORPORATION ACTIVITIES

The Bank is incorporated in Zimbabwe and registered in terms of the Companies and Other Business Entities Act (Chapter 24:31) and the Banking Act (Chapter 24:20). It offers retail banking, mortgage finance, commercial banking, investment banking, small to medium enterprise financing, treasury management, wealth management, agribusiness, lease financing and custodial services.

1.1 Basis of preparation

The interim condensed financial results for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:03) and the Banking Act (Chapter 24:20). The financial results have been restated to take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

These interim condensed financial results do not include all the information and disclosures required in the annual financial results, and should be read in conjunction with the Bank's annual financial results as at 31 December 2020.

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
2. NET INTEREST INCOME					
2.1 Interest income					
Bankers acceptances		19 072	-	17 721	-
Overdrafts		1 763 727	759 236	1 617 446	190 095
Loans		5 240 057	1 448 622	4 954 522	553 522
Mortgage loans		-	11	-	2
Staff loans		32 213	6 437	30 032	1 847
Securities investments		192 352	208 799	179 563	65 405
Other investments		636 717	74 030	606 581	24 448
		7 884 138	2 497 135	7 405 865	835 319
2.2 Interest expense					
Call deposits		468	411	464	150
Savings deposits		1 011 531	68 039	928 044	20 833
Money market deposits		793 225	361 525	744 523	112 574
Other offshore deposits		18 457	60 077	16 994	21 151
Lease liability		518	353	501	90
Other		-	45 834	-	13 054
		1 824 199	536 239	1 690 526	167 852
3. NET NON-INTEREST INCOME					
Fair value adjustments on financial instruments		3 319	-	4 271	-
Fair value adjustments on properties		(120 315)	476 274	30 224	419 902
Net income from foreign currency dealing		300 362	161 604	281 132	45 274
Unrealised profit on foreign currency position		422 792	1 288 970	422 792	623 763
Commission and fee income		2 598 782	1 277 059	2 436 644	369 859
Profit on disposal of fixed assets		60	146	58	102
Bad debts recovered		13 525	19 071	12 508	9 067
Property sales		-	26 876	-	5 134
Lease income		15 189	7 853	14 306	2 435
Other operating income		36 252	34 808	34 498	8 353
		3 269 966	3 292 661	3 236 433	1 483 889
Other operating income consists of Insurance Proceeds Dividend Income and Bank Holiday Facility income.					
4. OPERATING EXPENDITURE					
Staff costs		1 790 357	1 161 866	1 700 557	394 008
Administration expenses		1 357 866	707 626	1 275 031	208 669
Audit fees		10 831	2 103	10 233	585
Depreciation		111 899	158 124	91 584	18 588
Amortisation of intangible assets		18 802	8 579	16 496	269
Property cost of sales		756	2 888	699	576
Write offs land inventory		9 333	-	8 985	-
Revaluation loss on buildings		37 119	-	-	-
Write offs and impairment of fixed assets		-	947	-	175
		3 336 963	2 042 133	3 103 585	622 870
Included in staff costs are pension contributions under the National Social Security Authority a defined contribution fund and the Bank's separate trustee administered fund of ZWL\$ 77 199 615 (2020: ZWL\$ 66 926 467)					
Remuneration of directors and key management personnel (included in staff costs)					
Fees for services as directors		4 528	3 894	4 220	1 083
Pension and retirement benefits for past and present directors		2 873	3 106	2 678	864
Salaries and other benefits		28 461	106 583	26 527	29 653
		35 862	113 583	33 425	31 600



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
5.	TAXATION				
5.1	Analysis of tax charge in respect of the profit or loss				
	The following constitutes the major components of income tax expense recognised in the statement of profit or loss.				
	Current income tax charge	1 553 340	433 082	1 553 340	181 051
	Deferred income tax	28 131	(259 091)	(260 126)	47 970
	Income tax expense	1 581 471	173 991	1 293 214	229 021
5.2	Income tax rate reconciliations				
	%	%	%	%	%
	Notional tax	24.00	24.00	24.00	24.00
	Aids levy	0.72	0.72	0.72	0.72
	Non deductible expenses	25.51	27.85	1.82	5.16
	Exempt income	(0.68)	(29.51)	(0.44)	(8.99)
	Tax credit	(0.02)	(0.05)	(0.01)	(0.01)
	Effective tax rate	49.53	23.01	26.09	20.88

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

### 5.3 Analysis of tax effects in respect of other comprehensive income

The following constitutes the major components of deferred tax expense recognised in the statement of comprehensive income.

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
	Deferred tax expense on revaluation gains/(loss)	(44 837)	247 941	34 712	296 663
	Deferred tax expense on fair value adjustment on financial assets	1 639	(4 787)	3 829	1 077
	Total taxation relating to components of other comprehensive income	(43 198)	243 154	38 541	297 740

### 6. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the parent by the sum of weighted average number of ordinary shares outstanding 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:

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
6.1	Earnings per share (cents)				
	Basic	314.88	113.72	715.74	169.59
	Fully Diluted	314.88	113.72	715.74	169.59
6.2	Earnings				
	Basic (earnings attributable to holders of parent)	1 611 595	582 052	3 663 295	868 001
	Fully Diluted	1 611 595	582 052	3 663 295	868 001
6.3	Number of shares used in calculations (weighted)				
	Basic	511 818	511 818	511 818	511 818
	Fully diluted	511 818	511 818	511 818	511 818

### 7. DIVIDENDS

Cash dividend on ordinary shares declared and paid:

Final dividend	1 558 227	309 966	1 500 000	150 000
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		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
8.	CASH AND CASH EQUIVALENTS				
	Cash and bank	7 651 484	8 459 334	7 651 484	7 009 246
	Nostro accounts	9 602 361	4 929 907	9 602 361	4 084 829
	Balances with the Reserve Bank of Zimbabwe	10 219 237	9 237 149	10 219 237	7 653 728
	RBZ Statutory reserve	1 808 001	621 233	1 808 001	514 742
		29 281 083	23 247 623	29 281 083	19 262 545

The cash and cash equivalents balance represent the Bank's cash and cash equivalent balance. RBZ Statutory reserve balances relates to restricted liquidity reserve determined in line with the RBZ Statutory reserve guidelines currently 5% for demand deposits and 2.5% for term deposits denominated in ZWL

### 9. MONEY MARKET ASSETS

Money market assets are non-credit financial assets securities with an original maturity of one year or less.

	Treasury Placements	13 971 766	8 644 751	13 971 766	7 162 878
	Bankers acceptances	500 000	-	500 000	-
	Accrued interest	12 892	16 345	12 892	13 544
	Total gross money market	14 484 658	8 661 096	14 484 658	7 176 422
	Expected credit loss	(25 010)	(14 884)	(25 010)	(12 333)
	Total net money market	14 459 648	8 646 212	14 459 648	7 164 089

### 9.1 Maturity analysis

	Between 0 and 3 months	13 984 658	8 661 096	13 984 658	7 176 422
	Between 3 and 6 months	300 000	-	300 000	-
	Between 6 and 12 months	200 000	-	200 000	-
		14 484 658	8 661 096	14 484 658	7 176 422

### 10. FINANCIAL SECURITIES

Financial securities are non credit financial assets with an original maturity of more than 1 year.

	Treasury bills	962 695	1 168 007	962 695	967 789
	Accrued interest	5 330	25 459	5 330	21 095
	Total gross financial securities	968 025	1 193 466	968 025	988 884
	Expected credit loss	(6 928)	(7 247)	(6 928)	(6 005)
	Total net financial securities	961 097	1 186 219	961 097	982 879

### 10.1 Maturity analysis

The maturity analysis of financial securities is shown below:

	Between 0 and 3 months	9 540	6 950	9 540	5 759
	Between 3 and 6 months	5	6 821	5	5 651
	Between 6 and 12 months	14 749	5 097	14 749	4 224
	Between 1 and 5 years	46 756	75 734	46 756	62 752
	Above 5 years	896 975	1 098 864	896 975	910 498
		968 025	1 193 466	968 025	988 884

Maturity analysis is based on the remaining period from 30 June 2021 to contractual maturity.

### 11. LOANS AND ADVANCES TO CUSTOMERS

	Overdrafts	4 173 659	16 358 336	4 173 659	13 554 211
	Commercial loans	37 750 902	12 009 862	37 750 902	9 951 147
	Staff loans	979 867	1 183 823	979 867	980 894
	Interest accrued	4 533 100	1 132 897	4 533 100	938 697
	Total gross advances	47 437 528	30 684 918	47 437 528	25 424 949
	Allowance for Expected Credit Loss (ECL)	(1 468 510)	(707 538)	(1 468 510)	(586 253)
	Total net advances	45 969 018	29 977 380	45 969 018	24 838 696

### 11.1 Maturity analysis

	Less than 1 month	9 560 995	3 000 244	9 560 995	2 485 946
	Between 1 and 3 months	1 632 577	14 504 219	1 632 577	12 017 924
	Between 3 and 6 months	25 947 843	1 837 989	25 947 843	1 522 924
	Between 6 months and 1 year	5 665 670	6 737 512	5 665 670	5 582 576
	Between 1 and 5 years	3 771 821	3 574 059	3 771 821	2 961 399
	More than 5 years	858 622	1 030 895	858 622	854 180
		47 437 528	30 684 918	47 437 528	25 424 949

Maturity analysis is based on the remaining period from 30 June 2021 to contractual maturity.

		REVIEWED				UNAUDITED			
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	%	RESTATED 31 DEC 2020 ZWL\$ 000	%	HISTORICAL 30 JUNE 2021 ZWL\$ 000	%	HISTORICAL 31 DEC 2020 ZWL\$ 000	%
11.2	Sectoral Analysis								
	Private	2 200 204	5%	1 609 096	5%	2 200 204	5%	1 333 267	5%
	Agriculture	26 935 470	57%	14 429 879	47%	26 935 470	57%	11 956 327	47%
	Mining	3 253 441	7%	3 724 230	12%	3 253 441	7%	3 085 827	12%
	Manufacturing	1 000 631	2%	985 438	3%	1 000 631	2%	816 516	3%
	Distribution	7 229 054	15%	7 092 692	23%	7 229 054	15%	5 876 872	23%
	Construction	8 264	-	7 588	-	8 264	-	6 288	-
	Transport	88 091	-	78 367	-	88 091	-	64 933	-
	Communication	-	-	3 523	-	-	-	2 919	-
	Services	4 662 112	10%	1 241 008	4%	4 662 112	10%	1 028 276	4%
	Financial organisations	2 060 261	4%	1 513 097	5%	2 060 261	4%	1 253 724	5%
		47 437 528	100%	30 684 918	100%	47 437 528	100%	25 424 949	100%

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
11.3	Loans to directors and key management personnel				
	Opening balance	237 584	71 422	196 859	13 192
	Advances made during the period	24 576	522 818	22 905	211 859
	Monetary adjustment	(41 901)	(287 084)	-	-
	Repayment during the period	(7 288)	(69 572)	(6 794)	(28 192)
	Closing balance	212 971	237 584	212 970	196 859
	Loans to employees				
	Included in advances are loans to employees: -				
	Opening balance	946 238	183 467	784 035	33 888
	Advances made during the period	9 389	2 056 547	8 751	833 361
	Monetary Adjustment	(160 953)	(1 088 423)	-	-
	Repayments during the period	(27 777)	(205 353)	(25 889)	(83 214)
	Closing balance	766 897	946 238	766 897	784 035
11.4	Allowance for Expected Credit Loss (ECL)				
	Opening balance	707 538	563 349	586 253	104 056
	Credit loss expense on loans and advances	837 855	622 654	837 855	515 919
	Interest in suspense	44 402	(5 014)	44 402	(2 032)
	Monetary Adjustment	(121 285)	(301 882)	-	-
	Amounts written off during the period	-	(171 569)	-	(31 690)
	Closing balance	1 468 510	707 538	1 468 510	586 253

### 12. IMPAIRMENT ON FINANCIAL INSTRUMENTS

#### 12.1 Expected credit loss expense (ECL)

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

REVIEWED INFLATION ADJUSTED								
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Money market assets	12 677	104	-	-	-	-	12 677	104
Financial securities	924	(11)	-	-	-	-	924	(11)
Loans and advances to customers	735 651	665 220	14 725	20 940	87 479	206 093	837 855	892 253
Financial guarantees	12 364	(1 025)	-	-	-	-	12 364	(1 025)
Other commitments	26 075	-	-	-	-	-	26 075	-
Lease receivables	396	273	572	-	815	-	1 783	273
Expected credit loss expense	788 087	664 561	15 297	20 940	88 294	206 093	891 678	891 594

UNAUDITEDHISTORICAL								
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Money market assets	12 677	51	-	-	-	-	12 677	51
Financial securities	924	(5)	-	-	-	-	924	(5)
Loans and advances to customers	735 651	321 916	14 725	10 133	87 479	99 733	837 855	431 782
Financial guarantees	12 364	(496)	-	-	-	-	12 364	(496)
Other commitments	26 075	-	-	-	-	-	26 075	-
Lease receivables	396	132	572	-	815	-	1 783	132
Expected credit loss expense	788 087	321 598	15 297	10 133	88 294	99 733	891 678	431 464

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
13.	OTHER ASSETS				
	Prepayments and deposits	398 578	345 581	329 150	279 176
	Other receivables	24 059 087	26 541 951	24 059 087	21 992 163
		24 457 665	26 887 532	24 388 237	22 271 339

Included in other receivables is an amount of ZWL\$14 929 575 942(2020: ZWL\$18 471 055 195) which relates to the government grant receivable from the Reserve Bank of Zimbabwe (RBZ). RBZ will provide foreign currency to the Bank for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1.

The 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.

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
14.	LAND INVENTORY				
	Opening Balance	3 885 633	3 539 530	412 622	124 236
	Additions	17 401	349 884	16 595	289 719
	Disposals	-	(2 793)	-	(515)
	Write offs	(9 333)	-	(8 985)	-
	Impairment	-	(988)	-	(818)
	Closing balance	3 893 701	3 885 633	420 232	412 622
15.	EQUITY INVESTMENTS				
	Opening balance	254 556	226 800	210 920	41 892
	Investment in equities during the period	30 160	5 786	29 033	4 600
	Fair value adjustments - Profit or loss	3 319	(234)	4 271	-
	Fair value adjustments - Other comprehensive income	32 779	22 204	76 590	164 428
		320 814	254 556	320 814	210 920



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



UNAUDITED HISTORICAL								
	Level 1		Level 2		Level 3		Total carrying amount	
	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000
Equity investments	8 871	4 600	–	–	311 943	206 320	320 814	210 920
Land and Buildings	–	–	1 867 692	1 778 325	–	–	1 867 692	1 778 325
Investment properties	–	–	757 878	727 654	–	–	757 878	727 654
<b>Total assets at fair value</b>	<b>8 871</b>	<b>4 600</b>	<b>2 625 570</b>	<b>2 505 979</b>	<b>311 943</b>	<b>206 320</b>	<b>2 946 384</b>	<b>2 716 899</b>

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
Earnings Multiple	Liquidity discount GDP Growth	The fair values would increase/ decrease if : <ul style="list-style-type: none"><li>The GDP growth was higher or lower</li><li>The Liquidity discount was higher or lower</li></ul>

If the fair value adjustment of unquoted equities had been 5% up or down the Bank's other comprehensive income would be ZWL\$ 1 638 952 and the Statement of Financial Position would be ZWL\$1 689 771 higher or lower than the reported position

### 18. PROPERTY AND EQUIPMENT

REVIEWED INFLATION ADJUSTED									
	Land ZWL\$ 000	Buildings ZWL\$ 000	Leasehold improvements ZWL\$ 000	Motor vehicles ZWL\$ 000	Computers ZWL\$ 000	Equipment ZWL\$ 000	Furniture & fittings ZWL\$ 000	Work in progress ZWL\$ 000	Total ZWL\$ 000
<b>RESTATED 30 JUNE 2021</b>									
<b>COST</b>									
Opening balance	–	2 275 632	25 113	172 242	1 127 212	348 412	218 880	527 870	4 695 361
Right of use assets	–	10 839	–	–	–	–	–	–	10 839
Additions	–	–	–	–	75 244	11 640	1 748	84 721	173 353
Revaluation gain	–	(249 523)	–	–	–	–	–	–	(249 523)
Impairments	–	(37 119)	–	–	–	–	–	–	(37 119)
Disposals	–	–	–	–	(61)	(1)	(10)	–	(72)
Transfers(PPE Inter–categories)	–	1 305	2 364	1 283	61 663	7 646	9 925	(84 186)	–
<b>Closing balance</b>	<b>–</b>	<b>2 001 134</b>	<b>27 477</b>	<b>173 525</b>	<b>1 264 058</b>	<b>367 697</b>	<b>230 543</b>	<b>528 405</b>	<b>4 592 839</b>
<b>Accumulated depreciation</b>									
Opening balance	–	50 992	18 262	147 057	521 473	265 220	123 917	–	1 126 921
Right of use assets	–	5 484	–	–	–	–	–	–	5 484
Charge for the period	–	68 143	125	606	33 315	2 477	1 749	–	106 415
Disposals	–	–	–	–	(31)	–	(7)	–	(38)
Revaluation	–	(68 143)	–	–	–	–	–	–	(68 143)
<b>Closing balance</b>	<b>–</b>	<b>56 476</b>	<b>18 387</b>	<b>147 663</b>	<b>554 757</b>	<b>267 697</b>	<b>125 659</b>	<b>–</b>	<b>1 170 639</b>
<b>Net Book Value</b>	<b>–</b>	<b>1 944 658</b>	<b>9 090</b>	<b>25 862</b>	<b>709 301</b>	<b>100 000</b>	<b>104 884</b>	<b>528 405</b>	<b>3 422 200</b>

<b>31 DEC 2020</b>									
<b>COST</b>									
Opening balance	340 534	2 234 743	25 113	168 473	864 258	340 566	216 036	360 457	4 550 180
Right of use assets	–	40 292	–	–	–	–	–	–	40 292
Additions	–	–	–	66	134 579	3 474	2 483	431 961	572 563
Revaluation surplus	7 901	3 797	–	–	–	–	–	–	11 698
Disposals	(348 435)	–	–	–	(280)	(13)	(59)	(9 237)	(358 024)
Transfers to intangible assets	–	–	–	–	–	–	–	(118 148)	(118 148)
Write offs	–	(3 200)	–	–	–	–	–	–	(3 200)
Transfers(PPE Inter–categories)	–	–	–	3 703	128 655	4 385	420	(137 163)	–
<b>Closing balance</b>	<b>–</b>	<b>2 275 632</b>	<b>25 113</b>	<b>172 242</b>	<b>1 127 212</b>	<b>348 412</b>	<b>218 880</b>	<b>527 870</b>	<b>4 695 361</b>
<b>Accumulated depreciation &amp; impairment</b>									
Opening balance	–	37 525	18 052	145 980	486 440	261 711	120 726	–	1 070 434
Right of use assets	–	13 467	–	–	–	–	–	–	13 467
Charge for the year	–	136 692	210	1 077	35 275	3 517	3 233	–	180 004
Disposals	–	–	–	–	(242)	(8)	(42)	–	(292)
Revaluation	–	(136 692)	–	–	–	–	–	–	(136 692)
<b>Closing balance</b>	<b>–</b>	<b>50 992</b>	<b>18 262</b>	<b>147 057</b>	<b>521 473</b>	<b>265 220</b>	<b>123 917</b>	<b>–</b>	<b>1 126 921</b>
<b>Net Book Value</b>	<b>–</b>	<b>2 224 640</b>	<b>6 851</b>	<b>25 185</b>	<b>605 739</b>	<b>83 192</b>	<b>94 963</b>	<b>527 870</b>	<b>3 568 440</b>

UNAUDITED HISTORICAL									
	Land ZWL\$ 000	Buildings ZWL\$ 000	Leasehold improvements ZWL\$ 000	Motor vehicles ZWL\$ 000	Computers ZWL\$ 000	Equipment ZWL\$ 000	Furniture & fittings ZWL\$ 000	Work in progress ZWL\$ 000	Total ZWL\$ 000
<b>30 JUNE 2021</b>									
<b>COST</b>									
Opening balance	–	1 778 324	747	7 397	211 591	14 671	9 219	123 023	2 144 972
Right of use asset	–	10 818	–	–	–	–	–	–	10 818
Additions	–	–	–	–	68 254	10 938	1 624	52 158	132 974
Revaluation gain	–	77 243	–	–	–	–	–	–	77 243
Disposals	–	–	–	–	(50)	–	(8)	–	(58)
Transfers(PPE Inter–categories)	–	1 305	2 364	1 204	53 866	6 679	8 670	(74 088)	–
<b>Closing balance</b>	<b>–</b>	<b>1 867 690</b>	<b>3 111</b>	<b>8 601</b>	<b>333 661</b>	<b>32 288</b>	<b>19 505</b>	<b>101 093</b>	<b>2 365 949</b>
<b>Accumulated depreciation</b>									
Opening balance	–	6 890	576	4 748	31 886	8 810	4 257	–	57 157
Right of use asset	–	5 118	–	–	–	–	–	–	5 118
Charge for the period	–	63 181	39	293	21 386	1 155	412	–	86 466
Disposals	–	–	–	–	(26)	–	(6)	–	(32)
Revaluation	–	(63 181)	–	–	–	–	–	–	(63 181)
<b>Closing balance</b>	<b>–</b>	<b>11 998</b>	<b>615</b>	<b>5 041</b>	<b>53 246</b>	<b>9 965</b>	<b>4 663</b>	<b>–</b>	<b>85 528</b>
<b>Net Book Value</b>	<b>–</b>	<b>1 855 692</b>	<b>2 496</b>	<b>3 560</b>	<b>280 415</b>	<b>22 323</b>	<b>14 842</b>	<b>101 093</b>	<b>2 280 421</b>

<b>31 DEC 2020</b>									
<b>Cost</b>									
Opening balance	62 900	396 757	747	5 412	35 013	10 647	7 387	31 632	550 495
Right of use Asset	–	18 278	–	–	–	–	–	–	18 278
Additions	–	–	–	24	87 477	1 953	1 497	287 019	377 970
Revaluation surplus	243 800	1 367 507	–	–	–	–	–	–	1 611 307
Disposals	(306 700)	–	–	–	(58)	(2)	(13)	(4 191)	(310 964)
Transfers to intangible assets	–	–	–	–	–	–	–	(97 896)	(97 896)
Write offs	–	(4 218)	–	–	–	–	–	–	(4 218)
Transfers(PPE Inter–categories)	–	–	–	1 961	89 159	2 073	348	(93 541)	–
<b>Closing balance</b>	<b>–</b>	<b>1 778 324</b>	<b>747</b>	<b>7 397</b>	<b>211 591</b>	<b>14 671</b>	<b>9 219</b>	<b>123 023</b>	<b>2 144 972</b>
<b>Accumulated depreciation &amp; impairment</b>									
Opening balance	–	1 373	537	4 357	14 918	7 824	3 636	–	32 645
Right of use asset	–	7 085	–	–	–	–	–	–	7 085
Charge for the year	–	70 158	39	391	17 013	987	629	–	89 217
Disposals	–	–	–	–	(45)	(1)	(8)	–	(54)
Writeoffs	–	(1 578)	–	–	–	–	–	–	(1 578)
Revaluation	–	(70 158)	–	–	–	–	–	–	(70 158)
<b>Closing balance</b>	<b>–</b>	<b>6 880</b>	<b>576</b>	<b>4 748</b>	<b>31 886</b>	<b>8 810</b>	<b>4 257</b>	<b>–</b>	<b>57 157</b>
<b>Net Book Value</b>	<b>–</b>	<b>1 771 444</b>	<b>171</b>	<b>2 649</b>	<b>179 705</b>	<b>5 861</b>	<b>4 962</b>	<b>123 023</b>	<b>2 087 815</b>

Properties were revalued on an open market basis by an professional valuer, as at 30 June 2021 in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The revaluation of land and buildings entailed the following:

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

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

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

procedure was performed as follows:

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

	REVIEWED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000		RESTATED 31 DEC 2020 ZWL\$ 000	
<b>18.1a Right of Use Assets</b>				
Opening balance	101 849		78 224	3 985
Additions	10 839		40 292	18 278
Write offs	–		(3 200)	(2 640)
Depreciation	(5 484)		(13 467)	(7 085)
	<b>107 204</b>		<b>101 849</b>	<b>12 538</b>
At cost	163 680		152 841	20 996
Accumulated depreciation	(56 476)		(50 992)	(8 458)
	<b>107 204</b>		<b>101 849</b>	<b>12 538</b>

Adjustments were made to the following aspects:

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

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

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

The carrying amount of buildings would have been ZWL\$ 606 502 562(2020: ZWL\$ 515 422 122) had they been carried at cost

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

### 18.1b Lease liability

Opening Balance  
Additions  
Write offs  
Interest  
Repayment  
Monetary adjustment

### 18.1c Lease liability maturity analysis

Less than one month  
One to 3 months  
3 to six months  
6 to twelve months  
One to five years

### 18.1d Amounts recognised in statement of profit or loss for the period

Interest on lease liabilities  
Expenses relating to short term leases

### 18.1e Amounts recognised in statement of cash flow

Total cashoutflow for leases

### 19. INVESTMENT PROPERTIES

Opening balance  
Additions  
Disposals  
Fair valuation gain/(loss)  
**Closing balance**

### 20. INTANGIBLE ASSETS

At cost  
Accumulated amortisation

Opening balance  
Additions  
Transfer from property and equipment  
Write offs  
Amortisation charge  
**Closing balance**

Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets are amortised over their useful life of 3 years.

### 21. 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 liability balances included in the statement of financial position are comprised of:

Impairments and provisions  
Intangible assets  
Equity investments  
Property and equipment  
Tax claimable impairments  
Investment properties  
Other  
**Closing balance**

Included in other is deferred tax on unrealised foreign exchange gains provision and deferred income

### 22. DEPOSITS

Call deposits  
Savings and other deposits  
Wholesale deposits  
Money market deposits  
Lines of credit  
Accrued interest

#### Deposits by type

Retail  
Corporate  
Money market  
Lines of credit

### 22.1 Settlement of legacy liabilities and nostro gap accounts

Included in the deposits balance above, are amounts that are denominated in USD amounting to US\$ 159 622 480 (December 2020: US\$ 167 966 227) (being legacy liabilities of US\$ 51 309 092 (December 2020: US\$52 986 052) and nostro gap accounts of US\$ 108 313 388 (December 2020: US\$114 980 175)) which are shown at ZWL\$ 13 635 494 970 (December 2020: ZWL\$13 737 386 593). These foreign denominated liabilities, which are payable on demand, are subject to a special settlement arrangement with the 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. We note that to date USD29 941 949 (December 2020: USD17 582 913) has been made available under this arrangement, demonstrating the willingness and capability of the RBZ to honour the settlement arrangement.

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

### 22.2 Sectoral analysis

Private  
Agriculture  
Mining  
Manufacturing  
Distribution  
Construction  
Transport  
Communication  
Services  
Financial organisations  
Financial and investments

### 22.3 Maturity analysis

Less than 1 month  
Between 1 and 3 months  
Between 3 and 6 months  
Between 6 months and 1 year  
Between 1 and 5 year  
More than 5 year

Maturity analysis is based on the remaining period from 30 June 2021 to contractual maturity.

### 23. OTHER LIABILITIES

Revenue received in advance  
Sundry creditors  
Accruals  
Suspense  
Provisions

REVIEWED INFLATION ADJUSTED  
FINANCIAL RESULTS  
FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
24.	CATEGORIES OF FINANCIAL LIABILITIES				
The Bank's financial liabilities are carried at amortised cost are as follows:					
Deposits					
Other liabilities					
Lease liability					
		98 015 764	76 596 702	98 015 764	63 466 593
		5 291 604	1 853 238	5 291 604	1 526 954
		19 445	16 006	19 445	13 262
		103 326 813	78 465 946	103 326 813	65 006 809
25.	EQUITY				
25.1	Share capital				
Authorised		6 000	6 000	6 000	6 000
600 000 000 ordinary shares of ZWL\$ 0.01 each					
Issued and fully paid 511 817 951 ordinary shares at ZWL\$ 0.01 each		172 116	172 116	5 118	5 118
25.2	Share premium				
Opening balance		562 325	562 325	16 722	16 722
Closing balance		562 325	562 325	16 722	16 722
25.3	Revaluation reserve				
Opening balance		136 543	79 176	1 260 996	301 889
Net revaluation (loss)/gain		(136 543)	111 708	105 712	1 265 807
inter-category transfer		-	(54 341)	-	(306 700)
Closing balance		-	136 543	1 366 708	1 260 996
25.4	Retained earnings				
Opening balance		15 377 457	6 253 241	9 437 429	597 313
Profit for the period		1 611 595	9 379 841	3 663 295	8 683 416
inter-category transfer		-	54 341	-	306 700
Dividend paid		(1 558 227)	(309 966)	(1 500 000)	(150 000)
		15 430 825	15 377 457	11 600 724	9 437 429
25.5	Fair value reserve				
Opening balance		181 734	160 640	194 081	37 875
Other comprehensive income		31 140	21 094	72 761	156 206
		212 874	181 734	266 842	194 081
25.6	Foreign currency translation reserve				
Opening balance		1 406 501	1 406 501	47 096	47 096
		1 406 501	1 406 501	47 096	47 096

26. RELATED PARTY DISCLOSURES

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

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

Loans and advances to Directors' companies

There were no loans and advances to Director's Companies during the year.

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
(a)	Deposits from directors and key management personnel				
Closing balance		1 242	3 448	1 242	2 857
(b)	Balances with parent company				
Amounts due from parent company		1 988 123	211 633	1 988 123	175 355
(c)	Balances with fellow subsidiaries				
Amounts due from fellow subsidiaries		28 955 276	19 432 418	28 955 276	16 101 338
Deposits held for fellow subsidiaries		320 243	19 432 418	320 243	182 264
(d)	Transactions with group companies				
Interest income on amounts due from group companies		5 344 530	3 192 488	5 005 230	2 409 877
Interest expense on amounts due to group companies		4 092	7 748	3 848	3 714
Non – interest income from group companies		6 367	590 104	5 884	328 332
Costs charged by group companies		426 532	425 078	400 414	214 888

27. RISK MANAGEMENT

27.1 Risk overview

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

27.2 Bank risk management framework

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

27.3 Credit risk

27.3.1 Credit risk exposure

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

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
Balances with banks		21 629 599	14 788 289	21 629 599	12 253 299
Money market assets		14 459 648	8 646 212	14 459 648	7 164 089
Financial securities		961 097	1 186 219	961 097	982 879
Loans and advances to customers		45 969 018	29 977 380	45 969 018	24 838 696
Other assets		24 388 237	26 878 885	24 388 237	22 271 341
Total		107 407 599	81 476 985	107 407 599	67 510 304
Financial guarantees		90 598	86 597	90 598	71 752

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

The Bank held cash and cash equivalents of ZWL\$21 629 598 641 (2020: ZWL\$ 14 788 288 749 ) (excluding notes and coins) as at 30 June 2021 which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the Central Bank and foreign banks.

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

	INFLATION ADJUSTED		RESTATED		HISTORICAL			
	30 JUNE 2021 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	30 JUNE 2021 ZWL\$ 000	31 DEC 2020 ZWL\$ 000	31 DEC 2020 ZWL\$ 000
	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	2 200 204	-	1 609 096	-	2 200 204	-	1 333 267	-
Agriculture	26 935 470	6 042 532	14 429 878	3 237 107	26 935 470	6 042 532	11 956 327	2 682 206
Mining	3 253 441	2 691 710	3 724 230	1 400 950	3 253 441	2 691 710	3 085 827	1 160 801
Manufacturing	1 000 631	729 594	985 438	301 643	1 000 631	729 594	816 516	249 936
Distribution	7 229 054	4 948 296	7 092 693	151 355	7 229 054	4 948 296	5 876 872	125 410
Construction	8 264	-	7 588	8 264	-	6 288	-	6 288
Transport	88 091	68 500	78 367	47 961	88 091	68 500	64 933	39 740
Communication	-	-	3 523	3 523	-	2 919	-	2 919
Services	4 662 112	4 607 523	1 241 008	971 517	4 662 112	4 607 523	1 028 276	804 981
Financial organisations	2 060 261	2 039 062	1 513 097	1 471 326	2 060 261	2 039 062	1 253 724	1 219 113
	47 437 528	21 127 217	30 684 918	7 592 970	47 437 528	21 127 217	25 424 949	6 291 394

		REVIEWED		UNAUDITED	
		INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
Collateral analysis					
Cash cover		28 687 761	14 160 614	28 687 761	11 733 219
Collateral (mortgage security)		1 846 545	1 571 389	1 846 545	1 302 024
Other forms of security including Notarial General Covering Bonds (NGCBs) cessions etc.		2 813 049	2 954 435	2 813 049	2 447 990
		15 676 875	12 821 392	15 676 875	10 623 565
		49 024 230	31 507 830	49 024 230	26 106 798

The Bank holds collateral against loans and advances to customers in the form of mortgage bonds over property, other registered securities over assets, guarantees, cash cover, assignment of crop or export proceeds and leasebacks. Estimates of fair values are based on the values of collateral assessed at the time of borrowing, and are regularly aligned with trends in the market.

28. Credit quality per class of 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 Bank's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 37.3.1 of the Group's results.

INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Internal rating grade									
Performing	"1 – 3c"	9 336 146	10 569 738	3 493 191	371 583	-	-	12 829 337	10 941 321
Special mention	"4a – 7c"	34 012 379	19 313 670	282 833	354 360	-	-	34 295 212	19 668 030
Non-performing	"8 – 10"	-	-	-	-	312 979	75 567	312 979	75 567
Total		43 348 525	29 883 408	3 776 024	725 943	312 979	75 567	47 437 528	30 684 918

HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Internal rating grade									
Performing	"1 – 3c"	9 336 146	8 757 887	3 493 191	307 887	-	-	12 829 337	9 065 774
Special mention	"4a – 7c"	34 012 379	16 002 945	282 833	293 616	-	-	34 295 212	16 296 561
Non-performing	"8 – 10"	-	-	-	-	312 979	62 614	312 979	62 614
Total		43 348 525	24 760 832	3 776 024	601 503	312 979	62 614	47 437 528	25 424 949

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

GROSS CARRYING AMOUNT									
INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	31 DEC 2020
Opening balance	29 883 408	13 138 413	725 943	279 527	75 567	191 202	30 684 918	13 609 142	
New assets originated or purchased (excluding write offs)	25 833 634	54 177 599	999 336	4 973 005	17 381	24 398	26 850 351	59 175 002	
Transfers from Stage 1	(4 053 873)	(1 229 233)	3 979 624	995 811	74 249	233 422	-	-	
Transfers from Stage 2	790 107	3 867 347	(1 047 219)	(4 130 541)	257 112	263 194	-	-	
Transfers from Stage 3	282	326	16 964	83 246	(17 246)	(83 572)	-	-	
Amounts paid off	(2 627 219)	(1 700 643)	(542 727)	(613 042)	(62 874)	(434 875)	(3 232 824)	(2 748 560)	
Amounts written off	-	-	-	-	-	(78 205)	-	(78 205)	
Monetary adjustment	(6 477 814)	(38 370 401)	(355 897)	(862 063)	(31 206)	(39 997)	(6 864 917)	(39 272 461)	
Gross loans and advances to customers	43 348 525	29 883 408	3 776 024	725 943	312 979	75 567	47 437 528	30 684 918	
Expected credit loss allowance	(1 233 067)	(600 322)	(73 074)	(60 766)	(162 369)	(46 450)	(1 468 510)	(707 538)	
Net loans and advances to customers	42 115 458	29 283 086	3 702 950	665 177	150 610	29 117	45 969 018	29 977 380	

GROSS CARRYING AMOUNT			HISTORICAL					
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Opening balance	24 760 832	2 426 793	601 503	71 276	62 614	93 264	25 424 949	2 591 333
New assets originated or purchased (excluding write offs)	24 078 088	21 954 022	931 425	2 015 177	16 199	9 887	25 025 712.00	23 979 086
Transfers from Stage 1	(3 778 388)	(498 114)	3 709 185	403 526	69 203	94 588	–	–
Transfers from Stage 2	736 415	1 567 139	(976 055)	(1 673 791)	239 640	106 652	–	–
Transfers from Stage 3	263	132	15 811	33 733	(16 074)	(33 865)	–	–
Amounts paid off	(2 448 685)	(689 140)	(505 845)	(248 418)	(58 603)	(176 221)	(3 013 133)	(1 113 779)
Amounts written off	–	–	–	–	–	(31 691)	–	(31 691)
Gross loans and advances to customers	43 348 525	24 760 832	3 776 024	601 503	312 979	62 614	47 437 528	25 424 949
Expected credit loss allowance	(1 233 067)	(497 415)	(73 074)	(50 349)	(162 369)	(38 489)	(1 468 510)	(586 253)
Net loans and advances to customers	42 115 458	24 263 417	3 702 950	551 154	150 610	24 125	45 969 018	24 838 696



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021

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

INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Gross carrying amount	1 193 466	6 436 229	–	–	–	–	1 193 466	6 436 229	
Maturities during the year	(13 930)	(493 561)	–	–	–	–	(13 930)	(493 561)	
Monetary adjustment	(211 511)	(4 749 202)	–	–	–	–	(211 511)	(4 749 202)	
Gross financial securities	968 025	1 193 466	–	–	–	–	968 025	1 193 466	
ECL allowance	(6 928)	(7 247)	–	–	–	–	(6 928)	(7 247)	
Net financial securities	961 097	1 186 219	–	–	–	–	961 097	1 186 219	

HISTORICAL									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Gross carrying amount	988 883	1 188 887	–	–	–	–	988 883	1 188 887	
Maturities during the year	(20 858)	(200 003)	–	–	–	–	(20 858)	(200 003)	
Gross financial securities	968 025	988 884	–	–	–	–	968 025	988 884	
ECL allowance	(6 928)	(6 005)	–	–	–	–	(6 928)	(6 005)	
Net financial securities	961 097	982 879	–	–	–	–	961 097	982 879	

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

INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Internal rating grade									
Performing	"1 – 3c"	14 484 658	8 661 096					14 484 658	8 661 096
Total		14 484 658	8 661 096	–	–	–	–	14 484 658	8 661 096

HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Internal rating grade									
Performing	"1 – 3c"	14 484 658	7 176 422					14 484 658	7 176 422
Total		14 484 658	7 176 422	–	–	–	–	14 484 658	7 176 422

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

INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Gross carrying amount	9 187 150	1 172 254					9 187 150	1 172 254	
New assets originated or purchased (excluding write offs)	12 480 137	8 999 827					12 480 137	8 999 827	
Maturities during the year	(5 171 901)	(984 931)					(5 171 901)	(984 931)	
Monetary adjustment	(2 010 728)	(526 054)					(2 010 728)	(526 054)	
Gross money market assets	14 484 658	8 661 096	–	–	–	–	14 484 658	8 661 096	
ECL allowance	(25 010)	(14 884)					(25 010)	(14 884)	
Net money market assets	14 459 648	8 646 212	–	–	–	–	14 459 648	8 646 212	

HISTORICAL									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Gross carrying amount at beginning of period	7 176 422	216 527					7 176 422	216 527	
New assets originated or purchased (excluding write offs)	12 480 137	7 176 422					12 480 137	7 176 422	
Maturities during the year	(5 171 901)	(216 527)					(5 171 901)	(216 527)	
Gross money market assets	14 484 658	7 176 422	–	–	–	–	14 484 658	7 176 422	
ECL allowance	(25 010)	(12 333)					(25 010)	(12 333)	
Net money market asset	14 459 648	7 164 089	–	–	–	–	14 459 648	7 164 089	

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

INFLATION ADJUSTED									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Internal rating grade									
Performing	"1 – 3c"	90 598	86 597					90 598	86 597
Total		90 598	86 597	–	–	–	–	90 598	86 597

HISTORICAL									
	SRS Rating	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000	
		30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020
Internal rating grade									
Performing	"1 – 3c"	90 598	71 752					90 598	71 752
Total		90 598	71 752	–	–	–	–	90 598	71 752

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

INFLATION ADJUSTED									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Gross carrying opening balance	86 597	369 579	–	–	–	–	86 597	369 579	
New assets originated or purchased (excluding write offs)	80 505	146 716	–	–	–	–	80 505	146 716	
Guarantees Expired	(69 660)	86 597	–	–	–	–	(69 660)	86 597	
Monetary adjustment	(6 844)	(516 295)	–	–	–	–	(6 844)	(516 295)	
Gross financial guarantees	90 598	86 597	–	–	–	–	90 598	86 597	
Expected credit loss allowance	(12 945)	(581)					(12 945)	(581)	
Net financial guarantees	77 653	86 016	–	–	–	–	77 653	86 016	

HISTORICAL									
	Stage 1 ZWL\$ 000		Stage 2 ZWL\$ 000		Stage 3 ZWL\$ 000		Total ZWL\$ 000		
	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	30 JUNE 2021	31 DEC 2020	
Gross carrying opening balance	71 752	82 388					71 752	82 388	
New assets originated or purchased (excluding write offs)	88 506	71 752					88 506	71 752	
Guarantees Expired	(69 660)	(82 388)					(69 660)	(82 388)	
Gross financial guarantees	90 598	71 752	–	–	–	–	90 598	71 752	
Expected credit loss allowance	(12 945)	(581)					(12 945)	(581)	
Net financial guarantees	77 653	71 171	–	–	–	–	77 653	71 171	

## 29. Liquidity risk

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

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

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

## 29.1 CONTRACTUAL LIQUIDITY GAP ANALYSIS

INFLATION ADJUSTED							
AUDITED 30 JUNE 2021	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
Assets							
Cash and cash equivalents	29 281 083	–	–	–	–	–	29 281 083
Money market assets	12 934 567	1 025 081	300 000	200 000	–	–	14 459 648
Financial securities	2 612	–	5	14 749	46 756	896 975	961 097
Loans and advances to customers	8 092 485	1 632 577	25 947 843	5 665 670	3 771 821	858 622	45 969 018
Financial guarantees	5 788	29 313	12 239	39 904	3 356	–	90 600
Other liquid assets	14 944 358	5 501 702	2 013 027	1 600 000	–	–	24 059 087
Total assets	65 260 893	8 188 673	28 273 114	7 520 323	3 821 933	1 755 597	114 820 533
Liabilities							
Deposits	83 516 073	6 209 610	4 403 509	3 402 089	479 411	5 072	98 015 764
Other liabilities	–	1 729 182	2 013 027	1 600 000	–	–	5 342 209
Current tax payable	–	639 993	–	–	–	–	639 993
Lease Liabilities	879	1 598	2 169	4 182	10 617	–	19 445
Financial guarantees	5 788	91 673	12 239	39 904	3 356	–	152 960
Capital Commitments	–	91 673	–	–	–	–	91 673
Total liabilities	83 522 740	8 763 729	6 430 944	5 046 175	493 384	5 072	104 262 044
Liquidity gap	(18 261 847)	(575 056)	21 842 170	2 474 148	3 328 549	1 750 525	10 558 489
Cumulative liquidity gap	(18 261 847)	(18 836 903)	3 005 267	5 479 415	8 807 964	10 558 489	10 558 489

INFLATION ADJUSTED							
AUDITED 31 DECEMBER 2020	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Total ZWL\$ 000
<b>Assets</b>							
Cash and cash equivalents	23 247 623	–	–	–	–	–	23 247 623
Money market assets	7 461 730	1 184 482	–	–	–	–	8 646 212
Financial securities	–	6 908	6 779	5 067	75 274	1 092 191	1 186 219
Loans and advances to customers	2 931 064	14 169 778	1 795 609	6 582 157	3 491 648	1 007 124	29 977 380
Financial guarantees	1 341	35 918	41 420	7 918	–	–	86 597
Other liquid assets	–	26 541 951	–	–	–	–	26 541 951
<b>Total assets</b>	<b>33 641 758</b>	<b>41 939 037</b>	<b>1 843 808</b>	<b>6 595 142</b>	<b>3 566 922</b>	<b>2 099 315</b>	<b>89 685 982</b>
<b>Liabilities</b>							
Deposits	66 709 601	1 998 950	1 783 037	5 410 748	687 924	6 442	76 596 702
Other liabilities	–	1 846 085	–	–	–	–	1 846 085
Current tax payable	–	319 075	–	–	–	–	319 075
Lease liabilities	632	1 913	1 935	2 690	8 836	–	16 006
Financial guarantees	1 341	35 918	41 420	7 918	–	–	86 597
<b>Total liabilities</b>	<b>66 711 574</b>	<b>4 201 941</b>	<b>1 826 392</b>	<b>5 421 356</b>	<b>696 760</b>	<b>6 442</b>	<b>78 864 465</b>
<b>Liquidity gap</b>	<b>(33 069 816)</b>	<b>37 737 096</b>	<b>17 416</b>	<b>1 173 786</b>	<b>2 870 162</b>	<b>2 092 873</b>	<b>10 821 517</b>
<b>Cumulative liquidity gap</b>	<b>(33 069 816)</b>	<b>4 667 280</b>	<b>4 684 696</b>	<b>5 858 482</b>	<b>8 728 644</b>	<b>10 821 517</b>	<b>10 821 517</b>



# REVIEWED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



### 30. INTEREST RATE RISK

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

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

#### 30.1 INTEREST RATE REPRICING AND GAP ANALYSIS

REVIEWED INFLATION ADJUSTED								
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non interest bearing ZWL\$ 000	Total ZWL\$ 000
30 JUNE 2021								
<b>Assets</b>								
Cash and cash equivalents	19 821 598	—	—	—	—	—	9 459 485	29 281 083
Money market assets	12 934 567	1 025 081	300 000	200 000	—	—	—	14 459 648
Financial securities	2 612	—	5	14 749	46 756	896 975	—	961 097
Loans and advances to customers	8 092 485	1 632 577	25 947 843	5 665 670	3 771 821	858 622	—	45 969 018
Equity investments	—	—	—	—	—	—	320 814	320 814
Land inventory	—	—	—	—	—	—	3 893 701	3 893 701
Other assets	—	5 501 702	—	—	—	—	18 955 963	24 457 665
Intangible assets	—	—	—	—	—	—	115 724	115 724
Investment properties	—	—	—	—	—	—	757 878	757 878
Property and equipment	—	—	—	—	—	—	3 422 200	3 422 200
<b>Total assets</b>	<b>40 851 262</b>	<b>8 159 360</b>	<b>26 247 848</b>	<b>5 880 419</b>	<b>3 818 577</b>	<b>1 755 597</b>	<b>36 925 765</b>	<b>123 638 828</b>
<b>Equity &amp; Liabilities</b>								
Deposits	83 516 073	6 209 610	4 403 509	3 402 089	479 411	5 072	—	98 015 764
Other liabilities	—	—	—	—	—	—	5 382 154	5 382 154
Current tax payable	639 993	—	—	—	—	—	—	639 993
Deferred taxation	—	—	—	—	—	—	1 796 831	1 796 831
Lease liability	879	1 598	2 169	4 182	10 617	—	—	19 445
Equity	—	—	—	—	—	—	17 784 641	17 784 641
<b>Total liabilities and equity</b>	<b>84 156 945</b>	<b>6 211 208</b>	<b>4 405 678</b>	<b>3 406 271</b>	<b>490 028</b>	<b>5 072</b>	<b>24 963 626</b>	<b>123 638 828</b>
<b>Interest rate repricing gap</b>	<b>(43 305 683)</b>	<b>1 948 152</b>	<b>21 842 170</b>	<b>2 474 148</b>	<b>3 328 549</b>	<b>1 750 525</b>	<b>11 962 139</b>	<b>—</b>
<b>Cumulative gap</b>	<b>(43 305 683)</b>	<b>(41 357 531)</b>	<b>(19 515 361)</b>	<b>(17 041 213)</b>	<b>(13 712 664)</b>	<b>(11 962 139)</b>	<b>—</b>	<b>—</b>

REVIEWED INFLATION ADJUSTED								
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non interest bearing ZWL\$ 000	Total ZWL\$ 000
31 DECEMBER 2020								
<b>Assets</b>								
Cash and cash equivalents	14 788 289	—	—	—	—	—	8 459 334	23 247 623
Money market assets	7 461 730	1 184 482	—	—	—	—	—	8 646 212
Financial securities	—	6 908	6 779	5 067	75 274	1 092 191	—	1 186 219
Loans and advances to customers	2 931 064	14 169 778	1 795 609	6 582 157	3 491 648	1 007 124	—	29 977 380
Equity investments	—	—	—	—	—	—	254 556	254 556
Land inventory	—	—	—	—	—	—	3 885 633	3 885 633
Other assets	—	—	—	—	—	—	26 887 532	26 887 532
Intangible assets	—	—	—	—	—	—	134 135	134 135
Investment properties	—	—	—	—	—	—	878 193	878 193
Property and equipment	—	—	—	—	—	—	3 568 440	3 568 440
<b>Total assets</b>	<b>25 181 083</b>	<b>15 361 168</b>	<b>1 802 388</b>	<b>6 587 224</b>	<b>3 566 922</b>	<b>2 099 315</b>	<b>44 067 823</b>	<b>98 665 923</b>
<b>Equity &amp; Liabilities</b>								
Deposits	75 827 338	38 181	517 748	208 006	5 429	—	—	76 596 702
Other liabilities	—	—	—	—	—	—	2 085 567	2 085 567
Current tax payable	—	—	—	—	—	—	319 075	319 075
Deferred taxation	—	—	—	—	—	—	1 811 897	1 811 897
Lease liability	632	1 912	1 935	2 690	8 837	—	—	16 006
Equity	—	—	—	—	—	—	17 836 676	17 836 676
<b>Total liabilities and equity</b>	<b>75 827 970</b>	<b>40 093</b>	<b>519 683</b>	<b>210 696</b>	<b>14 266</b>	<b>—</b>	<b>22 053 215</b>	<b>98 665 923</b>
<b>Interest rate repricing gap</b>	<b>(50 646 887)</b>	<b>15 321 075</b>	<b>1 282 705</b>	<b>6 376 528</b>	<b>3 552 656</b>	<b>2 099 315</b>	<b>22 014 608</b>	<b>—</b>
<b>Cumulative gap</b>	<b>(50 646 887)</b>	<b>(35 325 812)</b>	<b>(34 043 107)</b>	<b>(27 666 579)</b>	<b>(24 113 923)</b>	<b>(22 014 608)</b>	<b>—</b>	<b>—</b>

UNAUDITED HISTORICAL								
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non interest bearing ZWL\$ 000	Total ZWL\$ 000
30 JUNE 2020								
<b>Assets</b>								
Cash and cash equivalents	19 821 598	—	—	—	—	—	9 459 485	29 281 083
Money market assets	12 934 567	1 025 081	300 000	200 000	—	—	—	14 459 648
Financial securities	2 612	—	5	14 749	46 756	896 975	—	961 097
Loans and advances to customers	8 092 485	1 632 577	25 947 843	5 665 670	3 771 821	858 622	—	45 969 018
Equity investments	—	—	—	—	—	—	320 814	320 814
Land inventory	—	—	—	—	—	—	420 232	420 232
Other assets	—	4 214 398	2 013 027	1 600 000	—	—	16 560 812	24 388 237
Intangible assets	—	—	—	—	—	—	68 584	68 584
Investment properties	—	—	—	—	—	—	757 878	757 878
Property and equipment	—	—	—	—	—	—	2 280 421	2 280 421
<b>Total assets</b>	<b>40 851 262</b>	<b>6 872 056</b>	<b>28 260 875</b>	<b>7 480 419</b>	<b>3 818 577</b>	<b>1 755 597</b>	<b>29 868 226</b>	<b>118 907 012</b>
<b>Equity &amp; Liabilities</b>								
Deposits	83 516 073	6 209 610	4 403 509	3 402 089	479 411	5 072	—	98 015 764
Other liabilities	—	—	—	—	—	—	5 342 208	5 342 208
Current tax payable	—	—	—	—	—	—	639 993	639 993
Deferred taxation	—	—	—	—	—	—	1 586 392	1 586 392
Lease liability	879	1 598	2 169	4 182	10 617	—	—	19 445
Equity	—	—	—	—	—	—	13 303 210	13 303 210
<b>Total liabilities and equity</b>	<b>83 516 952</b>	<b>6 211 208</b>	<b>4 405 678</b>	<b>3 406 271</b>	<b>490 028</b>	<b>5 072</b>	<b>20 871 803</b>	<b>118 907 012</b>
<b>Interest rate repricing gap</b>	<b>(42 665 690)</b>	<b>660 848</b>	<b>23 855 197</b>	<b>4 074 148</b>	<b>3 328 549</b>	<b>1 750 525</b>	<b>8 996 423</b>	<b>—</b>
<b>Cumulative gap</b>	<b>(42 665 690)</b>	<b>(42 004 842)</b>	<b>(18 149 645)</b>	<b>(14 075 497)</b>	<b>(10 746 948)</b>	<b>(8 996 423)</b>	<b>—</b>	<b>—</b>

UNAUDITED HISTORICAL								
	Less than one month ZWL\$ 000	1 to 3 months ZWL\$ 000	3 to 6 months ZWL\$ 000	6 to 12 months ZWL\$ 000	1 to 5 years ZWL\$ 000	5 years and above ZWL\$ 000	Non interest bearing ZWL\$ 000	Total ZWL\$ 000
31 DECEMBER 2020								
<b>Assets</b>								
Cash and cash equivalents	11 738 557	—	—	—	—	—	7 523 988	19 262 545
Money market assets	6 182 650	981 439	—	—	—	—	—	7 164 089
Financial securities	—	5 724	5 617	4 198	62 371	904 969	—	982 879
Loans and advances to customers	2 428 624	11 740 813	1 487 808	5 453 852	2 893 114	834 485	—	24 838 696
Equity investments	—	—	—	—	—	—	210 920	210 920
Land inventory	—	—	—	—	—	—	412 622	412 622
Other assets	—	—	—	—	—	—	22 271 338	22 271 338
Intangible assets	—	—	—	—	—	—	84 723	84 723
Investment properties	—	—	—	—	—	—	727 654	727 654
Property and equipment	—	—	—	—	—	—	2 087 815	2 087 815
<b>Total assets</b>	<b>20 349 831</b>	<b>12 727 976</b>	<b>1 493 425</b>	<b>5 458 050</b>	<b>2 955 485</b>	<b>1 739 454</b>	<b>33 319 060</b>	<b>78 043 281</b>
<b>Equity &amp; Liabilities</b>								
Deposits	62 829 113	31 636	428 997	172 350	4 497	—	—	63 466 593
Other liabilities	—	—	—	—	—	—	1 529 631	1 529 631
Current tax payable	—	—	—	—	—	—	264 380	264 380
Deferred taxation	—	—	—	—	—	—	1 807 974	1 807 974
Lease liability	524	1 585	1 604	2 229	7 320	—	—	13 262
Equity	—	—	—	—	—	—	10 961 441	10 961 441
<b>Total liabilities and equity</b>	<b>62 829 637</b>	<b>33 221</b>	<b>430 601</b>	<b>174 579</b>	<b>11 817</b>	<b>—</b>	<b>14 563 426</b>	<b>78 043 281</b>
<b>Interest rate repricing gap</b>	<b>(42 479 806)</b>	<b>12 694 755</b>	<b>1 062 824</b>	<b>5 283 471</b>	<b>2 943 668</b>	<b>1 739 454</b>	<b>18 755 634</b>	<b>—</b>
<b>Cumulative gap</b>	<b>(42 479 806)</b>	<b>(29 785 051)</b>	<b>(28 722 227)</b>	<b>(23 438 756)</b>	<b>(20 495 088)</b>	<b>(18 755 634)</b>	<b>—</b>	<b>—</b>

### 31. Foreign exchange risk

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

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

At 30 June 2021 if foreign exchange rates at that date had weakened or strengthened by 5 percentage points with all other variables held constant post tax profit for the period would have been ZWL\$403 742 473 higher or lower than the reported amount.

### FOREIGN CURRENCY POSITION

#### FOREIGN CURRENCY POSITION AS AT 30 JUNE 2021

REVIEWED INFLATION ADJUSTED							Other foreign currencies
	Total	ZWL	USD	ZAR	GBP	EUR	
<b>Assets</b>							
Cash and cash equivalents	29 281 083	6 605 456	20 113 012	1 722 333	20 357	811 148	8 777
Money market assets	14 459 648	675 224	13 784 424	—	—	—	—
Financial securities	961 097	961 097	—	—	—	—	—
Loans and advances to customers	45 969 018	32 050 820	13 891 816	26 219	161	2	—
Equity investments	320 814	320 814	—	—	—	—	—
Land inventory	3 893 701	3 893 701	—	—	—	—	—
Other assets	24 457 665	5 318 686	12 406 304	5 878 963	340 082	506 972	6 658
Intangible assets	115 724	115 724	—	—	—	—	—
Investment properties	757 878	757 878	—	—	—	—	—
Property and equipment	3 422 200	3 422 200	—	—	—	—	—
<b>Total assets</b>	<b>123 638 828</b>	<b>54 121 600</b>	<b>60 195 556</b>	<b>7 627 515</b>	<b>360 600</b>	<b>1 318 122</b>	<b>15 435</b>
<b>Equity &amp; Liabilities</b>							
Deposits	98 015 764	40 722 725	55 192 191	2 041 519	16 806	40 192	2 331
Other liabilities	5 382 154	1 232 815	4 023 194	116 830	1 371	7 792	152
Current tax payable	639 993	639 993	—	—	—	—	—
Deferred taxation	1 796 831	1 796 831	—	—	—	—	—
Lease Liability	19 445	19 445	—	—	—	—	—
Equity	17 784 641	17 784 641	—	—	—	—	—
<b>Total equity and liabilities</b>	<b>123 638 828</b>	<b>62 196 450</b>	<b>59 215 385</b>	<b>2 158 349</b>	<b>18 177</b>	<b>47 984</b>	<b>2 483</b>

#### FOREIGN CURRENCY POSITION AS AT 31 DECEMBER 2020

REVIEWED INFLATION AD
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- 32

**Operational risk**

This is the potential for loss arising from human error and fraud, inadequate or failed internal processes, systems failure, non-adherence to procedure or other external sources that result in the compromising of the Bank's revenue or erosion of the Bank's statement of financial position value.
- 32.1

**Operational risk management framework**

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

The Bank Board Audit Committee through Internal Audit function as well as Bank Enterprise Wide Governance and Compliance perform their independent reviews and assurances under processes and procedures as set under policies and procedure manuals. On the other hand, the Bank Risk Management and Bank IT Departments with assistance from the Organization and Methods Department within Group Human Resources ensure that processes, procedures and control systems are in line with variables in the operating environment.
- 32.2

**Strategic risk**

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

To mitigate this risk, the Bank's Board and Management teams craft the strategy which is underpinned to the Bank's corporate goals. Approval of the strategy is the responsibility of the Board whilst implementation is carried out by Management. On the other hand strategy and goal congruency is reviewed monthly by management and quarterly by the Board.
- 32.3

**Regulatory risk**

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

  - Comprehensive and consistent compliance policies and procedures exist covering the Bank;
  - A proactive and complete summary statement of the Bank's position on ethics and compliance exists;
  - A reporting structure of the Bank Enterprise Wide Compliance Function exists that ensures independence and effectiveness; and that
  - Yearly compliance and awareness training targeting employees in compliance sensitive areas is carried out.
- 32.4

**Reputation risk**

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

  - Continuous improvements of the Bank's operating facilities to ensure that they remain within the taste of the Bank's various stakeholders;
  - Ensuring that staff subscribe to the Bank's code of conduct, code of ethics and general business ethics and that;
  - Stakeholders' feedback systems that ensures proactive attention to the Bank's reputation management.
- 32.5

**Money laundering risk**

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

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

32.6

**Risk and Credit Ratings**

32.6.1

**External Credit Rating**

Rating Agent	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Global Credit Rating Co.(Short Term)	A1+	A1	A1	A1-	A1-	A1-	A1	A1	A1	-	-	-
Global Credit Rating Co. (Long Term)	AA-	A+	A+	A	A	A	A	A+	A+	A+	A+	A

No short-term ratings were provided by the rating agent from 2009 to 2012.

32.6.2

**Reserve Bank of Zimbabwe Ratings**

**CAMELS RATING MATRIX - 31 December 2018 RBZ ONSITE EXAMINATION**

	Composite	Capital Adequacy	Asset Quality	Management	Earnings	Liquidity	Sensitivity to market risk
CBZ Bank Limited	2	1	3	2	2	2	2

**Key**

1. Strong	2. Satisfactory	3. Fair	4. Substandard	5. Weak
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For CBZ Bank Limited Risk matrix summary refer to CBZ Holdings note 37.13

33.

**CAPITAL MANAGEMENT**

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

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

33.1

**Capital Adequacy**

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

	UNAUDITED 30 JUNE 2021 ZWL\$ 000	UNAUDITED 31 DEC 2020 ZWL\$ 000
<b>Risk Weighted Assets</b>	<b>41 609 787</b>	<b>36 266 041</b>
<b>Total Qualifying Capital</b>	<b>11 399 381</b>	<b>9 964 879</b>
<b>Tier 1</b>		
Share capital	5 118	5 118
Share premium	16 722	16 722
Revenue reserves	11 600 724	9 437 429
Exposure to insiders	(2 423 951)	(1 449 890)
	<b>9 198 613</b>	<b>8 009 379</b>
Less Tier 3	(940 088)	(1 087 631)
	<b>8 258 525</b>	<b>6 921 748</b>
<b>Tier 2</b>		
Revaluation reserves	1 366 708	1 260 996
Fair Value Reserve	266 842	194 081
Foreign Currency Translation Reserve	47 096	47 096
General provisions	520 122	453 326
	<b>2 200 768</b>	<b>1 955 499</b>
<b>Tier 3</b>		
Capital allocated for market risk	348 887	284 107
Capital allocated to operations risk	591 201	803 525
	<b>940 088</b>	<b>1 087 632</b>
<b>Capital Adequacy (%)</b>		
Tier 1	19.85%	19.09%
Tier 2	5.29%	5.39%
Tier 3	2.26%	3.00%
<b>Total</b>	<b>27.40%</b>	<b>27.48%</b>

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

34.

**CORPORATE GOVERNANCE STATEMENT**

The quality of corporate governance practices is becoming an increasingly important factor in maintaining market confidence. The Bank is committed to and supports the principles contained in the Reserve Bank of Zimbabwe (RBZ) Corporate Governance Guideline No. 01-2004/BSO, as well as the King III Code which is an internationally regarded benchmark in Corporate Governance.
35.

**DISCLOSURE POLICY**

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

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

The Bank endeavours to ensure, through its regular public dissemination of quantitative and qualitative information that analysts' estimates are in line with the Bank's own expectations. The Bank does not confirm or attempt to influence analysts' opinions or conclusions and does not express comfort with analysts' models and earnings estimates.
36.

**GOING CONCERN**

For going concern assessment refer to CBZ Holdings note 38.

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# UNAUDITED INFLATION ADJUSTED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2021

Banking | Insurance | Investments | Agro-Business



### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2021

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
Gross written premium	122 265	77 763	115 229	21 608
Reinsurance premium	(2 660)	(748)	(2 550)	(202)
Net written premium	119 605	77 015	112 679	21 406
Unearned premium movement	(893)	(4 187)	(790)	(2 026)
Net earned premium	118 712	72 828	111 889	19 380
Net Commission	(9 462)	(2 194)	(9 049)	(634)
Net Claims	(15 556)	(11 751)	(14 569)	(3 425)
Technical result	93 694	58 883	88 271	15 321
Operating expenditure	(122 250)	(113 619)	(106 417)	(33 636)
Impairment loss	-	(119)	-	(58)
Underwriting profit	(28 556)	(54 855)	(18 146)	(18 373)
Investment and Other income	36 132	227 816	109 748	225 797
Transfer to annuity reserve	(64 135)	(25 438)	(64 135)	(12 310)
Monetary Gain/ (Loss)	30 977	1 746	-	-
Profit before taxation	(25 582)	149 269	27 467	195 114
Taxation	(99)	(128)	(99)	(42)
Profit for the period	(25 681)	149 141	27 368	195 072
Other Comprehensive Income				
Gains / (losses) on property revaluations	(3 985)	57 295	8 393	61 012
Gains on equity instruments at FVOCI	(2 126)	-	3 675	-
Other Comprehensive Income for the period net of tax	(6 111)	57 295	12 068	61 012
Total Comprehensive (Loss)/Income for the period	(31 792)	206 436	39 436	256 084

### STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
ASSETS				
Current Assets				
Cash and cash equivalents	61 390	7 202	61 390	5 968
Money market assets	4 289	9 767	4 289	8 093
Equity investments	192 010	103 457	192 010	85 723
Insurance contract assets	6 258	3 557	6 258	2 947
Other receivables	4 252	14 151	4 252	11 725
Non-current assets	268 199	138 134	268 199	114 456
Property and equipment	133 955	149 107	105 538	98 401
Investment properties	313 950	374 493	313 950	310 298
	447 905	523 600	419 488	408 699
TOTAL ASSETS	716 104	661 734	687 687	523 155
EQUITY AND LIABILITIES				
Liabilities				
Life fund	157 690	111 956	157 690	92 765
Investment contract liabilities	28 094	17 651	28 094	14 625
Other payables	127 450	97 455	127 451	80 750
Current tax payable	59	69	59	57
	313 293	227 131	313 294	188 197
Equity				
Share capital	-	-	-	-
Share premium	46 677	46 677	1 388	1 388
FCTR	76 154	76 154	2 550	2 550
Revaluation Reserve	-	3 985	98 905	90 513
Fair value reserve	(6 655)	(4 529)	5 415	1 740
Retained earnings	286 635	312 316	266 135	238 767
	402 811	434 603	374 393	334 958
TOTAL LIABILITIES AND EQUITY	716 104	661 734	687 687	523 155

### STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2021

INFLATION ADJUSTED						
	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Fair value reserve ZWL\$ 000	Revaluation reserve ZWL\$ 000	FCTR ZWL\$ 000	Retained earnings ZWL\$ 000
Unaudited 30 June 2020						
Opening balance 1 January 2020	-	46 677	-	-	76 154	440 553
Profit for the period	-	-	-	-	-	149 142
Total comprehensive income for the period	-	-	57 295	-	-	149 142
Balance as at 30 June 2020	-	46 677	57 295	-	76 154	589 695
Unaudited 30 June 2021						
Opening balance	-	46 677	3 985	(4 529)	76 154	312 316
Profit for the period	-	-	-	-	-	(25 681)
Other comprehensive income for the period	-	-	(3 985)	(2 126)	-	(6 111)
Closing balance	-	46 677	-	(6 655)	76 154	286 635
HISTORICAL						
Unaudited 30 June 2020						
Opening balance as at 1 January 2020	-	1 388	15 903	-	2 550	77 329
Profit for the period	-	-	-	-	-	195 074
Other comprehensive income for the period	-	-	61 012	-	-	-
Closing balance	-	1 388	76 915	-	2 550	272 403
Unaudited 30 June 2021						
Opening balance	-	1 388	90 512	1 740	2 550	238 767
Profit for the period	-	-	-	-	-	27 368
Other comprehensive income for the period	-	-	8 393	3 675	-	12 068
Closing balance	-	1 388	98 905	5 415	2 550	266 135

### STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2021

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	(25 582)	149 269	27 467	195 114
Non cash items:				
Depreciation	4 918	4 696	1 815	747
Amortisation of intangible assets	-	2 327	-	69
Monetary Gain	(30 977)	(1 746)	-	-
Fair value adjustments on properties	27 079	(161 613)	(33 263)	(190 240)
Fair value adjustments on financial instruments	(67 023)	(34 462)	(80 526)	(25 437)
Expected credit loss expense	-	119	-	58
Unrealised loss on foreign currency position	751	11 065	751	5 355
(Profit)/ Loss on disposal of investment properties	-	(36 107)	-	(12 658)
Unearned premium reserve movement	893	4 187	790	2 026
Incurred But Not Reported (IBNR) claims provisions	-	(19)	-	9
Deferred commission movement	(6 700)	(301)	(6 370)	(39)
Annuities Reserve Movement	64 135	25 438	64 135	12 310
Write offs and impairment of fixed assets	6 853	-	-	-
Operating cash flows before changes in operating assets and liabilities	(25 653)	(37 109)	(25 201)	(12 686)
Changes in operating assets and liabilities				
Financial securities	-	4 313	-	1 200
Money market assets	5 478	6 551	3 804	1 823
Life assurance investment contract liabilities	15 002	23 179	13 469	6 449
Insurance assets	(1 600)	(2 280)	3 059	(565)
Other assets	8 477	(6 348)	6 721	(1 712)
Other Liabilities	46 756	30 223	46 703	17 319
	74 113	55 638	73 756	24 514
TAXATION				
Corporate tax paid	(101)	(120)	(98)	(55)
Net cash inflow/(outflow) from operating activities	48 359	18 409	48 457	11 773
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of investment property	63 349	47 372	57 607	14 739
Purchase of investment property	(29 885)	(8 755)	(27 996)	(2 981)
Net change in investments	(23 656)	(36 394)	(22 086)	(16 346)
Purchase of property and equipment	(605)	(869)	(560)	(219)
Net cash outflow from investing activities	9 203	1 354	6 965	(4 807)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash inflow/(outflow) from financing activities	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents	57 562	19 763	55 422	6 966
Cash and cash equivalents at beginning of period	7 202	10 216	5 968	1 887
Inflation effects on cash	(3 374)	(11 689)	-	-
Cash and cash equivalents at end of period	61 390	18 290	61 390	8 853

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2021

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
Gross written premium	396 075	419 588	376 870	129 551
Reinsurance premium	(237 012)	(197 759)	(226 629)	(65 039)
Net written premium	159 063	221 829	150 241	64 512
Unearned premium movement	8 239	14 905	9 172	(18 366)
Net earned premium	167 302	236 734	141 069	46 146
Net Commission	7 707	(13 282)	8 583	(1 313)
Net Claims	(44 283)	(34 820)	(42 604)	(10 208)
Technical result	130 726	188 632	107 048	34 625
Operating expenditure	(108 711)	(68 558)	(88 812)	(22 464)
Impairment allowance	(6 830)	(10 559)	(6 830)	(5 110)
Underwriting profit	15 185	109 515	11 406	7 051
Other income	12 252	28 690	24 131	42 419
Monetary loss	(11 851)	(97 699)	-	-
Profit before taxation	15 586	40 506	35 537	49 470
Taxation	(19 427)	(27 400)	(10 808)	(1 980)
Profit for the period	(3 841)	13 106	24 729	47 490
Other Comprehensive Income				
Gains/(Losses) on property revaluations	(4 027)	57 012	5 200	60 889
Equity instruments fair value gains	(3 261)	-	824	-
Deferred income tax relating to components of other comprehensive income	1 021	(14 093)	(1 294)	(13 969)
Other Comprehensive income for the period net of tax	(6 267)	42 919	4 730	46 920
Total Comprehensive (Loss)/Income for the period	(10 108)	56 025	29 459	94 410

### STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
ASSETS				
Balances with banks and cash	53 409	48 789	53 409	40 426
Other receivables	23 224	15 714	9 166	2 822
Tax receivables	387	468	387	387
Premium receivables	202 859	357 598	202 859	296 299
Technical Assets				
Reinsurance receivables	8 632	17 641	8 632	14 617
Reinsurance Claims outstanding	68 838	14 092	68 838	11 676
Deferred acquisition cost	40 501	59 575	40 501	49 362
Reinsurance unearned premium reserve	137 735	238 026	137 735	197 224
Listed Investments at fair value	52 741	34 166	52 741	28 309
Investment property	60 066	53 424	60 066	44 266
Property and equipment	118 824	136 830	104 956	100 701
Intangible assets	1 735	3 649	66	132
Deferred Tax	21 835	37 976	47 307	55 979
TOTAL ASSETS	790 786	1 017 948	786 663	842 200
LIABILITIES				
Other Payables	96 362	96 166	96 363	79 680
Deferred Tax	9 424	7 176	30 083	26 670
Technical Liabilities				
Reinsurance payables	90 909	229 180	90 909	189 894
Gross outstanding claims	81 513	19 716	81 513	16 337
Incurred but not reported claims	20 503	19 200	20 503	15 909
Unearned commission reserve	23 925	59 722	23 925	49 485
Gross unearned premium reserve	231 065	339 595	231 065	281 382
TOTAL LIABILITIES	553 701	770 755	574 361	659 357
EQUITY				
Share capital	2 627	2 627	78	78
Share premium	117 102	117 102	23 179	23 179
FCTR	76 154	76 154	2 550	2 550
Revaluation Reserve	-	3 032	72 234	68 287
Fair value reserve	(4 807)	(1 572)	6 926	6 143
Retained earnings	46 009	49 850	107 335	82 606
TOTAL EQUITY	237 085	247 193	212 302	182 843
TOTAL LIABILITIES AND EQUITY	790 786	1 017 948	786 663	842 200

### STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2021

	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Revaluation reserve ZWL\$ 000	Fair Value reserve ZWL\$ 000	FCTR ZWL\$ 000	Revenue reserves ZWL\$ 000	Total ZWL\$ 000
INFLATION ADJUSTED							
<b>Unaudited 30 June 2020</b>							
Opening balance 1 January 2020	2 627	49 739	–	–	76 154	56 576	185 096
Profit for the period	–	–	–	–	–	13 106	13 106
Other comprehensive income for the period	–	–	42 919	–	–	–	42 919
Rights issue	–	66 895	–	–	–	–	66 895
<b>Balance as at 30 June 2020</b>	<b>2 627</b>	<b>117 102</b>	<b>42 919</b>	<b>–</b>	<b>76 154</b>	<b>69 682</b>	<b>308 484</b>
<b>Unaudited 30 June 2021</b>							
Opening balance	2 627	117 102	3 032	(1 572)	76 154	49 850	247 193
Profit for the period	–	–	–	–	–	(3 841)	(3 841)
Other comprehensive income for the period	–	–	(3 032)	(3 235)	–	–	(6 267)
<b>Closing balance</b>	<b>2 627</b>	<b>117 102</b>	<b>–</b>	<b>(4 807)</b>	<b>76 154</b>	<b>46 009</b>	<b>237 085</b>
HISTORICAL							
<b>Unaudited 30 June 2020</b>							
Opening balance as at 1 January 2020	78	1 479	11 555	–	2 550	10 743	26 405
Profit for the period	–	–	–	–	–	47 490	47 490
Other comprehensive income for the period	–	–	46 920	–	–	–	46 920
Rights issue	–	21 355	–	–	–	–	21 355
<b>Closing balance</b>	<b>78</b>	<b>22 834</b>	<b>58 475</b>	<b>–</b>	<b>2 550</b>	<b>58 233</b>	<b>142 170</b>
<b>Unaudited 30 June 2021</b>							
Opening balance	78	23 179	68 287	6 143	2 550	82 606	182 843
Profit for the period	–	–	–	–	–	24 729	24 729
Other comprehensive income for the period	–	–	3 947	783	–	–	4 730
<b>Closing balance</b>	<b>78</b>	<b>23 179</b>	<b>72 234</b>	<b>6 926</b>	<b>2 550</b>	<b>107 335</b>	<b>212 302</b>



### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2021

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
Revenue	92 366	138 285	113 831	100 663
Operating expenditure	( 75 406)	( 95 645)	( 68 893)	( 24 473)
<b>Operating income</b>	<b>16 960</b>	<b>42 640</b>	<b>44 938</b>	<b>76 190</b>
Monetary gain	4 818	46 073	-	-
<b>Profit before taxation</b>	<b>21 778</b>	<b>88 713</b>	<b>44 938</b>	<b>76 190</b>
Taxation	( 13 047)	( 33 921)	( 10 670)	( 19 265)
<b>Profit for the period after taxation</b>	<b>8 731</b>	<b>54 792</b>	<b>34 268</b>	<b>56 925</b>
Other comprehensive (loss)/income	( 526)	1 858	96	1 118
<b>Total comprehensive income for the period</b>	<b>8 205</b>	<b>56 650</b>	<b>34 364</b>	<b>58 043</b>

### STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 31 DEC 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 31 DEC 2020 ZWL\$ 000
<b>ASSETS</b>				
Balances with banks and cash	11 953	6 625	11 953	5 490
Money market assets	-	3 002	-	2 488
Equity investments	44 559	8 655	44 559	7 171
Other assets	28 881	19 094	28 881	15 821
Investment property	116 053	137 809	116 053	114 186
Intangible assets	147	236	27	37
Property and equipment	53 968	56 625	16 590	16 959
Deferred taxation	3 513	11 269	4 506	9 917
<b>TOTAL ASSETS</b>	<b>259 074</b>	<b>243 315</b>	<b>222 569</b>	<b>172 069</b>
<b>LIABILITIES</b>				
Current taxation	6 894	4 883	6 894	4 046
Other liabilities	34 781	25 652	34 781	21 255
Lease liability	15 947	19 533	15 947	16 185
<b>TOTAL LIABILITIES</b>	<b>57 622</b>	<b>50 068</b>	<b>57 622</b>	<b>41 486</b>
<b>EQUITY</b>				
Share capital	2 119	2 119	63	63
Share premium	64 733	64 733	1 925	1 925
Revenue reserves	134 070	125 339	160 054	125 786
Fair value reserve	530	1 056	2 905	2 809
<b>TOTAL EQUITY</b>	<b>201 452</b>	<b>193 247</b>	<b>164 947</b>	<b>130 583</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>259 074</b>	<b>243 315</b>	<b>222 569</b>	<b>172 069</b>

### STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2021

	Share capital ZWL\$ 000	Share premium ZWL\$ 000	Fair value reserve ZWL\$ 000	Revenue reserves ZWL\$ 000	Total ZWL\$ 000
<b>INFLATION ADJUSTED</b>					
<b>Unaudited 30 June 2020</b>					
Opening balance	2 119	64 733	( 1 611)	65 644	130 885
Profit for the half year	-	-	-	54 792	54 792
Other comprehensive income	-	-	1 858	-	1 858
<b>Closing balance</b>	<b>2 119</b>	<b>64 733</b>	<b>247</b>	<b>120 436</b>	<b>187 535</b>
<b>Unaudited 30 June 2021</b>					
Opening balance	2 119	64 733	1 056	125 339	193 247
Profit for the half year	-	-	-	8 731	8 731
Other comprehensive loss	-	-	( 526)	-	( 526)
<b>Closing balance</b>	<b>2 119</b>	<b>64 733</b>	<b>530</b>	<b>134 070</b>	<b>201 452</b>
<b>HISTORICAL</b>					
<b>Unaudited 30 June 2020</b>					
Opening balance	63	1 925	-	18 741	20 729
Profit for the half year	-	-	-	56 925	56 925
Other comprehensive income	-	-	1 118	-	1 118
<b>Closing balance</b>	<b>63</b>	<b>1 925</b>	<b>1 118</b>	<b>75 666</b>	<b>78 772</b>
<b>Unaudited 30 June 2021</b>					
Opening balance	63	1 925	2 809	125 786	130 583
Profit for the half year	-	-	-	34 268	34 268
Other comprehensive income	-	-	96	-	96
<b>Closing balance</b>	<b>63</b>	<b>1 925</b>	<b>2 905</b>	<b>160 054</b>	<b>164 947</b>

### STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2021

	UNAUDITED		UNAUDITED	
	INFLATION ADJUSTED 30 JUNE 2021 ZWL\$ 000	RESTATED 30 JUNE 2020 ZWL\$ 000	HISTORICAL 30 JUNE 2021 ZWL\$ 000	HISTORICAL 30 JUNE 2020 ZWL\$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>21 778</b>	<b>88 713</b>	<b>44 938</b>	<b>76 190</b>
<b>Adjust for:</b>				
Fair value adjustments	4 887	( 80 103)	( 21 164)	( 80 249)
Depreciation and amortisation	3 669	2 957	1 218	280
Monetary gain	( 4 818)	( 46 073)	-	-
Expected credit loss expense	( 11)	-	( 11)	-
Unrealised gain on foreign currency position	( 229)	( 6)	( 229)	( 3)
Profit on disposal of investment property	( 2 770)	-	( 2 720)	-
Interest on lease liability	694	624	646	173
<b>Operating cash inflow/(outflow) before changes in operating assets and liabilities</b>	<b>23 200</b>	<b>( 33 888)</b>	<b>22 678</b>	<b>( 3 609)</b>
<b>Changes in operating assets and liabilities</b>				
Money market assets	2 715	494	2 499	138
Equity investments	( 22 846)	( 8 442)	( 20 934)	( 3 747)
Other assets	( 14 012)	( 29 748)	( 13 061)	( 11 820)
Other liabilities	15 944	66 455	12 322	26 465
	<b>( 18 199)</b>	<b>28 759</b>	<b>( 19 174)</b>	<b>11 036</b>
Corporate tax paid	( 2 488)	( 657)	( 1 210)	( 285)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>2 513</b>	<b>( 5 786)</b>	<b>2 294</b>	<b>7 142</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds on disposal of investment property	6 028	-	5 664	-
Purchase of investment property	-	( 13 407)	-	( 5 495)
Purchase of equipment	( 302)	( 517)	( 263)	( 156)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>5 726</b>	<b>( 13 924)</b>	<b>5 401</b>	<b>( 5 651)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Lease liability repayment	( 873)	( 694)	( 646)	( 180)
Interest on lease liability	( 694)	( 624)	( 815)	( 173)
<b>Net cash outflow from financing activities</b>	<b>( 1 567)</b>	<b>( 1 318)</b>	<b>( 1 461)</b>	<b>( 353)</b>
<b>NET INCREASE/(DECREASE) IN BALANCES WITH BANKS AND CASH</b>	<b>6 672</b>	<b>( 21 028)</b>	<b>6 234</b>	<b>1 138</b>
Balances with banks and cash at the beginning of the year	6 625	2 263	5 490	418
Exchange gains on foreign cash balances	229	-	229	-
Inflation effects on balances with banks and cash	( 1 573)	22 488	-	-
<b>BALANCES WITH BANKS AND CASH AT THE END OF THE PERIOD</b>	<b>11 953</b>	<b>3 723</b>	<b>11 953</b>	<b>1 556</b>



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