CIRCULAR TO SHAREHOLDERS

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in CBZ Holdings Limited ("CBZHL" or "the Company"), but is a document issued, in compliance with the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 (SI 134 of 2019) ("the Zimbabwe Stock Exchange Listings Requirements") to inform CBZ Holdings Limited Shareholders of the Proposed Transaction whose basis, rationale and terms and conditions are more fully set out in this Circular.

Action required:

- Shareholders are invited to attend the Extraordinary General Meeting ("EGM") convened by the EGM Notice contained herein;
- Shareholders who are unable to attend the EGM, but wish to be represented thereat should complete and sign the Proxy Form included in Appendix IX of this Circular and return to the Company Secretary by 1530 hours on Wednesday 26 January 2022;
- Shareholders may attend the EGM in person, notwithstanding the completion and return of the Proxy Form;
- If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant or other professional advisor immediately; and
- If you no longer hold any shares in CBZ Holdings Limited, you should send this Circular, as soon as possible, to the stockbroker, bank or other agent through whom the sale of your shareholding in CBZ Holdings Limited was executed for onward delivery to the purchaser or transferee of your shares.

(A public company incorporated in the Republic of Zimbabwe under company registration number 2184/2001)

CIRCULAR TO SHAREHOLDERS

REGARDING:

CBZ Holdings Limited's proposed acquisition of 226,997,219 First Mutual Holdings Limited ("FMHL") shares currently held by the National Social Security Authority ("NSSA") ("the Proposed FMHL Acquisition")

INCORPORATING: -
a Notice to convene an EGM of the Members of CBZ Holdings Limited, to be held virtually on Monday 31 January 2022 at 1530hours (meeting link: **https://polling.fts-net.com** Meeting Code: **CBZ-26360**), which notice was published on Friday 31 December 2021 in accordance with the requisite provisions of the ZSE Listings Requirements and the Companies and Other Business Entities Act [Chapter 24:31] and is set out at the end of this document. Shareholders are asked to complete and return the attached Form of Proxy in accordance with the instructions printed thereon, as soon as possible, by not later than 1530 hours on Wednesday 26 January 2022.

Lead Financial Advisors	Co-Financial Advisors	Independent Financial Advisors
Grant Thornton	cbz Capital	BDO
Independent Auditors and Reporting Accountants	**Lead Legal Advisors**	**Co-Legal Advisors**
KPMG	MawereSibanda	ChimukaMafunga
Sponsoring Brokers	**Transfer Secretaries**	
PLATINUM	FIRST TRANSFER SECRETARIES (PRIVATE) LIMITED	

Date of issue: Friday 31 December 2021
This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered office of CBZHL and from offices of the Transfer Secretaries, whose physical addresses are set out herein, from 31 December 2021 to 31 January 2022 (both days inclusive). A copy of this Circular will also be available for viewing and downloading on CBZ Holdings Limited's website (www.cbz.co.zw.) from 31 December 2021.

Corporate information

Directors	
Mr. Marc L. Holtzman	Independent Non-Executive Chairman
Mrs. Rebecca L. Gaskin Gain	Independent Non-Executive Director
Mr Edward U. Mashingaidze	Independent Non-Executive Director
Mr. Louis C. Gerken	Independent Non-Executive Director
Mr. Edward E. Galante	Independent Non-Executive Director
Dr. Blessing Mudavanhu	Group Chief Executive Officer
Mr. Tawanda Gumbo	Group Chief Finance Officer

Group Legal Corporate Secretary & Registered Office	Lead Financial Advisors
Rumbidzayi A. Jakanani CBZ Holdings Limited 5 Campbell Road Pomona, Borrowdale Harare, Zimbabwe	**Grant Thornton Camelsa Advisory (Private) Limited** Camelsa Business Park 135 Enterprise Road Highlands Harare, Zimbabwe
Independent Auditors and Reporting Accountants	**Legal Advisors**
KPMG Chartered Accountants (Zimbabwe) Mutual Gardens 100 The Chase (West) Emerald Hill Harare, Zimbabwe	**MawereSibanda Commercial Lawyers** 10th Floor Chiedza House Corner First Street and Kwame Nkrumah Avenue Harare, Zimbabwe
Co-Legal Advisors	**Independent Financial Advisors**
ChimukaMafunga Commercial Attorneys 9th Floor, ZB Towers Corner Sam Nujoma Street and Jason Moyo Avenue Harare, Zimbabwe	**BDO Tax & Advisory Services (Private) Limited** Kudenga House 3 Baines Avenue Harare, Zimbabwe
Sponsoring Brokers	**Transfer Secretaries**
Platinum Securities (Private) Limited 23 Quorn Avenue Mt. Pleasant Harare, Zimbabwe	**First Transfer Secretaries (Private) Limited** 1 Armagh Avenue Eastlea Harare, Zimbabwe

TABLE OF CONTENTS
SECTION **Page**

Definitions

In this Circular the following definitions apply, unless otherwise stated or the context indicates otherwise, the words in the first column have the meanings stated opposite them in the second column. Words in the singular shall include the plural and vice versa, and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

"Addressees"	The persons to whom this Circular to Shareholders is addressed.
"Articles"	The Articles of Association of CBZ Holdings Limited.
"BDO Advisory" or "Independent Financial Advisors"	BDO Tax & Advisory Services (Private) Limited, a financial advisory services company, registered in terms of the Companies and Other Business Entities Act [Chapter 24:31], licensed by the Securities and Exchange Commission of Zimbabwe and Independent Financial Advisors to CBZ Holdings Limited on the Proposed Transaction.
"Board" or "Directors"'	The Board of Directors of CBZ Holdings Limited.
"CBZHL" or "the Company" or "the Group"	CBZ Holdings Limited, a public company incorporated and domiciled in Zimbabwe and registered in terms of the Companies and Other Business Entities Act [Chapter 24:31], whose ordinary shares are listed on the ZSE.
"ChimukaMafunga" or "Co-Legal Advisors"	ChimukaMafunga Commercial Attorneys, the Co-Legal Advisors to CBZHL on the Proposed Transaction.
"Circular" or "Document"	This Circular to CBZ Holdings Limited Shareholders, dated 31 December 2021, which sets out the details of the Proposed Transactions including all statutory notices, letters and appendices relating to the Proposed Transactions.
"Companies and Other Business Entities Act" or "COBE"	The Companies and other Business Entities Act of Zimbabwe [Chapter 24:31].
"CTC"	Competition and Tariff Commission, a statutory body established in terms of Section 4 of the Competition Act [Chapter 14:28] to implement Zimbabwe's competition policy and execution of the country's trade tariffs policy.
"EGM"	The Extraordinary General Meeting of CBZHL Shareholders to be held virtually on Monday 31 January 2022 at 1500 hours , for purposes of considering the Proposed Transaction.
"FMHL"	First Mutual Holdings Limited, a public company incorporated in Zimbabwe and registered in terms of the Companies and Other Business Entities Act [Chapter 24:31], whose ordinary shares are listed on the ZSE and is the subject of this document.
"FMHL shares"	226,997,219 (two hundred and twenty-six million nine hundred and ninety-seven thousand two hundred and nineteen) First Mutual Holdings Limited ordinary shares (constituting 31.22% of the entire issued shares as at 31st May 2021) currently held by NSSA.
"Form of Proxy"	The form accompanying this Circular, which provides for CBZ Holdings Limited Shareholders to appoint a proxy to attend the EGM and vote on their behalf on the resolutions proposed.
"FTS" or "Transfer Secretaries"	First Transfer Secretaries (Private) Limited, transfer secretaries to CBZHL.
"Grant Thornton" or "Lead Financial Advisors"	Grant Thornton Camelsa Advisory (Private) Limited, a financial advisory services company, registered in terms of the Companies and Other Business Entities Act [Chapter 24:31], licensed by the Securities and Exchange Commission of Zimbabwe and Lead Financial Advisors to CBZHL on the Proposed Transaction.
"IFRS"	International Financial Reporting Standards.
"IPEC"	Insurance and Pensions Commission, a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21] to regulate the insurance and pensions industry.
"KPMG" or "Independent Auditors" or "Reporting Accountants"	KPMG Chartered Accountants (Zimbabwe), CBZHL's Independent Auditors and Reporting Accountants on the Proposed Transaction.
"Last Practicable Date"	Friday 31 December 2021, being the last practicable date prior to finalization of this Circular.
"MawereSibanda" or "Lead Legal Advisors"	MawereSibanda Commercial Lawyers, the Legal Advisors to CBZHL on the Proposed Transaction.
"NAV"	Net Asset Value.
"Notice"	The notice of an EGM issued on 31 December 2021 and incorporated in this Circular.
"NSSA"	National Social Security Authority, a statutory body established in terms of the National Social Security Act [Chapter 17:04], a significant shareholder in CBZHL and FMHL.
"PIM Nominees"	Platinum Investment Managers Nominees.
"Platinum Securities" or "Sponsoring Brokers"	Platinum Securities (Private) Limited, a private company incorporated and domiciled in Zimbabwe and registered in terms of the Companies and Other Business Entities Act [Chapter 24:31], a member of the ZSE and the Sponsoring Brokers to the Proposed Transaction.
"Resolutions"	The ordinary resolutions contained in the Notice giving effect to the proposed Transaction, which shall be set before the CBZ Holdings Limited Shareholders at the EGM on 31 January 2022.
"RFP"	Request for proposal.
"SADC"	Southern African Development Community, a regional economic community comprising 16 member states including Zimbabwe.
"Shareholders" or "Members"	Holders of CBZ Holdings Limited ordinary shares.
"SPA"	Share and Purchase Agreement entered into by and between CBZ Holdings Limited and NSSA for the acquisition by CBZ Holdings Limited of NSSA's 31.22% shareholding in FMHL.
"the cash consideration"	ZWL$1,906,776,639.60 (one billion nine hundred and six million seven hundred and seventy-six thousand six hundred and thirty-nine Zimbabwe dollars and sixty cents) to be settled in cash, comprises of ZWL$1,815,353,056 being the net cash proceeds due to NSSA after trading transaction costs of ZWL$ 91,423,584. The net cash proceeds due to NSSA of ZWL$1,815,353,056 translates to US$21,197,440 after being converted at the agreed exchange rate of ZWL$85.6402 /US$, payable as consideration for 30% of the cost of FMHL shares as fully set out in this Circular.
"the share swap consideration"	46,833,110 (forty-six million eight hundred and thirty-three thousand one hundred and ten) new CBZ Holdings Limited ordinary shares to be allotted to NSSA as consideration for 70% of the cost of the FMHL shares.
"the Proposed FMHL Acquisition" or "the Transaction" or "the Proposed Transaction"	CBZ Holdings Limited's proposed acquisition of FMHL shares currently held by the NSSA.
"RBZ"	Reserve Bank of Zimbabwe.
"US$"	The United States of America dollar, an allowable trading currency in Zimbabwe.
"ZWL$"	The Zimbabwe dollar, the official currency of Zimbabwe.
"ZSE"	Zimbabwe Stock Exchange Limited, a public company incorporated and domiciled in Zimbabwe and registered in terms of the Companies and Other Business Entities Act [Chapter 24:31], a securities exchange company registered and licensed by the Securities and Exchange Commission of Zimbabwe in terms of Part IV of the Securities Act [Chapter 24:25], on which the ordinary shares of CBZ Holdings Limited and FMHL have primary listings.
"ZSE Listings Requirements"	The Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 (Statutory Instrument 134 of 2019).

CIRCULAR TO SHAREHOLDERS

cbz Holdings

Certain forward-looking statements

This Circular contains statements which are or may be, "forward-looking statements" which are prospective in nature. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning strategy, the economic outlook for the Company, cash flows and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy and expansion prospects, or future capital expenditure levels and other economic factors, such as, amongst other things, interest and exchange rates.

All these forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. CBZ Holdings Limited cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which CBZ Holdings Limited operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, as regards CBZ Holdings Limited and made by CBZ Holdings Limited as communicated in publicly available documents by CBZ Holdings Limited, all of which are estimates and assumptions, although CBZ Holdings Limited believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to CBZ Holdings Limited or not currently considered material) may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

CBZ Holdings Limited Shareholders should keep in mind that any forward-looking statements made in this Circular or elsewhere are applicable only at the date on which such forward-looking statements are made. New factors that could cause the business of CBZ Holdings Limited not to develop as expected may emerge from time to time and it is not possible to predict all of them. The extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. CBZ Holdings Limited has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of issue of this Circular, except as may be required by law

Salient information and important dates

This summary presents the salient information of the Proposed Transaction, the detailed terms and conditions of which are more fully set out in this Circular. Accordingly, this Circular should be read in its entirety for a full appreciation of the rationale and the implications of the Proposed Transaction, as well as with regard to determining the actions required to be taken by Shareholders.

Extraordinary General Meeting

To consider and, if deemed fit, approve the proposed acquisition by CBZ Holdings Limited of 226,997,219 First Mutual Holdings Limited ("FMHL") shares currently held by the National Social Security Authority ("NSSA").

The requisite resolutions are set out in Appendix IX. CBZHL shareholders are being called by notice dated Friday 31 December 2021 (notice of which is attached to and forms part of this Circular) to attend the EGM of the Company which will be held virtually at 1530 hours on Monday 31 January 2022.

Important dates and times

Event	Date
Notice of CBZ Holdings Limited EGM published	Friday, 31 December 2021
Abridged Circular to CBZ Holdings Limited Shareholders published	Friday, 31 December 2021
Circular to CBZ Holdings Limited Shareholders posted	Friday, 31 December 2021
Last day of lodging Forms of Proxy for the EGM (at 1530 hours)	Wednesday, 26 January 2022
CBZ Holdings Limited EGM (at 1530 hours)	Monday , 31 January 2022
Publication of EGM resolution results	Thursday, 3 February 2022

Notes

- The dates stated above are subject to change at the discretion of CBZ Holdings Limited and any such change will be published in the Zimbabwean press and on the Company's website.
- All times indicated above and elsewhere in this Circular are Zimbabwean standard times.
- If the EGM is adjourned or postponed, Forms of Proxy submitted in respect of the EGM will remain valid in respect of any adjournment or postponement thereof.
- If the Proposed Transaction is approved by CBZ Holdings Limited Shareholders at the EGM, update announcements will be made on progress regarding completion of any outstanding Conditions Precedent.

The Proposed Transaction

The Board hereby proposes the following transaction that requires approval by the Shareholders of CBZ Holdings Limited:

- The acquisition of 226,997,219 First Mutual Holdings Limited shares (constituting 31.22% of the entire issued ordinary shares in FMHL as at 31st May 2021) currently held by the National Social Security Authority, at a total consideration of ZWL$6,355,922,132.00 (six billion three hundred and fifty-five million nine hundred and twenty-two thousand one hundred and thirty-two Zimbabwe dollars) i.e., ZWL$28 per share, to be settled as follows:

a. 70% of the total consideration i.e.ZWL$4,449,145,492.40 (four billion four hundred and forty-nine million one hundred and forty-five thousand four hundred and ninety-two Zimbabwe dollars and forty cents) to be settled through the issuance of 46,833,110 new CBZ Holdings Limited ordinary shares on the basis of 28 CBZHL ordinary share for every 95 FMHL ordinary shares i.e., 1 CBZHL ordinary share for every 3.393 FMHL ordinary shares held by NSSA; and

b. 30% of the total consideration i.e.ZWL$1,906,776,639.60 (one billion nine hundred and six million seven hundred and seventy-six thousand six hundred and thirty-nine Zimbabwe dollars and sixty cents) to be settled in cash, comprises of ZWL$1,815,353,056 being the net cash proceeds due to NSSA after trading transaction costs of ZWL$ 91,423,584. The net cash proceeds due to NSSA of ZWL$1,815,353,056 translates to US$21,197,440 after being converted at the agreed exchange rate of ZWL$85.6402 /US$. Of the US$21,197,440, a deposit of US$10,000,000 will be paid within ten days of the fulfilment or waiver of the conditions precedent, with the balance of US$11,197,440 being paid over eighteen (18) months in three (3) equal instalments of US$3,732,480 (three million seven hundred and thirty-two thousand four hundred and eighty United States Dollars) payable after every six (6) months with effect from the payment of the aforesaid deposit

CBZ Holdings Limited currently holds 3.23% shareholding in FMHL, through a special purpose vehicle held under PIM Nominees (Private) Limited and the acquisition of the additional shares from NSSA constituting 31.22% of the issued ordinary shares of FMHL will take CBZ Holdings Limited's total shareholding to approximately 34.45%. Going forward, CBZ Holdings Limited intends to consolidate its position in FMHL by acquiring a control block in FMHL (i.e., 35% as defined in section 234 of the COBE as read with Note 2 of the Twenty-Ninth Schedule of the ZSE Listings Requirements). The Proposed Transaction is therefore part of CBZ Holdings Limited's diversification and consolidation strategy. The Board believes that the transaction presents a compelling strategic opportunity for CBZ Holdings Limited, and the Proposed Transaction, in particular:

- strengthens CBZ Holdings Limited's domestic footprint and accelerates its successful growth strategy across segments of the financial services and property markets;
- significantly enhances CBZ Holding Limited's customer proposition using the combined intellectual properties of the two businesses;
- enhances shareholder value for both CBZ Holdings Limited and FMHL by allowing for the sharing of financial market infrastructure, riding on CBZ Holdings Limited's physical footprint to offer a broader range of products to customers; and
- complements CBZ Holdings Limited's existing multi-asset class strategy to create a regional financial services institution by gaining exposure to FMHL's Botswana businesses.

Financial impact of the Proposed Transaction

The financial impact of the Proposed Transaction is illustrated in the table below, assuming the Proposed Transaction is implemented on 30th June 2021:

	Inflation Adjusted			
	Pre-transaction		Transaction adjustments	Post transaction
	CBZHL ZWL$000	FMHL ZWL$000	ZWL$000	CBZHL ZWL$000
Total assets (ZWL)	146 067 582	19 003 072	6 736 825	152 804 407
Shareholders' equity (ZWL)	21 783 543	2 896 412	4 524 789	26 308 332
Non-controlling interest (ZWL)	3 170	3 729 560	-	3 170
Total liabilities (ZWL)	124 280 869	12 377 100	2 212 036	126 492 905
Total capital employed (ZWL)	146 067 582	6 625 972	6 736 825.	152 804 407
Outstanding shares (000)	522 016	726 836	46 833	568 849
NAV/Share (ZWL)	41.74	9.11		46.2

Share capital structure of CBZ Holdings Limited before and after the Proposed Transaction

The table below shows the effects of the Proposed Transaction on the share capital structure of CBZ Holdings Limited

Increase in Issued Share Capital	Before Transaction	Increase / (Decrease)	After Transaction
Authorized Ordinary Shares	1,000,000,000	-	1,000,000,000
Nominal Value per Share (ZWL$)	0.01	-	0.01
Total Nominal Value (ZWL$)	10,000,000	-	10,000,000
Issued Ordinary Shares	522,016,108	46,833,110	568,849,218
Nominal Value per Share (ZWL$)	0.01	0.01	0.01
Total Nominal Value (ZWL$)	5,220,161	468,331	5,688,492
authorized but Unissued Ordinary Shares	477,983,892	(46,833,110)	431,150,782
Nominal Value per Share (ZWL$)	0.01	0.01	0.01
Total Nominal Value (ZWL$)	4,779,839	(468,331)	4,311,508

CHAIRMAN'S LETTER TO SHAREHOLDERS

cbz Holdings

(Incorporated in Zimbabwe under company registration number 2184/2001)

Directors: Mr. M. L. Holtzman (Chairman), Mrs. R. L Gaskin Gain, Mr. E. U Mashingaidze, Mr.L. C. Gerken, Mr. E. E. Galante, Dr. B. Mudavanhu *, Mr. T. Gumbo *
***Executive**

Address: 5 Campbell Road, Pomona, Borrowdale, Harare, Zimbabwe

Dear Shareholders,

1. Background

CBZ Holdings Limited is an African investment company that is listed on the Zimbabwe Stock Exchange. It has operated in Zimbabwe for the last four decades and has established itself as one of the leading institutions in the Country. During this period, CBZ Holdings Limited has built a diverse portfolio of businesses covering banking, short and long-term insurance, asset management, property investment and agriculture. The Company has also established an offshore investment arm based in Mauritius as part of its regionalization strategy.

CBZ Holdings Limited has divided its business portfolio into four main clusters to ensure complementary businesses are grouped and their synergies exploited. The four key business clusters are Banking, Investments, Insurance and Agriculture. As a result, significant synergies have been unlocked both within each cluster of businesses and among the clusters themselves. These synergies and efficiencies have been further enhanced by the CBZ Group's digital strategy, which has seen significant investment in computer systems and connectivity throughout the Group. In addition, several client-facing platforms have been developed and launched, which have further improved business efficiency. Additionally, CBZ Holdings has also established an offshore asset management business as part of its strategy to expand into the region.

Consequently, this has created a One-Stop shopping experience for financial services. The Company has a vast branch network across Zimbabwe and offers its products and services through various digital platforms. These platforms include CBZ Internet Banking, POS Machines and the Company's award-winning App CBZ Touch. CBZ Touch, in particular, is an integrated app where banking, insurance and wealth management converge and transform financial services into a lifestyle.

CBZH is driven by a commitment to serve the broader interests of communities at large. It plays a prominent and catalytic role in furthering the Country's socio-economic policies and development. CBZH seeks to play a role in transforming the Zimbabwean economy by encouraging the economic participation of entrepreneurial businesses.

CBZH's strong ties to its various stakeholders has allowed it to take a long-term view and significantly expand its investments' nature and geographical scope. The table below illustrates the Company's group structure:

Subsidiary	Shareholding	Description
CBZ Bank Limited	100%	Commercial banking and mortgage financing
CBZ Properties (Private) Limited	100%	Property ownership, development and management
CBZ Asset Management, Mauritius	100%	Fund management and advisory services
CBZ Risk Advisory Services	100%	Insurance broking and Advisory services
CBZ Agro Yield	100%	Agriculture based financing
CBZ Life Limited	100%	Long term insurance
CBZ Insurance	98.4%	Short term insurance
CBZ Asset Management (Private) Limited T/A Datvest	100%	Fund management and advisory services
Red Sphere	100%	Microfinance
CBZ Capital	100%	Corporate Finance and Investment Banking
CBZ Digital	100%	information technology and services

2. The Proposed Transaction

The Board is seeking approval by CBZ Holdings Limited's Shareholders with regard to the following Proposed Transaction:

2.1. Proposed Acquisition of a 31.22% Stake in FMHL Currently Held by NSSA

On 26th October 2021, CBZHL and NSSA entered into a Share Purchase Agreement in terms of which CBZHL shall acquire a stake of 31.22% in FMHL shares held by NSSA to be settled by a combination of cash (30% of the total purchase consideration) and an issuance of new CBZHL shares to be allotted to NSSA (70% of the total purchase consideration). In February 2021, NSSA floated a Request for Proposal inviting formal bids for the acquisition of a 31.22% equity stake in FMHL. Realising the potential synergistic opportunities between CBZHL and FMHL, the Board approved the Company's formal bid for the acquisition of the 31.22% equity stake in FMHL held by NSSA. In June 2021, the Company emerged as the highest bidder and was therefore granted the opportunity to enter into an agreement with NSSA for the acquisition of their 31.22% equity stake in FMHL.

CBZHL currently holds 3.23% shareholding in FMHL, through a special purpose vehicle held under PIM Nominees (Private) Limited and the acquisition of the additional shares from NSSA constituting 31.22% of the issued ordinary shares of FMHL will take CBZHL's total shareholding to approximately 34.45%.

Going forward, CBZHL intends to consolidate its position in FMHL by acquiring a control block in FMHL (i.e., 35% as defined in section 234 of the Companies and Other Business Entities Act (Chapter 24:31) (COBE) as read with Note 2 of the Twenty-Ninth Schedule of the ZSE Listings Requirements). The Proposed Transaction is therefore part of CBZHL's diversification and consolidation strategy.

The proposed acquisition of FMHL ordinary shares held by NSSA is a related party transaction for the purposes of the ZSE Listings Requirements because NSSA is a significant shareholder (holding 10% or more of the voting rights) in CBZHL (with an equity stake of 18.17%). Consequently, NSSA will be precluded from voting at the EGM on the resolution regarding the proposed Transaction.

3. Brief overview of FMHL operations

3.1 FMHL

First Mutual Holdings Limited (FMHL) is a leading financial services group that is committed to creating value through risk management, wealth creation and wealth management predominantly in the insurance sector.

FMHL, which is listed on the ZSE, has more than a hundred years of serving Zimbabwe by provision of economic dignity through its strategic business units. FMHL has diverse interests in life assurance, health insurance, short term insurance; short term re-insurance; long term re-insurance; wealth management, property sector, funeral services and microfinance housed under the following subsidiaries; First Mutual Life, First Mutual Health, NicozDiamond Insurance, First Mutual Reinsurance, FMRE Property & Casualty (Botswana) First Mutual Wealth Management, First Mutual Properties, First Mutual Funeral Services and First Mutual Microfinance.

Major shareholders as at 30 November 2021 were:

Rank	Shareholder	Number of Shares	% Shareholding
1	NSSA	479 031 386	65.53
2	QuantAfrica Wealth Management	67 976 477	9.30
3	Capital Bank Corporation Ltd	51 341 100	7.02
4	PIM Nominees (Pvt) Ltd	25 877 914	3.54
5	Stanbic Nominees (Pvt) Ltd	13 151 491	1.80
6	LHG Malta Ltd	6 848 938	0.94
7	ZISCO	4 220 237	0.58
8	ZACH Pension Scheme	3 329 940	0.46
9	FML Staff Pension Scheme	2 629 900	0.36
10	Colossus Investments (Pvt) Ltd	2 334 566	0.32
Subtotal		**656 741 949**	**89.84**
Other minority shareholders holding less than 0.32%		74 261 472	10.16
Total		**731 003 421**	**100.00**

4. Details of the proposed FMHL Acquisition

4.1 Transaction structure and Pricing

Subject to CBZHL's Shareholder approval of the Proposed Acquisition of ordinary shares in FMHL, the Board proposes to acquire 226,997,219 (two hundred and twenty-six million nine hundred and ninety-seven thousand two hundred and nineteen) FMHL ordinary shares (constituting 31.22% of the entire issued shares of FMHL as at 31st May 2021) currently held by the NSSA.

The acquisition pricing and settlement of the proposed Transaction shall be as follows:

- 226,997,219FMHL ordinary shares to be acquired at a total consideration of ZWL$6,355,922,132.00 i.e., a price of ZWL$28 per FMHL ordinary share;
- 30% of the total consideration i.e., ZWL$1,906,776,640 to be settled in cash, comprises of ZWL$1,815,353,056 being the net cash proceeds due to NSSA after trading transaction costs of ZWL$ 91,423,584. The net cash proceeds due to NSSA of ZWL$1,815,353,056 translates to US$21,197,440 after being converted at the agreed exchange rate of ZWL$85.6402 /US$. Of the US$21,197,440, the sum of US$10,000,000 will be paid within ten days of the fulfilment or waiver of the conditions precedent, with the balance of US$11,197,440 being paid over eighteen (18) months in three (3) equal instalments of US$3,732,480 payable after every six (6) months with effect from the payment of the aforesaid deposit; and
- 70% of the total consideration i.e., ZWL$4,449,145,492.40 (four billion four hundred and forty-nine million one hundred and forty-five thousand four hundred and ninety-two Zimbabwe dollars and forty cents) to be settled through the issuance of 46,833,110 new CBZHL ordinary shares on the basis of 28 CBZHL ordinary share for every 95 FMHL ordinary shares i.e., 1 CBZHL ordinary share for every 3.393 FMHL ordinary shares held by NSSA;
- The FMHL acquisition shares will constitute 8.23% of the CBZHL's total issued ordinary shares after the Transaction.

The pricing of the Proposed Acquisition of the ordinary shares in FMHL has been adjudged to be fair and reasonable by the Independent Financial Advisors, BDO Tax & Advisory Services (Private) Limited.

4.2 Dilutive Effect

The proposed settlement wherein 70% of the Transaction consideration shall be settled by way of a share swap involving the issuance and allotment of new CBZHL ordinary shares will result in a dilution of 8.23% to the current shareholders of CBZHL.

5. Rationale for the Transaction

The Board monitors domestic and regional trends as well as the commercial landscape to anticipate future customer needs and identify potential growth opportunities. The Board is convinced that the Proposed Transaction is an investment in a future market leader in a business with complimentary capabilities to CBZHL.

CBZHL operates within four main Clusters, namely the Banking Cluster, Insurance Cluster, Investment Cluster and Agro-Insurance Cluster while FMHL has diverse interests in Insurance (life assurance, health insurance, short term insurance, short term re-insurance; long term re-insurance), Investments (wealth management, property investments), Funeral Services and Microfinance.

A study of the FMHL business model presents a natural fit between FMHL and CBZHL. FMHL is a business that has also been growing over the last few years and, like CBZHL, is on the precipice of achieving true market domination. FMHL has begun expanding its operations into the region and is poised to become one of the dominant players within the SADC region. Furthermore, FMHL has a highly talented team of managers who have established themselves as the leading minds in their field. The value of these resources cannot be overemphasised. A strong partnership with a like-minded institution with deep pockets and access to significant funding lines is precisely what is needed to fully unlock the significant reserves of value that reside in this business and execute the regionalisation strategy of the business.

The exploitation of synergies between these two businesses should unlock more value in CBZHL, looking to enhance its own insurance and property businesses further and widen its product offering to its significant client base. The combination expands the trading abilities of both entities across geographies thereby permitting the extension in product management and distribution capabilities, improving customer product offerings, and better absorbing market shocks through a deeper and further diversified capital base.

The Proposed Transaction therefore offers diversity and synergistic opportunities among the operational units of the two businesses. The following matrix demonstrates the diversity and synergies offered by the proposed Transaction:

Cluster	Operating Units
Banking	CBZ Bank FML Microfinance
Insurance	CBZ Life; FML Life CBZ Insurance; Nicoz Diamond FML Health FMRE
Investments	CBZ Asset Management; FML Asset Management CBZ Properties; FM Properties

6. Effects of the Proposed Transaction

6.1 Effects on CBZ Holdings Limited share capital structure

The Proposed Transaction will result in the following changes in the Company's share capital structure:

Increase in Issued Share Capital	Before Transaction	Increase / (Decrease)	After Transaction
Authorised Ordinary Shares	1 000 000 000	-	1 000 000 000
Nominal Value per Share (ZWL$)	0.01	-	0.01
Total Nominal Value (ZWL$)	10 000 000	-	10 000 000
Issued Ordinary Shares	522 016 108	46 833 110	568 849 218
Nominal Value per Share (ZWL$)	0.01	0.01	0.01
Total Nominal Value (ZWL$)	5 220 161	468 331	5 688 492
Authorised but unissued Ordinary Shares	477 983 892	(46 833 110)	431 150 782
Nominal Value per Share (ZWL$)	0.01	0.01	0.01
Total Nominal Value (ZWL$)	4 779 839	(468 331)	4 311 508

6.2 Effects on the CBZ Holdings Limited shareholding structure

Effects of the Transactions on the shareholding structure

The table below shows the effect, on the CBZ Holdings Limited shareholding structure assuming the Transaction is successfully concluded:

	Pre-transaction			Post-transaction	
Shareholder	**No. of Shares**	**% Shareholding**	**No. of CBZH Shares Issued**	**No. of Shares**	**% Shareholding**
Akribos Wealth Managers Nominees	131 379 129	25.17%	-	131 379 129	23.10%
Government of Zimbabwe (GOZ)	110 000 000	21.07%	-	110 000 000	19.34%
Libyan Foreign Bank	96 609 470	18.51%	-	96 609 470	16.98%
NSSA	94 844 811	18.17%	46 833 110	141 677 921	24.91%
Public Service Pension Fund	25 982 541	4.98%	-	25 982 541	4.57%
Rock & Pillar Holdings Intl	8 712 767	1.67%	-	8 712 767	1.53%
Local Authority Pension Fund	4 604 552	0.88%	-	4 604 552	0.81%
Quant Africa Wealth Management	4 016 944	0.77%	-	4 016 944	0.71%
PIM Nominees	2 984 806	0.57%	-	2 984 806	0.52%
Stanbic Nominees	2 209 277	0.42%	-	2 209 277	0.39%
Subtotal	**481 344 297**	**92.21%**	**46 833 110**	**528 177 407**	**92.86%**
Other minority shareholders holding-less than 0.39%	40 671 811	7.79%	-	40 671 811	7.14%
TOTAL	**522 016 108**	**100.00%**	**46 833 110**	**568 849 218**	**100.00%**

6.3 Effects on the financial position

The effect of the Proposed Transaction on the Statement of Financial Position is as set out below:

	Inflation Adjusted			
	Pre-transaction		Transaction adjustments	Post transaction
	CBZHL ZWL$000	FMHL ZWL$000	ZWL$000	CBZHL ZWL$000
Total assets (ZWL)	146 067 582	19 003 072	6 736 825	152 804 407
Shareholders' equity (ZWL)	21 783 543	2 896 412	4 524 789	26 308 332
Non-controlling interest (ZWL)	3 170	3 729 560	-	3 170
Total liabilities (ZWL)	124 280 869	12 377 100	2 212 036	126 492 905
Total capital employed (ZWL)	146 067 582	6 625 972	6 736 825.	152 804 407
Outstanding shares (000)	522 016	726 836	46 833	568 849
NAV/Share (ZWL)	41.74	9.11		46.2

Notes and Assumptions of the Pro-Forma Statement of Financial Position and the full effects of the financial impact of the Proposed Transaction are disclosed in the pro-forma financial information in Appendix VI.

7. Expenses of the Proposed Transaction

The expenses of the Proposed Transaction, relating to various professional fees, regulatory, printing and distribution, are expected to amount to approximately 6% of the transaction value. The actual costs will be determined upon the conclusion of the Transaction. The table below shows the breakdown of the estimated expenses of the Proposed Transaction:

Description	Percentage of Transaction Value
Professional fees	3.0%
Printing & Distribution costs	1.2%
Regulatory fees	1.8%
Total	6.0%

8. Summary information on CBZ Holdings Limited

CBZ Holdings Limited is a financial investment company that came into being shortly after Zimbabwe's formal political transition to democracy, setting new norms and changing the face of business by establishing a socially embedded company that uses its business success to transform lives and make differences in communities. CBZ Holdings Limited has grown into a dominant investment company listed on the Zimbabwe Stock Exchange. It has built a diversified portfolio of businesses through acquisition and brownfield operations. The Company has interests in Banking, Mortgage Finance, Insurance (both long and short term), Investments and Asset Management, and significant investments in the Agricultural sector. Additionally, CBZ Holdings Limited has also established an offshore asset management business as part of its strategy to expand into the region.

An overview of the business operations of CBZ Holdings Limited, together with statutory information required in terms of the COBE, is set out in Appendix I to this Circular.

9. Future prospects of CBZ Holdings Limited

CBZHL is creating a domestic and regional multi-asset class business in the financial services sector. The Proposed Transactions is expected to create a constructive alliance between the two businesses, permitting synergies in product offering to clients by bringing together two highly complementary businesses. CBZHL is a market leader in financial services, particularly banking and agricultural contracting, while FMHL is a leader in insurances and property investments. The combination strengthens the footprints of the respective organizations, accelerating CBZHL's strategy domestically and regionally. Additionally, FMHL's leading insurance businesses enhance CBZ's customer proposition as the leading financial services provider, capable of meeting a broad range of client needs. The investment in the associate, FMHL, will expand CBZHL's regional exposure diversifying revenue mix and increasing regional exposure.

10. Summary information on FMHL

An overview of the business operations of FMHL, together with statutory information required in terms of the COBE, is set out in Appendix II to this Circular.

11. Future prospects of FMHL

FMHL has diverse interests in Insurance (life assurance, health insurance, short term insurance, short term re-insurance; long term re-insurance), Investments (wealth management, property investments), Funeral Services and Microfinance while CBZ Holdings operates within four main Clusters, namely the Banking Cluster, Insurance Cluster, Investment Cluster and Agro-Insurance Cluster The Proposed Transaction therefore offers diversity and synergistic opportunities among the operational units of the two businesses.

12. Conditions precedent

12.1 The Proposed FMHL Acquisition

The Proposed FMHL acquisition is subject to the fulfilment or waiver of the following conditions precedent:

Condition Precedent	Status
Approval of the Transaction by NSSA Board of Directors.	Fulfilled
Approval of the Transaction by CBZHL Board of Directors.	Fulfilled
NSSA obtaining all relevant approvals of the Transaction in compliance with the Public Finance Management Act [Chap 22:19].	Fulfilled
CBZHL undertaking a financial and legal due diligence on FMHL and being satisfied with the results thereof.	Ongoing
Approval of the Transaction by members of CBZ Holdings Limited at the EGM to be held on Monday 31 January 2022 in terms of the EGM	Outstanding
Approval of the Transaction by the CTC and any other regulatory authorities.	Outstanding

13. Regulatory issues

This Circular is issued in compliance with the ZSE Listings Requirements. The Listings Committee of the ZSE met and approved the Proposed Transaction on 17th December 2021 and granted approval for the publication of the Abridged Circular, EGM Notice and the distribution to Shareholders of this Circular in respect of the Proposed Transaction.

14. Experts' consents

Grant Thornton, CBZ Capital, Platinum Securities, MawereSibanda, ChimukaMafunga Commercial Attorney, KPMG, BDO Advisory and First Transfer Secretaries have given, and have not withdrawn, their consents to the issue of this Circular with the inclusion of their logos, names and reports in the forms and contexts in which they appear.

15. Working capital adequacy statement

The Directors, after considering the effects of the Proposed Transaction, are of the opinion that the working capital available to CBZ Holdings Limited after the Proposed Transaction will be sufficient for CBZ Holdings Limited's present requirements for at least the next 12 months from the date of issue of this Circular. The proposed Transaction has minimal impact on the capital of CBZ Holdings Limited because only 30% of the Transaction consideration shall be settled in liquid cash, with 70% being settled by issuance and allotment of new shares in CBZ Holdings Limited.

16. Litigation statement

There are no legal or arbitration proceedings, pending or threatened, of which CBZ Holdings Limited or any of its subsidiaries are aware, that may have or have had a material effect on the financial position of CBZ Holdings Limited in the 12-month period preceding the Last Practicable Date.

17. Dividend policy

CBZ Holdings Limited's dividend policy states that the company's ability to declare and pay dividends is dependent on its level of profitability after providing for all reserves and contingent liabilities. The Company intends to continue its current dividend policy following completion of the Proposed Transaction, the last four (4) years of which is shown in the table below:

Dividend per share in cents	2017 (USD)	2018 (USD)	2019 (ZWL)	2020 (ZWL)
CBZ Holdings Limited	0.26	1.24	22.99	287.63

18. Documents available for inspection

The following original documents, or certified copies thereof, will be made available for inspection, subject to strict Covid mitigation protocols, at the registered offices of CBZ Holdings Limited, at 5 Campbell Road, Pomona, Borrowdale, Harare, during normal business hours, on week-days until the date of the EGM;

i. the Share Purchase Agreement of FMHL shares between NSSA and CBZ Holdings Limited;
ii. the Memorandum and Articles of Association for CBZ Holdings Limited;
iii. the Memorandum and Articles of Association for FMHL;
iv. the Annual Reports containing the audited financial statements of CBZ Holdings Limited for the 3-year period up to 31 December 2020;
v. the Annual Reports containing the audited financial statements of FMHL for the 3-year period up to 31 December 2020;
vi. the original signed copy of this Circular to Shareholders;
vii. the ZSE approval letter for the distribution of this Circular;
viii. the original Accountant's Report on the historical and pro forma financial information of CBZ Holdings Limited;
ix. the Independent Financial Advisors' Fair and Reasonable Opinion on the proposed acquisitions of FMHL; and
x. the experts' consent letters.

19. Directors' recommendations

The Directors of CBZ Holdings Limited, having considered the terms of the Proposed Transaction and having also considered the fair and reasonable opinions of the Independent Financial Advisors in relation to the Proposed Transaction, are unanimously of the opinion that the Proposed Transaction is in the best interests of CBZ Holdings Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions giving effect to the Proposed Transaction.

Subject to acquiring any shareholding in the Company, the Independent Directors of CBZ Holdings Limited will collectively vote in favour of the resolutions to approve the Proposed Transaction at the EGM in respect of their own shareholdings.

Yours faithfully,

For and on behalf of the Board of CBZ Holdings Limited

Marc Holtzman

M. L. Holtzman

30 December 2021

Independent Non-Executive Chairman

20. Directors responsibility statement

The Directors of CBZ Holdings Limited, whose names are set out below, collectively and individually accept full responsibility for the accuracy of the information provided in this Circular and certify that, to the best of their knowledge and belief, there are no other facts the omission of which make any statement in this Circular false or misleading, that they have made all reasonable inquiries to ascertain such facts (where applicable), and that this Circular contains all information required by law.

Signed on 30 December 2021 by the Directors:

Name of Director	Position	Signature
Marc L Holtzman	Independent Non-Executive Chairman	Marc Holtzman
Rebecca L Gaskin Gain	Independent Non-Executive Director	
Edward U Mashingaidze	Independent Non-Executive Director	
Louis C Gerken	Independent Non-Executive Director	
Edward E Galante	Independent Non-Executive Director	
Blessing Mudavanhu	Group Chief Executive Officer	
Tawanda Gumbo	Group Chief Finance Officer	

PART II: APPENDICES

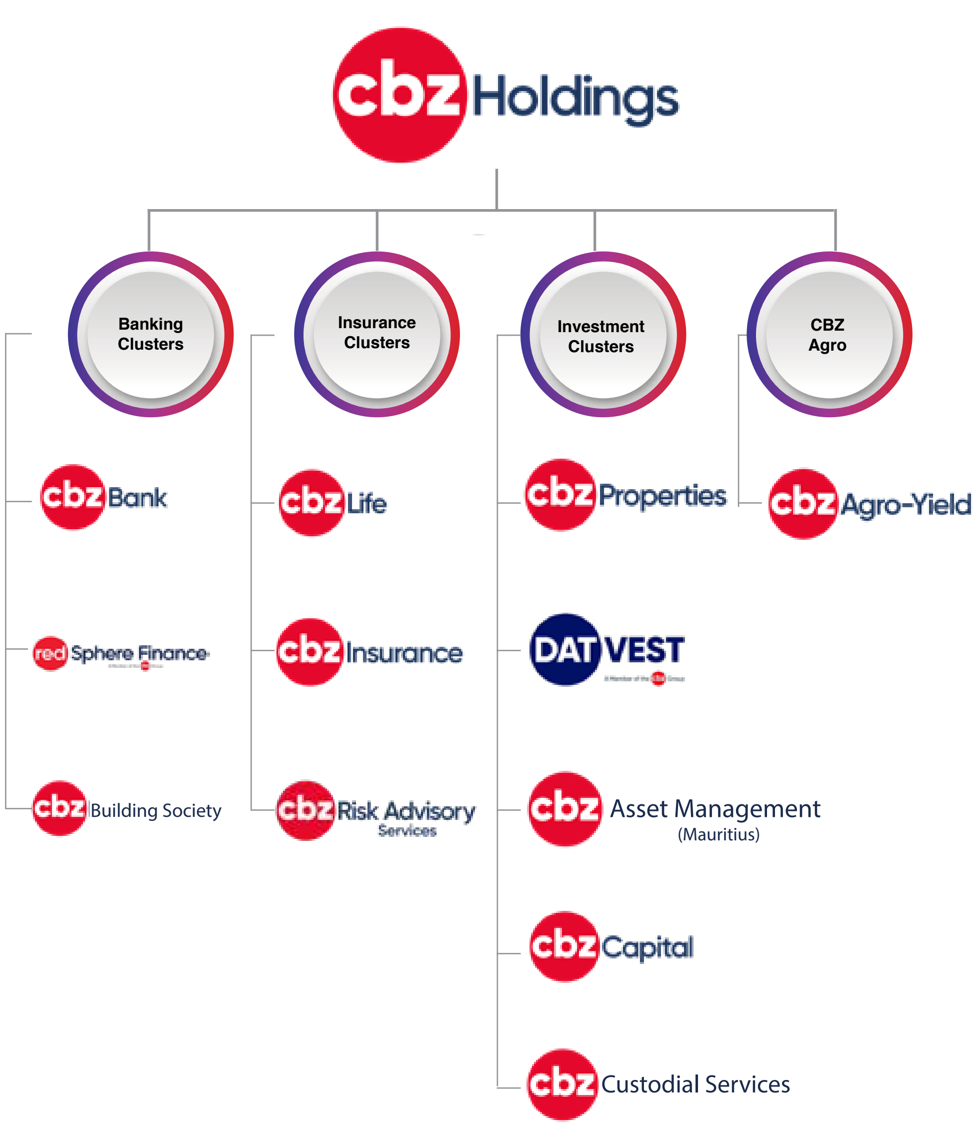
APPENDIX I: INFORMATION ON CBZ HOLDINGS LIMITED

A1.1 Company background

CBZ Holdings Limited is a financial investment company that came into being shortly after Zimbabwe's formal political transition to democracy, setting new norms and changing the face of business by establishing a socially embedded company that uses its business success to transform lives and make differences in communities. CBZ Holdings Limited has grown into a dominant investment company listed on the Zimbabwe Stock Exchange. It has built a diversified portfolio of businesses through acquisition and brownfield operations. The Company has interests in Banking, Mortgage Finance, Insurance (both long and short term), Investments and Asset Management, and significant investments in the Agricultural sector. Additionally, CBZ Holdings Limited has also established an offshore asset management business as part of its strategy to expand into the region.

1.2 Group corporate structure

The current CBZHL Group structure is as follows:



1.3 CBZ Holdings Limited

CBZHL is the Group's holding company with diversified investments ranging from banking, property business, asset management, risk advisory services, life assurance, short-term insurance and micro-lending.

1.4 Overview of main subsidiaries

1.4.1 CBZ Bank Limited

CBZ Bank Limited is a wholly owned subsidiary of CBZ Holdings Limited. CBZ Bank Limited is a registered commercial bank offering a wide range of innovative banking and financial services solutions to personal and corporate customers through the following:

- Retail Banking;
- Corporate & Merchant Banking;
- E-Banking & Card Services;
- Mortgage Finance;
- Agribusiness;
- Advisory services;
- Asset Finance;
- Wealth Management;
- Treasury
- Trade Finance & International Banking'; and
- Custodial Services.

1.4.2 CBZ Asset Management (t/a Datvest Asset Management)

CBZ Asset Management Private Limited T/A Datvest is a wholly owned subsidiary of CBZ Holdings Limited. Datvest is one of the largest asset management companies in Zimbabwe and currently manages over US$140 million in assets on the stock market, fixed income market, property market and other asset classes. Datvest is registered as an investment management firm by the Securities and Exchange Commission of Zimbabwe (SECZ). Datvest offers a wide range of managed investment portfolio services to pension funds, corporate and individual investors through the following:

- Pension Fund Portfolio Management;
- Private Client Equity and Money Market Portfolio Management;
- Fixed Income Investments;
- Property Investments;
- Unit Trust Investments; and
- Investment and Corporate Advisory Services.

1.4.3 CBZ Risk Advisory Services

CBZ Risk Advisory Services is a wholly owned subsidiary of CBZ Holdings Limited. It is a registered Insurance Broker, licensed and regulated by the Insurance & Pensions Commission (IPEC). As an Insurance Broker, CBZ Risk Advisory Services operates independently and transacts with different reputable local and international insurance companies.

CBZ Risk Advisory Services has the following three Service Centres:

1. Service Centre Number 1: Short Term Insurance Broking & Risk Advisory Services;
2. Service Centre Number 2: Group Employee Benefits & Pensions Consultancy; and
3. Service Centre Number 3: Individual Life Financial Planning.

1.4.4 CBZ Life Limited (Long term)

CBZ Life Limited is a wholly owned subsidiary of CBZ Holdings Limited. It was established in 2010 and licensed by the Insurance and Pensions Commission ("IPEC") to transact long term insurance business.

CBZ Life offers, inter alia, the following products:

- Funeral Insurance - involves providing a pre-defined benefit amount on the client's death payable immediately to the specified beneficiary of the policy holder's estate;
- Credit Life Insurance - entails the provision of a benefit amount equal to the loan amount outstanding (or alternatively an amount equal to the original loan) in the event of the client's death (and possible disability). In addition, the loan repayments of 3 or 6 months can be paid in the event of retrenchment;
- Term insurance - involves providing a pre-defined benefit amount in the event of the client's death payable to the specified beneficiary of the policyholder`s estate.

1.4.5 CBZ Insurance (Short term)

CBZ Insurance Company (CBZI) is a short term insurance company duly licensed by the Insurance & Pension Commission of Zimbabwe ("IPEC"). CBZI (formerly Optimal Insurance Company) is a subsidiary of CBZ Holdings and was established in 2005 with operations starting on the 1st of June 2006.

CBZI boasts of a team that is highly experienced and qualified to do short term insurance business. The team is beyond doubt one of the most dynamic, innovative and solution driven in the Zimbabwean insurance industry. The team endeavours to provide highly innovative and valuable short term insurance solutions to clients regardless of their sizes.

CBZ Insurance offers the following products:

- Motor Vehicle Insurance;
- Residential Building Insurance;
- Commercial Building Insurance;
- Travel Insurance;
- Casualty Insurance;
- Accident and Health Cover;
- Marine;
- Business Package; and
- Liability Insurance.

1.4.6 Red Sphere Micro-Finance

Red Sphere Finance was founded 2019 as a microfinance company. It is 100 percent owned by CBZ Holdings Limited and is regulated by the Reserve Bank of Zimbabwe ("RBZ"). Red Sphere is represented throughout the country, mostly through partnerships with big departmental stores, including big clothing stores and universities. CBZ Holdings Limited ventured into microfinance upon the realisation that there was a segment of individuals and individually-owned companies who did not have the capacity to meet the loan requirements set by banks. Red Sphere also focuses on SMEs supplying goods and services to its partners and top companies.

A1.5 Directors' Profiles and Interests

A1.5.1 CBZ Holdings Limited Board of Directors

The Directors of CBZ Holdings are as follows:

Marc L. Holtzman – Non-Executive Chairman

Marc is the current Chairman of the Board of Directors of the Bank of Kigali. Previously, Marc was Chairman of Meridian Capital HK, a private equity firm with investments in natural resources, real estate, food, agriculture and transportation. Prior to joining Meridian, Marc served as Vice Chairman of Barclays Capital and as Vice Chairman of ABN Amro Bank. Previously, as co-founder and President of MeesPierson EurAmerica (a firm which was acquired by ABN Amro) and as a Senior Advisor to Salomon Brothers. Marc also currently serves as a member of the Board of Directors of TeleTech, the world's leading provider of analytics-driven technology-enabled services and FAT Brands (NASDAQ:FAT), a global franchisor of leading restaurant brands. He has served on the Board of Directors of FTI Consulting, Inc. a global financial and strategic consulting firm, and Sistema, Russia's largest private company listed on the London Stock Exchange. In addition, Marc served as a member of the Board of Trustees of the United States Space Foundation from 2004 to 2010.

Dr Blessing Mudavanhu – Group Chief Executive Officer

Blessing has over 15 years' experience in the regional and international financial services markets and he brings with him a wealth of knowledge and experience in risk management. He received his Doctorate in Mathematics from the University of Washington (USA) and a Masters degree in Financial Engineering from the University of California at Berkeley (USA). Upon completion of his studies, he joined American International Group (AIG) in New York as a Senior Risk Analytics Associate. Following his time at AIG, Dr Mudavanhu joined Bank of America Merrill Lynch as Director in Global Risk Management encompassing New York City, London, Mexico City and Sao Paulo. In 2009 he joined African Banking Corporation (BancABC) as Group Chief Risk Officer and served as Acting Group Chief Executive Officer for 2 years. BancABC had operations in Botswana, Mozambique, Tanzania, Zambia, Zimbabwe and a minority interest in a large Nigerian Bank. Blessing left in January 2017 to set up Dura Capital LLC in Johannesburg.

Rebecca L Gaskin Gain – Non-Executive Director

Rebecca has more than 30 years' experience in the emerging markets and 25 years of experience in Africa. She is a lawyer by profession and was admitted to the New York State Bar Association in 1990. Following completion of her clerkship at the Appellate Division for the Supreme Court of New York in 1993, she focused on foreign direct investment, initially in Central and Eastern Europe, and subsequently in Africa. Rebecca has worked for and advised Governments, Multilateral Agencies, Bilateral Agencies as well as large listed corporates and private investors. In 2000, she was the first female appointed by the Standard Bank Group to serve as Chief Executive Officer for a Group subsidiary, Standard Bank Congo, a position that she served for three years. In 2003, she was the first female appointed to the Group's Africa Executive Committee. She also served as the Senior Energy Advisor to Power Africa for Somalia and led the due diligence of the Electricity Supply Industry in Somalia and Somaliland in 2017. Rebecca completed a Bachelor of Arts (History), Honors Program, from the Wake Forest University in 1986. In 1989 she completed a Juris Doctor Degree from the Emory University School of Law. She completed the third year curriculum for her Juris Doctor Degree at the Columbia University School of Law, (1990). In 1995, she completed the Foundations in Finance program at the Insead-Amsterdam Institute of Finance. From 2010 to 2012, she complemented her professional experience with the Islamic Finance curriculum of the Insaniah University of Malaysia.

Edward U Mashingaidze – Non Executive Director

Edward U. Mashingaidze has been instrumental in the start-up, growth and expansion of EnergyDAS Private Limited. He manages and provides leadership for EnergyDAS's large-scale high-tech projects that involve multiple stakeholders and organisations. He coordinates specialist engineering teams working on advanced technical implementation throughout Africa. He has over 20 years extensive experience in the processing Industry having worked for TA Holdings Limited from 1986 to 1996 as Managing Director of United Refineries Private Limited. Edward also spent 15 years as Managing Director of a distributor of Komatsu earth moving equipment in the mining and construction industry. Edward is currently in the final phase studying for a Doctor of Business Administration (DBA) with the University of Liverpool, UK. He holds a Master of Research and a Master of Business Administration (MBA)-International Business from University of Liverpool, UK. In addition, he has a Bachelor of Commerce (Economics) from the University of South Africa.

Louis C Gerken – Independent Non-Executive Director

Lou founded San Francisco Bay Area-Based Gerken Capital Associates ("GCA") in 1989. GCA is an alternative Asset Fund Management firm, with particular focus on emerging markets private equity/venture capital. Prior to forming TCG, Lou was a Senior Research Analyst and Portfolio Manager with GT Capital Management, a London-based emerging markets investment management firm. Lou started his career with the Bank of California Trust Department as an Investment Officer and Research Analyst responsible for the technology and financial sectors, as well as all privately-held holdings. He received an MBA from the Southern Methodist University Graduate School of Business, a Master's Degree in International Business from the American Graduate School, and a Bachelor's Degree in Economics from the University of Redlands.

Tawanda Gumbo – Executive Director

Tawanda Gumbo Board Director. (Executive Director) Tawanda is a Chartered Accountant (South Africa & Zimbabwe) with 30 years of professional experience, 20 of them as a Deloitte partner in various African practices. He is a co-founder and chief adviser to private equity businesses and recently served as an Audit Executive Partner in Deloitte Southern Africa where he was responsible for business development across Africa. He is the outgoing CEO for the Deloitte West Africa cluster, a role which he held for over five years based in Nigeria. He has served as a member of the Deloitte Africa Exco, and as a board member of the Deloitte Southern Africa cluster. Tawanda also served as the CEO of Deloitte Central Africa cluster for 8 years prior to joining Deloitte in West Africa. Tawanda is a past President of the Institute of Chartered Accountants of Zimbabwe and has served as the deputy chairperson and member of the Zimbabwe Stock Exchange monitoring panel. He has also served on the council for the Pan African Federation of Accountants (PAFA) and as an Exco member of the predecessor accounting body ECSAFA covering 29 Anglophone African countries.

Edward E. Galante – Independent Non-Executive Director

Edward is the co-founder and Executive Director of Mangwana Capital (Pvt) Ltd, an investment advisory firm. He is also a cofounder and co- manager of Mangwana Opportunities (Pvt) Ltd., a private equity company. Edward is the founder of Houses For Africa (Zimbabwe) (Private) Limited, Mortgage Management Services (Private) Limited and Zimbabwe Mortgage Company (Private) Limited. From 2009 to 2012 Edward was an Executive Director of Chartwell Capital Group Pty. Ltd. in Johannesburg. Edward was the Founder and CEO of Edward E Galante Investments Inc. a wholly owned real estate and development company. He worked for E.F. Hutton and Company where he held various positions in institutional sales, corporate finance and syndicate, and prior to that for Tuttle and Noroian Investment Managers. Edward is the Chapter Champion and founding Chairman of the Young President's Organization (YPO) chapter in Harare, and the immediate past YPO Africa Gold Regional Chairman.

A1.5.2 The Directors' shareholding interests

At the Last Practicable Date, the direct and indirect shareholding interests of the Directors of CBZ Holdings Limited and their immediate families were as follows:

Director	Position	Direct shareholding	Indirect shareholding	Share options
Marc L. Holtzman	Independent Non-Executive Chairman	Nil	Nil	Nil
Rebecca L. Gaskin Gain	Independent Non-Executive Director	Nil	Nil	Nil
Edward U. Mashingaidze	Independent Non-Executive Director	Nil	Nil	Nil
Louis C. Gerken	Independent Non-Executive Director	Nil	Nil	Nil
Edward E. Galante	Independent Non-Executive Director	Nil	Nil	Nil
Blessing Mudavanhu	Group Chief Executive Officer	Nil	Nil	Nil
Tawanda Gumbo	Group Chief Finance Officer	Nil	Nil	Nil

A1.6 Other interests

Except as disclosed in this Circular, none of the Directors of CBZ Holdings Limited nor any member of their immediate families, nor any person acting in concert with the Directors of CBZ Holdings Limited, control or is interested, beneficially or otherwise, in any CBZ Holdings Limited shares or in any securities convertible to rights to subscribe for CBZ Holdings Limited shares.

As provided by the COBE, the Directors are bound to declare at any time during the year, in writing, whether they have any interest in any contract of significance with the Company or any of its subsidiaries or joint ventures. No Director confirmed having, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. Executive Directors have employment contracts with CBZ Holdings Limited.

A1.7 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 its Shareholders and is committed to high standards of governance that are recognized and understood throughout the Group. The Board is primarily accountable to shareholders, while also considering the interests of other stakeholders such as customers, employees, suppliers, regulators and the community.

CBZ Holdings Limited aims 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/BSD, 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.

A1.7.1 Governance Structure

Directorate

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.

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. The Board has a fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth. The Board exercises its duties with care, skill and diligence and exercises independent judgment. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The roles of the Non-Executive Chairman and the Chief Executive Officer are separate and clearly defined. This division of responsibilities at the helm of the company ensures a balance of authority and power, with no one individual having unrestricted decision-making powers.

A 1.7.2 Role of the Chairman

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

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

A 1.7.3 Role of the Group Chief Executive Officer

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

- Develop, drive and deliver the strategy and vision of the Group.
- Drive and deliver performance of the company against set performance and sustainability targets and reporting appropriately to the Board about such performance;
- Establish an organizational structure and operating model for the Group and to ensure effective execution of the strategy, sustainability, governance and control imperatives. Ensuring that appropriate Group policies are formulated and implemented;
- Ensure the Group has effective frameworks and structures to identify, assess and mitigate risks;
- Act as champion of the culture and values of the Group, creating an environment where employees are engaged;
- Develop the Group's senior leadership team and management structures that ensure effective succession planning and professional development;
- In conjunction with the Chairman and Group Legal Corporate Secretary ensure that the Board receives accurate, timely and clear information.
- Monitor and report to the Board on the effectiveness of legal compliance controls, processes, systems and resource capacity;
- Manage the affairs of the Group and its subsidiaries in line with the agreed mandate from the Board of Directors.

A 1.7.4 Board committees

The Board is supported by various committees in executing its responsibilities. The committees meet quarterly to review performance and provide guidance to management on both operational and policy issues. Each committee acts within written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board and board committees may take independent advice at the Group's expense where necessary.

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 & Compliance Committee and Human Resources & Corporate Governance Committee (also sits as Nominations Committee).

Committee	Members	Summary of Roles & Responsibilities
Audit & Finance	Mr. E. E. Galante Mr. E.U. Mashingaidze Mr. L. Gerken	The committee assists the Board in the discharge of its duties relating to the coordination of internal control management and risk management activities. This covers internal control systems and internal audit, recommending the appointment, reappointment or removal of external auditors, financial and integrated reporting, budget development and financial planning.
Human Resources & Corporate Governance (also sits as Nominations Committee)	Mr. E.U. Mashingaidze Mr. M.L. Holtzman Ms. R.L Gaskin Gain Dr. B. Mudavanhu	- Sets, reviews and recommends overall remuneration policy and strategy - Reviews and approves remuneration arrangements for executive directors and senior management - Oversees matters of corporate governance for the Group and Board including formulating the governance framework - Identification of Non-executive Director candidates for election to the Board and ensuring the integrity of the nomination process - The committees also provides general oversight over strategic human resources and governance matters
Risk Management & Compliance Committee	Ms. R.L Gaskin Gain Mr. L.C. Gerken Dr. B. Mudavanhu Mr. T. Gumbo	- The committee provides oversight of effectiveness of the systems of risk management and internal controls - Review, approve and recommend to the Board for approval the methodologies used to identify, assess, measure, monitor and report on risks, - Review, monitor and challenge the actual assessment and reporting of risks, trends and concentrations. - Review and recommend to the Board, the risk strategy for the Group - Monitor and express an opinion to the Board on the effectiveness of the Group risk management system. - Develop and implement the Group Compliance framework

A1.8 Senior Management Profiles

Set out below are the profiles of CBZ Holdings Limited's senior management team:

Dr Blessing Mudavanhu – Group Chief Executive Officer

See Profile set out in Paragraph A1.5.1 above.

Tawanda Gumbo – Group Chief Finance Officer

See Profile set out in Paragraph A1.5.1 above.

Jack Smith – MD Group Investments

Jack served his articles with Ernst and Young before being employed as Finance Manager for Interfin, Asset Management, which later became Datvest Asset Management. He was appointed onto the Board of Directors of Datvest in January 2006. Jack has since risen to hold positions of MD of Datvest and now Deputy CEO CBZHL overseeing the Insurance and Investment Clusters.

Rumbidzayi Angeline Jakanani – Group Legal Corporate Secretary

Rumbidzayi is a lawyer by profession and an experienced governance officer. She undertook her legal training with Stumbles and Rowe Legal Practitioners and joined CBZ in 2005 in her capacity as Manager Corporate Governance and Compliance. In 2009, she was appointed as Legal Corporate Secretary for CBZ Bank Limited then elevated to her appointment as Group Legal Corporate Secretary, CBZ Holdings Limited, in 2012. With her 16 years of diversified and uninterrupted experience providing expert in house counsel, corporate governance and company secretarial duties, she has facilitated corporate processes, securing favourable company terms and acquisitions. Rumbidzayi offers strong governance and leadership skills and provides guidance to the board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interests of the Company. She holds a Masters of Laws in International Economic Law from the University of Warwick (UK), an MBA in Strategic Management from the National University of Science and Technology and a Bachelors (Honours) Degree in Law from the University of Zimbabwe.

Nyasha Mutsai – Group Chief Human Resources Officer

Nyasha has over twenty years of experience in managing Human Capital and Reward in Blue Chip Organizations spanning across the Consulting, FMCG and Financial Services sectors in Southern Africa and Western Europe. Nyasha holds a Bachelor of Commerce degree, and a Master's degree in Psychology.

Matilda Nyathi – Group Executive Marketing and Corporate Affairs

Matilda is a seasoned marketer with 21 years' experience working with local and regional financial institutions in various capacities. Her experience cuts across strategic marketing, customer experience, digital marketing, sustainable development and corporate affairs. Prior to joining CBZ Holdings Matilda was Group Marketing and PR Executive for Old Mutual Zimbabwe. Matilda holds a BBA in Marketing Management and an MBA with Nottingham Trent University.

Peter Zimunya – Managing Director Bank

Peter has a career in banking spanning over 40 years and has been with CBZ since 1995, when he started off as a Manager in the Central Credit Department. He rose through the ranks and held senior positions from Senior General Manager Credit, Executive Risk Management, Chief Operating officer and then Managing Director, CBZ Bank Limited. Prior to that, Peter had spent 16 years with Standard Chartered Bank.

Lawrence Nyazema – Executive Director, Corporate and Wholesale Banking

Lawrence is a Career banker with over 31 years experience working with local, regional and international financial institutions in various capacities. His experience started with a 10 year career at ZB Financial Holdings where he worked his way to Senior Treasury Dealer. He then moved to Barclays Bank Zimbabwe now First Capital where he became Commercial Director until December 2019 when he joined CBZ. Lawrence is a holder of a BBA in Business Management from Mancosa, South Africa and of an MSc in Finance from University of London, United Kingdom.

A1.9 Significant Contracts

The following significant contracts have been entered into by CBZ Holdings Limited or its subsidiaries, not being contracts in the ordinary course of business, during the two years immediately preceding the date of this Circular:

a. Share Purchase Agreement entered into between CBZ Holdings Limited and NSSA

On 26th October 2021 CBZHL and NSSA entered into a Share Purchase Agreement in terms of which CBZ Holdings Limited shall acquire a stake of 31.22% in FMHL shares held by NSSA to be settled by a combination of cash (30% of the total purchase consideration) and an issuance of new CBZ Holdings shares to be allotted to NSSA (70% of the total purchase consideration). In February 2021, NSSA floated a RFP inviting formal bids for the acquisition of a 31.22% equity stake in FMHL. Realising the potential synergistic opportunities between CBZ Holdings and FMHL, the Board approved the Company's formal bid for the acquisition of the 31.22% equity stake in FMHL held by NSSA. In June 2021, the Company emerged as the highest bidder and was therefore granted the opportunity to enter into an agreement with NSSA for the acquisition of their 31.22% equity stake in FMHL.

A1.10 Pro-forma Financial Information of CBZ Holdings Limited

The pro forma financial information have been prepared to illustrate how the Proposed Transaction might have affected the financial position of CBZ Holdings Limited had the transaction been effected on 30 June 2021. The pro forma financial information is set out in Appendix VI.

A1.11 Financial Information on CBZ Holdings Limited

The audited financial information of CBZ Holdings Limited for the years ended 31 December 2018, 31 December 2019, 31 December 2020 and reviewed financial information for the six (6) months ended 30 June 2021 are set out in the Accountants' Report in Appendix IV.

APPENDIX II: INFORMATION ON FMHL

A2.1. The Nature of Business

First Mutual Holdings Limited is a leading financial services group that is committed to creating value through risk management, wealth creation and wealth management predominantly in the insurance sector.

FMHL is listed on the ZSE, has more than a hundred years of serving Zimbabwe by provision of economic dignity through its strategic business units. FMHL has diverse interests in life assurance, health insurance, short term insurance; short term re-insurance; long term re-insurance; wealth management, property sector, funeral services and microfinance housed under the following subsidiaries; First Mutual Life, First Mutual Health, NicozDiamond Insurance, First Mutual Reinsurance, FMRE Property & Casualty (Botswana) First Mutual Wealth Management, First Mutual Properties, First Mutual Funeral Services and First Mutual Microfinance.

A2.2. Mission and Vision Statements

A2.2.1. Vision

To be a leader in our chosen markets by providing superior returns to all our stakeholders, ensuring stability, security and growth.

A2.2.2. Mission

To be an investment and financial services group that provides accessible solutions which offer peace of mind and enrich the lives of all households, communities and businesses in our chosen markets by managing risk, creating and managing wealth.

A2.2.3. Values

Integrity
We are true to self and true to others.

Accountability
We take responsibility for our actions.

Professionalism
We display expert competence in the way we do business.

Sustainability
We believe in continuance and preservation of future generations.

Care
We show concern and seek the well-being of all our stakeholders.

Innovation
We strive for creativity and relevance in our market.

A2.3. Overview of operations

Subsidiary	Nature of Business
First Mutual Life (100%)	First Mutual Life offers a wide range of innovative products through its two main businesses, namely Employee Benefits and Individual Life Benefits business. First Mutual Life's primary business activities are the provision of life assurance, retirement benefit products and other long-term financial security products. The company continues to be a pacesetter in the market in producing uniquely innovative life assurance products.
First Mutual Health (100%)	First Mutual Health is a leading medical aid insurance scheme in Zimbabwe that provides exceptional medical aid cover at competitive rates. With thousands of members cutting across a wide spectrum of the market from non-profit making organisations, government institutions, mining, education, individuals and commerce, we offer the perfect blend of experience, agility and innovation to service our membership exceptionally.
NicozDiamond Insurance Limited Zimbabwe (100%)	NicozDiamond is a reputable and major player within the short-term insurance industry in Zimbabwe. The company consistently retains a substantial market share and has established itself as a premier insurer in a market comprising of 22 insurance companies.
First Mutual Reinsurance Limited Zimbabwe (100%)	First Mutual Reinsurance is involved in the provision of reinsurance security in all classes of general insurance and life & health insurance, with a stable credit rating of BBB+ by Global Credit Risk (GCR). In addition, First Mutual Reinsurance trades on a strong retrocession panel with A rated regional and international securities. The company also provides a diverse range of technical training and risk management services as a total risk solution to its clients. First Mutual Reinsurance also has a strategic business unit call FMRE Property & Casualty in Botswana.
First Mutual Wealth Management (Private) Limited Zimbabwe (100%)	First Mutual Wealth is a registered Investments Manager under the Securities and Exchange Commission (SEC). It offers a wide variety of Wholesale Investment Products of Stand-alone Segregated Portfolios to Pension Funds, First Mutual Group Companies and High Net-worth Clients. It is also involved in the unit trust business which enables the company to offer investment products to the mass market through its affordable and flexible Individual Investment Accounts.
First Mutual Microfinance (100%)	First Mutual Microfinance ("FMM") is a registered micro-lender under the Reserve Bank of Zimbabwe. The Company offers a diverse range of products including personal loans, SME loans, agricultural loans, asset loans and order financing. The product offering is skewed to productive and financially excluded markets-utilizing loan structures such as value chain and group financing. The FMM team provides innovative customer centric financial solutions with a view of promoting outreach and a sustainable economic environment.
First Mutual Properties Limited Zimbabwe (69.99%)	First Mutual Properties Limited is a public listed property company incorporated in Zimbabwe and its principal activities are property investment, development and management. First Mutual Properties actively manages a diverse property portfolio that spans office parks, Central Business District (CBD) retail, CBD offices, suburban retail and industrial. The growth of the company is premised around property acquisitions and developments. Oyster Real Estate Oyster Real Estate is the trading name for First Mutual Properties. Oyster, a fully licensed entity, provides professional property services that include property management, facilities management, property development, property investment and valuations.
First Mutual Funeral Services Zimbabwe (100%)	First Mutual Funeral Services ("FMFS") primary focus is the provision of funeral services that caters for the needs of the Zimbabwean market. The company offers clients a choice to get full funeral services packages or shop from a range of ancillary service and products that meets their needs. To ensure guaranteed quality and value for money for its clients, the company will commission a casket manufacturing factory and harness its skills and talent to provide world class caskets and related products for the local market and export.
FMRE Property and Casualty (Proprietary) Limited Botswana (100%)	FMRE Property and Casualty Botswana offers short-term reinsurance services to its clients in all classes of general insurance. The company also provides a diverse range of technical services to back its core reinsurance services to insurance companies and reinsurance brokers across Africa. FMRE Property & Casualty has offices in Zimbabwe and Botswana. Traditional reinsurance products are backed by a comprehensive range of risk management services and technical support. The business is managed by a dynamic team of professionals with expertise from diverse fields. FMRE Property and Casualty Botswana FMRE Property and Casualty Botswana started operations in June 2010, with a focus on short term reinsurance business in Botswana, SACU countries and the rest of Africa. The business has received positive support from the Botswana market and the SACU countries. It is critical that FMRE Property and Casualty be adequately capitalised to meet the reinsurance needs of the Botswana and other target markets.
Diamond Seguros Mozambique (51.6%)	Diamond Seguros is a reputable and growing short-term insurer in the Mozambiquan industry offering individual and business insurance. The expansion of the business has seen the opening of Chimoio branch in 2016, Matola branch in 2018 and Beira branch in 2020. For 2021, the business has been focused on opening satellite office for third party insurance cover at key border posts with Machipanda border now fully operational and immediate focus being on the reminder of the other border posts.

Associates	Nature of Business
Clover Leaf Panel Beaters (Private) Limited Zimbabwe (45%)	Clover Leaf Panel Beaters specializes in vehicle body shop works, exterior repaired, delivering premium spray painting and panel beating services FMHL customers and the market at large. The body shop specializes a number of vehicle brands which include but not limited to Nissan, Datsun, Hyundai, Mazda, Ford, Mercedes Benz, Toyota, Isuzu and Chevrolet.
Haemotology Centre Zimbabwe (34%)	Hematology is practised by specialists in the field who deal with the diagnosis, treatment and overall management of people with blood disorders ranging from anemia to blood cancer.
United General Insurance Limited Malawi (46%)	United General Insurance Company (UGI) is one of the Malawi's leading short term insurance companies and has been operating in Malawi for over thirty years. UGI is both a member of the Insurance Association of Malawi and the African Insurance Organization. It presently has a 19% insurance market share in Malawi.

A2.4. Directors' Profiles

Director	Role	Profile
A.R.T. Manzai	Independent Non-Executive Chairperson	BA Hons Economics (UK) CA (z)
D. Hoto	Group Chief Executive Officer	Fellow of the Institute of Actuaries (UK & SA) BSc Hons Mathematics (UZ)
W.M. Marere	Group Finance Director	B.Comm (Unisa) CA (z) Hons. B.Compt (Unisa)
G. Baines	Independent Non-Executive Director	MBA (UCT) BSc Finance (UCT) IRSMA (SA)
S.V. Rushwaya	Independent Non-Executive Director	BSc (Hons) Sociology (London) Dipl. Training Management
E. Mkondo (Ms.)	Independent Non-Executive Director	B. Acc (UZ) CA (z)
M. Mukondomi (Mrs.)	Independent Non-Executive Director	Executive MBA (NUST) BSc Acc & Finance (CUT)
E. Moyo	Independent Non-Executive Director	PhD Candidate (UZ) MBA (UZ) LLB Hons (UZ)

A R T Manzai (Independent Non-Executive Chairperson):

Amos has senior managerial and executive leadership experience acquired at Deloitte & Touche London and Zimbabwe as senior supervisor. He has also served at ZESA as Deputy General Manager – Finance. Amos has also held the position of Group Finance Director at TA Holdings Ltd and Executive Director Finance & Administration at Standard Chartered Bank Zimbabwe. He is a Director at Perrenialform Investments Pvt Ltd, Evergid Services Pvt Ltd and Lidle Trading Services (Pvt) Ltd. He holds a BA Honours Economics Degree (Dunelim UK) and is a Chartered Accountant (Zimbabwe).

D Hoto (Group Chief Executive):

Douglas is an accomplished business leader and Group Chief Executive Officer of FMHL. He holds a Bachelor of Science Honours Degree in Mathematics (University of Zimbabwe), is a qualified Actuary with more than 22 years' experience. He is a Fellow of the Institute and Faculty of Actuaries of the United Kingdom 1999 (FIFA), and is also a Fellow of the Actuarial Society of South Africa (FASSA). Douglas started his actuarial career with Old Mutual in 1990 and worked in both the Harare and Cape Town offices until 1999, when he joined First Mutual Life. He rose through the ranks to become Managing Director of First Mutual Life in 2003 and Chief Executive of First Mutual Limited in 2004. Douglas was instrumental in setting up First Mutual Reinsurance Company (FMRE Property & Casualty), Tristar Insurance Company and African Actuarial Consultants from a Division of First Mutual Life Assurance Society. His career has seen him at the helm of Alfin Holdings and First Mutual Limited. In addition, Douglas is involved in community transformation initiatives focusing on education. He works closely with national development organizations and is the past chairman for Zimbabwe National Statistics Agency (ZIMSTATS). He serves on a number of boards and is a past chairman of Actuarial Society of Zimbabwe.

WM Marere (Group Finance Director):

William was appointed to his current position in September 2012. Prior to this appointment, William was Chief Financial Officer – Corporate Finance at Econet Wireless Zimbabwe where he was responsible for corporate and project finance and investor relations. William served his Articles of Clerkship with Ernst & Young. Upon completion he worked for the companies in the financial services, mining and property development industries including Stanbic Bank, TN Financial Services and Zimbabwe Alloys Limited where he gained proficiency and expertise in finance and administration, corporate and project finance. William holds an Honours Bachelor of Accounting Science Degree from the University of South Africa (UNISA) and is a Chartered Accountant (Zimbabwe).

Gareth Baines (Independent Non-Executive Director):

Gareth has experience in the insurance industry and extensive knowledge of life and non-life insurance. Prior to joining the Board, he held executive positions in financial services sector in South Africa, at Guard Risk Insurance Company Limited, AIG South Africa Limited (AIG SA), ABSA Insurance Company, and Nedbank Insurance Limited. Gareth has served on several South African board committees including AIG SA Pension Fund Trustee Chair, audit sub-committee of AIG SA, Intermediaries Guarantee Facility Limited, as President Institute of Risk Managers South Africa(IRMSA) and IRMSA Education & Technical sub-committee chair. He holds a Bachelor of Business Science in the special field of Finance and a Master of Business Administration (University of Cape Town).

Samuel Vengai Rushwaya (Independent Non-Executive Director):

Samuel is a former Managing Director of Aberfoyle Holdings (Pvt) Ltd and past Chairman of British American Tobacco Zimbabwe Limited and Standard Chartered Bank Zimbabwe Limited as well as First Mutual Reinsurance Limited. He is also a past Director of CGU Insurance, Portland Holdings Limited, SFG Insurance and First Mutual Limited. He sits on the African Distillers Limited and First Mutual Life Assurance Limited boards. Samuel is a holder of a Bachelor of Science (Sociology) Honours Degree, London and Advanced Diploma in Training Management.

Evelyn Mkondo Ms. (Independent Non-Executive Director):

Eve graduated from the University of Zimbabwe with a Bachelor of Accountancy (Honours) degree and became a member of the Institute of Chartered Accountants of Zimbabwe in 1989 after serving articles with Coopers & Lybrand (now Ernst Young) in Harare. Eve has held senior finance positions in organizations spanning power, retail, mobile communications and financial services. She later joined listed conglomerate Star Africa Corporation Limited (formerly ZSR Limited) as Group Finance Director and later as its Group Commercial Director. Eve gained invaluable experience as an Executive Director of the main Board, a director at divisional boards and also at subsidiaries Sugar Industries Botswana Limited, Star Africa International Limited (Mauritius) and ZSR Transport Limited (South Africa). She also sat on the Zimbabwe Sugar Association board. Eve spent a year as Chief Finance Officer of AIM listed African Consolidated Resources Limited before retiring in 2013. Currently she's serving as non-executive director at Schweppes Zimbabwe Limited, Allied Timbers Limited, First Mutual Properties and Standard Charted Bank Zimbabwe.

Memory Mukondomi Mrs. (Independent Non-Executive Director):

Memory is the Director Finance and Administration in the Ministry of Public Service Labour & Social Welfare. Prior to her current position, she was the Chief Internal Auditor in the Ministry of Industry and International Trade from 2005 to 2011. She was in the COMESA Audit Committee having worked for the Auditor General from 1990 to 2005. Memory holds an Executive Master of Business Administration from the National University of Science and Technology and Bachelor of Science (Hons) Accounting and Finance – Chinhoyi University.

E K Moyo (Independent Non-Executive Director):

Elisha is a lawyer by profession and currently practices law in the Law firm Moyo and Partners Legal Practitioners which he founded in October 2011. His specialty is corporate law. In August 2012, Elisha was appointed as Chairman of Pearl Properties (2006) Limited (now First Mutual Properties), and a non-executive director of First Mutual Holdings Limited and Tristar Insurance Company Limited. He also sits on several other boards, including Afrosoft Holdings Limited. He is a current PhD student in Business Administration and he holds a Master's in Business Administration from the University of Zimbabwe, a Bachelor of Laws degree and a Bachelor of Law Honours Degree from the same institution.

A2.5. Director's interest in shares

Director	Designation	Direct interest	Share options
A R T Manzai	Chairman	-	-
D Hoto	Group Chief Executive Officer	500 290	540 490
W M Marere	Group Finance Director	10 000	946 459
E K Moyo	Independent Non-Executive Director	924	-
E Mkondo (Ms.)	Independent Non-Executive Director	-	-
M Mukondomi (Mrs.)	Independent Non-Executive Director	-	-
G Baines	Independent Non-Executive Director	-	-
S V Rushwaya	Independent Non-Executive Director	10 100	-

A2.6. Corporate Governance

A2.6.1. Governance

FMHL is committed to the principles of good corporate governance based on best global practice. The directors recognize the need to conduct the business of FMHL with integrity and following generally accepted corporate practices to safeguard stakeholders' interests. The Board and management believe the governance systems and practices in place are appropriate for FMHL and are essentially in line with the National Code on Corporate Governance Zimbabwe (ZIMCODE). In light of the legal developments in Zimbabwe, FMHL is reviewing and realigning its governance practices with the New Companies and Other Business Entities Act (24:31) and SI134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules.

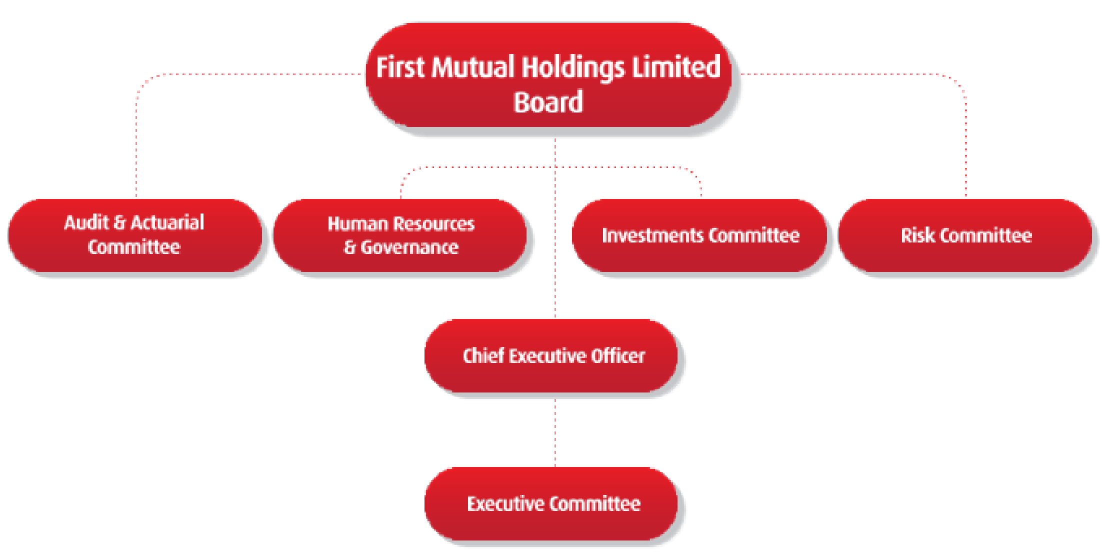
A2.6.2. Code of corporate practices and conduct

FMHL is committed to promoting the highest standards of ethical behaviour amongst all its employees. All employees are required to maintain the highest ethical standards in ensuring that FMHL's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Furthermore, all employees are required to observe the FMHL's Code of Ethics. FMHL is a subscriber to an independently managed fraud hotline system.

A2.6.3. Active ownership

FMHL has shares in various companies, therefore takes an active responsibility of being a responsible investor. We participate in annual general meetings and voting in a way that is reflective of being a responsible investor and active owner. Our voting patterns are guided by the Investment Committee.

A2.6.4. Board Structure



A2.6.5. Board composition and appointment

The Board of Directors is chaired by an independent non-executive director and comprises six other non-executive and two executive directors. The Board enjoys a strong mix of skills and experience which include finance, business, legal, actuarial science, economic and accountancy. The Board is the primary governance organ whose role is to determine overall policies, plans and strategies of the Group and to ensure that these are implemented ethically and professionally.

The Board meet regularly, at least four times a year, and guides corporate strategy, risk management practices, annual budgets and business plans. Special Board meetings may be convened on an ad-hoc basis when necessary, to consider issues requiring urgent attention or decision. The Company Secretary maintains an attendance register of Directors to all scheduled meetings during the year through which Directors can assess their devotion of sufficient time to the Group.

The Board has overall responsibility for ensuring the integrity of FMHL's accounting and financial reporting systems including the independent audit, and that appropriate systems of control, risk management and compliance with laws are in place. To ensure effectiveness, Board members have unfettered access to information regarding FMHL's operations which is available through Board meetings, and Board Committees as well as Strategic Planning workshops organised by FMHL. Directors may, at FMHL's expense, seek independent professional advice concerning FMHL's affairs.

The Board appointments are made to ensure a variety of skills and expertise representation on the Board. A third of the Directors are required to retire on a rotational basis each year along with any Directors appointed to the Board during the year. Executive directors are employed under performance- driven service contracts setting out responsibilities of their particular office.

A2.6.6. Stakeholder communication systems with the board

FMHL avails various platforms of communication between our Board of Directors and stakeholders. The channels of communication include the annual general meeting, notices to shareholders and stakeholders, press announcement of interim and annual reports, investor briefings, annual reporting to shareholders, and the exercise of shareholders through proxy forms. FMHL has online platforms where operational, financial and sustainability information is easily accessible to all stakeholders.

A2.6.7. Executive Directors' remuneration

In a rapidly evolving remuneration landscape, FMHL pays great attention to the concerns of stakeholders on executive pay. FMHL continuously assess existing and emerging views on remuneration and ensure these are reflected in our remuneration design. The remuneration structures at First Mutual Holdings are designed to attract and retain talent at all levels.

The remuneration packages are geared to the employee's level of influence and role complexity. Currently, FMHL remuneration policies are not linked to any sustainability criteria, but the company intends to change this on its continued sustainability journey. The remuneration packages for the Executive Directors are determined by the Group Human Resources and Governance Committee.

A2.6.8. Board accountability and delegated functions

The FMHL Board is supported by various Committees in executing its responsibilities. The main Committees meet at least quarterly to review performance and provide guidance to management on both operational and policy issues.

Each Committee acts within written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board monitors the effectiveness of controls through reviews by the Combined Audit and Actuarial Committee and an independent assessment by the independent auditors. FMHL from time to time reviews the number of Committees as necessitated by the prevailing environment.

A2.6.9. Board Committees

Committee	Members	Summary of Roles & Responsibilities
Combined Audit and Actuarial Committee	E Mkondo (Chairperson) A Makonese N Dube M Mukondomi	The Combined Audit and Actuarial Committee has written terms of reference and is tasked with ensuring financial discipline within the FMHL Group of companies, sound corporate values and financial procedures. This Committee is further tasked with reviewing and recommending for adoption by the Board, the interim and annual financial statements of FMHL. The Committee also recommends the appointment and reviews the fees of the independent auditors. In respect of actuarial work, the Committee is tasked with protecting policyholders' interests by: 1. ensuring separate accounting for the assets of policyholders and shareholders of the insurance companies within the FMHL Group of Companies; 2. devising and ensuring adherence to profit participation rules; and 3. reviewing actuarial valuation reports and monitoring implementation of the recommendations.
Group Human Resources and Governance Committee	S V Rushwaya (Chairperson) E K Moyo A R T Manzai	This Committee comprises three (3) non-executive directors of First Mutual, one of whom is the Chairperson. This Committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives. The Committee is responsible for reviewing and assessing organizational structure in line with the Strategy and make recommendations to the Board. The Committee reviews recruitment procedures and strives to ensure that remuneration packages remain competitive. The Committee acts as a Nominations Committee for Directors to Boards in the FMHL Group of Companies and, also, the Committee considers wider corporate governance issues and related party transactions. The Committee has responsibility for drafting the remuneration policy. This draws on local and regional survey data from independent advisors to ensure that the remuneration policy is appropriate and relevant to the prevailing times.
Group Investments Committee	A R T Manzai (Chairperson), Dr A Chidakwa	This Committee comprises three (3) non-executive directors (one of whom is the Chairperson). The Group Chief Executive Officer and Group Finance Director attend in ex officio capacities. The Committee formulates investments strategy and policy, reviews the performance of investments within the FMHL Group and recommends new investments for approval by the Board. The Committee assists the Board in reviewing the implementation of its investment policies and ensures that portfolio management is conducted following the FMHL Group's policies.
Group Risk Committee	G Baines (Chairperson), E K Moyo M Mukonoweshuro J Katurura	This Committee comprises Four (4) Non-Executive Directors of First Mutual Holdings Limited. There is currently a vacancy on this committee The Committee reviews Group's overall risk strategy, current risk exposures, and risk governance. The Committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits, as well as the adequacy of remedial action. The Committee also advises the Board on the risk's aspects of proposed strategic transactions. The Committee liaises with other Board Committees as necessary.
Strategic Direction Committee	A R T Manzai (Chairperson), G Baines	The Committee advises the Board on matters which are of strategic importance to the FMHL Group. Without limiting the generality of the foregoing, the Committee is established to: 1. Consider and assess proposed strategic transactions including acquisitions, disposals or other significant corporate actions; 2. Ensure that due diligence appraisal of propositions is undertaken; 3. Seek independent external advice where appropriate and available; 4. Make recommendations on the appointment of transaction advisors; 5. Work with and liaise as necessary with other Board Committees; and 6. Ensure that the Board is kept apprised of material developments in relation to all projects under the purview of the Committee. In so doing, the Committee shall exercise independent judgment with a view to promoting the success of the company for the benefit of its shareholders as a whole, having regard to, among other things, the long-term consequences of any decision, the interests of the company's stakeholders, the impact on the community and the environment and the need to act fairly as between shareholders of the company.

APPENDIX III: REPORT OF THE INDEPENDENT REPORTING ACCOUNTANT ON THE INFLATION ADJUSTED HISTORICAL FINANCIAL INFORMATION OF CBZ HOLDINGS LIMITED

KPMG

KPMG
Mutual Gardens
100 The Chase (West)
Emerald Hill
P O Box 6 Harare
Zimbabwe
Tel: +263 (4) 303700, 302600
Fax: +263 (4) 303699

BN/tm

30 December 2021

The Directors
CBZ Holdings Limited
5 Campbell Road
Pomona, Borrowdale
Harare, Zimbabwe

Dear Sirs

Report of the Independent Reporting Accountant on the Consolidated Historical Financial Information of CBZ Holdings Limited

Introduction

The directors of CBZ Holdings Limited ("the Company or CBZ") are proposing to acquire 226,997,219 (two hundred and twenty six million, nine hundred and ninety seven thousand, two hundred and nineteen) ordinary shares in First Mutual Holdings Limited ("FMHL") by way of purchasing the shares from National Social Security Authority (NSSA) "(the proposed transaction") as contained in the circular to shareholders of CBZ dated 30 December 2021("the Circular"). The ordinary shares are of a nominal value of ZWL0,001 each in the issued share capital of FMHL whilst the acquisition price is at a determined average share price of ZWL28 per share.

Ernst and Young Chartered Accountants (Zimbabwe) have been auditors of the financial statements of CBZ Holdings Limited and its subsidiaries (collectively referred to hereinafter as the Group) between 2018 and 2020,from which the financial information, included in Appendix IV of this Circular has been extracted. The audit reports and modifications therein for the periods since the year ended 31 December 2018 are indicated below in this report.

In terms of Section 240 to 245 as read with section 223 of the Securities and Exchange Listing Requirements (Zimbabwe Stock Exchange ("ZSE") Listing Requirements) Rules 2019 ("the Zimbabwe Stock Exchange Listing Requirements"), we present our report in respect of the Consolidated Financial Information for the period ended 31 December 2018 to 30 June 2021.

Responsibilities

The directors of the CBZ Holdings Limited are solely responsible for the compilation, contents and presentation of the circular to shareholders ("the Circular") dated 30 December 2021 of which this report is a part, and for the financial statements and other financial information from which the financial information contained in the Circular has been prepared, in accordance with International Financial Reporting Standards ("IFRSs") and other applicable regulations and guidance, as may be applicable to the Group from time to time. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

We report on the consolidated historical financial information in accordance with the requirements of Section 240 to 245 of the Listing Requirements of the Zimbabwe Stock Exchange.

Audit Opinions

We have reproduced sections of predecessor auditor's reports in respect of the financial years ended 31 December 2018 to 2020 which indicate the modifications to the audit reports on the Group's financial statements for the periods.

Whist we have reproduced sections of the predecessor auditor's reports issued, the following were added to the opinions:

- we have restated to 30 June 2021 the inflation adjusted numbers included in the opinions and they are annotated as "restated to 30 June 2021".
- for the sections of the opinions which related to legacy debt we have added the relevant note references to the Consolidated financial information presented.

The predecessor auditors have reviewed the summaries and sections reproduced in this report from their audit reports of the years indicated, including the updates and or additions indicated above, and they have consented to the manner, context and form of these for purposes of this report.

KPMG Chartered Accountants (Zimbabwe) were appointed auditors of the Group from the year ending 31 December 2021 and thus reviewed the results as at and for the half year ended 30 June 2021.

YEAR ENDED 31 DECEMBER 2018

The audit opinion for the financial year ended 31 December 2018 was adverse and enunciated as follows:

> *"In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs)."*

The basis of an adverse audit opinion related to the following:

- The functional currency applied by management is the United States Dollar (US$) and the financial statements are presented in US$ on the basis that the official exchange rate as at 31 December 2018 between the Real Time Gross Settlement Electronic Dollar (RTGS$) and the United States Dollar (US$) is 1:1.
- Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate foreign currency accounts (FCAs) into two categories, namely RTGS FCA and Nostro FCA during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. Finally, in February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTGS$) and the interbank foreign exchange market.
- These events triggered the need for reporting entities to assess whether there was a change in functional currency (from US$ to RTGS$) and the 1:1 RTGS$: US$ exchange rate as at and prior to the 31 December 2018 year end.
- Based on International Financial Reporting Standards IAS 21 the Effects of Changes in Foreign Exchange Rates ("IAS 21") the functional currency of an entity is the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it. In addition, paragraph 2.12 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it "must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon." International Accounting Standard 10, Events after the Reporting Period ("IAS 10") also requires an entity to adjust the amounts recognised in its financial statements to reflect events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.
- We believe that events in the market and subsequent promulgation of the RTGS$ as a formal currency supports that there was a change in functional currency from US$ to RTGS$ and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS$: US$ exchange rate and that this occurred prior to the 31 December 2018 year end. This impacts the basis for measuring transactions that occurred between 01 October and 31 December 2018, the valuation of assets and liabilities at year end as well as the accounting for foreign exchange differences. We believe that the consolidated and separate financial statements are required to be adjusted for these changes and that it is inappropriate to provide note disclosures as a proxy for adjusting the financial statements as this is not in conformity with IAS 10.
- The financial statements of the group include balances and transactions denominated in RTGS$ that were not converted to US$ at an RTGS$: US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st of October 2018 and 20th of February 2019. The directors have prioritised compliance with the requirements of SI33, despite the fact that the requirements of IAS21 would not be met. Further disclosure on this matter is included in Note 38 to the financial statements.
- In terms of IAS 21, foreign currency monetary items shall be translated using the closing rate, non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Therefore, had RTGS$ been designated as the functional currency and a different RTGS$:US$ currency rate been determined and applied by management, virtually every account in, and the information provided by way of the notes to, the accompanying financial statements, would have been materially different. The effects of the departure from IFRS are pervasive to the financial statements and have not been quantified.

Key Audit Matters

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

YEAR ENDED 31 DECEMBER 2019

The audit opinion for the financial year ended 31 December 2019 was adverse and enunciated as follows:

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

The basis of an adverse audit opinion related to the following matters:

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

  The Group applied the United States Dollar (US$) as its functional currency for the period 1 January 2019 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 December 2019. The Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

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

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

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

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

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

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

  As a result of these matters:

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

  There was the creation of a foreign currency reserve of ZWL/RTGS$87 378 320 (Restated to 30 June inflation adjusted amount is ZWL472 873 023) which should not exist as appropriate restatement would not give rise to differences. Such a reserve is thus not in compliance with IAS 21 nor valid.

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

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

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

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

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

  The Group's investment properties, land inventory and freehold land and buildings are carried at ZWL558,585,537; ZWL736,278,545 and ZWL806,910,344 respectively as at 31 December 2019. The respective inflation adjusted amounts restated to 30 June 2021 are as follows; (ZWL3 022 947 013; ZWL3 984 584 062; ZWL4 366 828 449 respectively).

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

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

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

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

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

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

Overall impact – Hyperinflationary Economies

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

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

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

We draw attention to Notes 1.3, 3, 16, and 25.2 in the inflation adjusted consolidated financial statements (Note 1.3,12 and 15.1 to Appendix IV of the Circular), which collectively provide information relevant to the legacy liabilities and the Nostro gap affecting the Group. These notes highlight Management's assessment of the risks associated with these foreign currency denominated debts and the settlement arrangement with the Reserve Bank of Zimbabwe. Our opinion is not further modified in respect of this matter.

Key Audit Matters

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

YEAR ENDED 31 DECEMBER 2020

The audit opinion for the financial year ended 31 December 2020 was qualified and enunciated as follows:

"In our opinion, except of the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated inflation adjusted financial statements present fairly, in all material aspects, the inflation adjusted financial position of the Group as at 31 December 2020, and its consolidated inflation adjusted financial performance and consolidated inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31)."

Basis for qualified opinion

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

- **Historical functional currency date of application**

  The Group changed its functional and reporting currency from United States Dollar (USD) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019. We however believe that the change occurred on 1 October 2018 in terms of IAS 21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

  Management has not restated the opening balances to resolve this matter which resulted in the adverse audit report in the prior period in accordance with IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors, therefore, some corresponding numbers on the inflation adjusted statement of financial position and many items on the inflation adjusted statement of comprehensive income remain misstated, impacting comparability of the current year (2020) figures.

  As a result, the closing balances for the following accounts as stated on the consolidated inflation adjusted Statement of Financial Position remain misstated as they contain amounts from opening balances:

  - ZWL1 022 208 000 included in Property and Equipment of ZWL4 793 121 000 (restated to 30 June 2021 inflation adjusted amounts are ZWL1 233 684 650 and ZWL5 784 732 464 respectively).
  - ZWL1 429 313 000 included in Deferred Tax Liability of ZWL2 055 421 000 (restated to 30 June 2021 inflation adjusted amounts are ZWL1 725 012 432,13 and ZWL2 480 651 039 respectively)
  - ZWL8 662 126 000 included in Retained earnings of ZWL13 246 324 000 (restated 30 June 2021 inflation adjusted amounts are ZWL10 454 165 770 and ZWL15 986 752 783 respectively)

  On date of change in functional currency, management translated elements on the consolidated inflation adjusted financial statements using different exchange rates which resulted in a misbalance which was recorded directly in equity as a functional currency translation reserve of ZWL2 358 494 000 (restated to 30 June 2021 inflation adjusted amount is ZWL2 846 424 451). This is not in line with the requirements of IFRS.

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

  The Group's investment properties, land inventory and freehold land and buildings are carried at ZWL2 748 368 000 (2019: ZWL2 505 734 000); ZWL3 702 935 000 (2019: ZWL3 302 840) and ZWL3 379 115 000 (2019: ZWL3 562 044 000) respectively as described in note 17, note 21 and note 22 restated to 30 June 2021 inflation adjusted amounts are ZWL3 316 956 446; (2019: ZWL3 024 125 787); ZWL4 469 006 376; (2019: ZWL3 986 138); ZWL4 078 193 779 (2019: ZWL4 298 967 535) respectively.

  The properties were valued using USD denominated inputs and converted to ZWL at the closing auction rate. We believe that applying a conversion rate to a USD valuation to calculate ZWL property values may not be an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading.

  Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our prior year audit report was also modified as a result of this matter.

- Exchange rates used (Non-compliance with IAS 21)

  In the current year, the Group translated foreign currency denominated transactions and balances to ZWL using the interbank exchange rates for the period 1 January 2020 to 23 June 2020, prior to introduction of the Foreign Exchange Auction Trading System. This includes the period between March and June 2020 when the exchange rate was fixed at USD1: ZWL25. As in the prior year, we concluded that the interbank exchange rates did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery.

  This impacts unrealised exchange gains on foreign currency exchange of ZWL3 122 519 000 (2019: ZWL1 356 391 000) and taxation ZWL2 161 185 000 (2019: ZWL2 553 196 000) on the inflation adjusted statement of profit or loss and other comprehensive income (Restated to 30 June 2021 inflation adjusted amounts are ZWL3 768 512 631 (2019: ZWL1 637 004 168); ZWL2 608 295 729 (2019 ZWL3 081 406 831) and current tax payable of ZWL667 592 000 (2019 ZWL462 157 000) (restated to 30 June inflation adjusted amounts are ZWL805 704 908 (2019: ZWL557 769 061) and retained earnings of ZWL13 246 324 000 (2019: ZWL8 662 126 000) (restated to 30 June 2021 inflation adjusted amounts are, ZWL15 986 752 783 (2019: ZWL10 454 165 769) on the consolidated inflation adjusted statement of financial position.

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

- Application of IAS29 - Financial Reporting in Hyperinflationary Economies

  Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, the following balances on the inflation adjusted Statement of Financial Position would have been materially different:

  - Property and Equipment of ZWL4 793 121 000 (2019: ZWL4 584 252 000) (restated to 30 June 2021 inflation adjusted amounts are ZWL5 784 732 465 (2019: ZWL5 532 652 185).
  - Retained earnings of ZWL13 246 324 000 (2019: ZWL8 662 126 000) (restated to 30 June 2021 inflation adjusted amounts are ZWL15 986 752 783 (2019: ZWL10 454 165 770).
  - Foreign Currency translation reserve of ZWL2 358 492 000 (2019: ZWL2 278 318 000) (restated to 30 June 2021 inflation adjusted amounts are ZWL2 846 422 037 (2019: ZWL 2 749 661 463).
  - Deferred Taxation Liability of ZWL2 055 421 000 (2019: ZWL1 429 313 000) (restated to 30 June 2021 inflation adjusted amounts are ZWL2 480 651 039 (2019: ZWL1 725 012 432).

The following amounts on the inflation adjusted Statement of Profit and Loss and Other Comprehensive Income would have been materially different:

- Monetary Loss of ZWL729 166 000 (2019: ZWL2 335 145 000) (restated to 30 June 2021 inflation adjusted amounts are ZWL880 017 473 (2019: ZWL2 818 244 958).
- Taxation of ZWL2 161 185 000 (2019: ZWL2 553 196 000) (restated to 30 June 2021 inflation adjusted amounts are, ZWL2 608 295 729 (2019: ZWL3 081 406 831).

In addition to the elements specified above, our audit report is also modified as a result of the impact of the following accounts which are in aggregate materially misstated: Gain on property revaluations ZWL284 115 000 (2019: ZWL146 580 000) (restated to 30 June 2021 inflation adjusted amounts are ZWL342 893 339 (2019: ZWL176 904 794), Deferred tax relating to Other comprehensive income ZWL34 379 000 (2019: ZWL32 437 000) (restated to 30 June 2021 inflation adjusted amounts are ZWL41 491 404 (2019: ZWL39 147 638)), Fair value adjustments on Investment Property ZWL176 308 000 (2019: ZWL122 725 000) (restated to 30 June 2021 inflation adjusted amounts are ZWL212 782 989 (2019: ZWL148 114 619) and Depreciation expenses of ZWL268 590 000 (2019: ZWL262 653 000 (restated to 30 June 2021 inflation adjusted amounts are ZWL324 156 493 (2019: ZWL 316 991 233).

Our prior year audit report was also modified as a result of this matter.

Our opinion in the current year's consolidated inflation adjusted financial statements is modified because of the possible effects of the matters above on the comparability of the current year's consolidated inflation adjusted financial statements with that of prior year.

The effects of the above departures from IFRS are material but not pervasive to the consolidated inflation adjusted financial statements.

Emphasis of Matter- Settlement of legacy liabilities and Nostro gap

We draw attention to Notes 1.32 and Note 25.2 in the consolidated inflation adjusted financial statements (Note 1.3,12 and 15.1 to Appendix IV of the Circular), which collectively provide information relevant to legacy liabilities and Nostro gap affecting the Group. These notes highlight management's assessment of risks associated with these foreign denominated debts and the settlement arrangement with the Reserve Bank of Zimbabwe. Our audit report is not further modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated inflation adjusted financial statements of the current period. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated inflation adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Revenue recognition (interest income)
- Valuation of loans and advances

HALF YEAR ENDED 3O JUNE 2021 -Reviewed by KPMG

Conclusion in respect of CBZ Holdings Limited and its subsidiaries

The review opinion for 30 June 2021 was unmodified and enunciated as follows:

"Based on our review, nothing has come to our attention that causes us to believe that:

The accompanying reviewed inflation adjusted financial results do not fairly present, in all material respects, the financial position of CBZ Holdings Limited and its subsidiaries as at 30 June 2021, and the consolidated financial performance and consolidated cash flows for the six month period then ended in accordance with International Financial Reporting Standards including the requirements of IAS34, "Interim Financial Reporting" and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange('ZSE') Listings Rules, 2019"

Format of the financial information presented

As the purpose of the financial information differs from the purpose of the financial statements prepared for members, the financial information in the Circular in Appendix IV is not intended to comply in full with the presentation and disclosure requirements of the Companies and Other Business Entities Act [Chapter 24:03] and IFRSs promulgated by the International Accounting Standards Board ("IASB").

Our report shall not in any way constitute recommendations regarding the completion of the transaction or the issue of the Circular to shareholders.

Historical cost financial information in Appendix IV

The historical cost financial information in Appendix IV has been shown as supplementary information for the benefit of users and is not the primary financial information. This information does not comply with the International Financial Reporting Standards in that it has not been prepared in line with the requirements of International Accounting Standard 29 – *Financial Reporting in Hyperinflationary Economies.* As a result, no audit or review opinion was expressed on this historical cost financial information, annotated as *"Historical" Unaudited in Appendix IV.* This report on the consolidated historical financial information of CBZ Holdings Limited does not therefore extend to the historical cost financial information, annotated as *"Historical" Unaudited in Appendix IV.*

Yours faithfully

KPMG

KPMG Chartered Accountants (Zimbabwe)

APPENDIX IV: CONSOLIDATED HISTORICAL FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 DECEMBER 2018 TO 30 JUNE 2021 OF CBZ HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

		INFLATION ADJUSTED				HISTORICAL			
		AUDITED			REVIEWED	UNAUDITED			
	NOTES	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
Interest income	1	4 306 258	2 911 380	6 140 048	3 986 402	128 054	213 983	3 335 968	3 760 864
Interest expense	2	(1 545 913)	(841 843)	(1 690 279)	(1 944 071)	(45 970)	(62 173)	(574 610)	(1 807 263)
Net interest income		**2 760 345**	**2 069 537**	**4 449 769**	**2 042 331**	**82 084**	**151 810**	**2 761 358**	**1 953 601**
Non interest income	3	3 636 236	12 274 408	12 820 005	9 001 020	108 130	1 757 763	11 166 804	9 276 171
Net underwriting income	4	310 644	375 546	347 891	210 135	9 238	15 009	100 660	183 359
Total income		**6 707 225**	**14 719 491**	**17 617 665**	**11 253 486**	**199 452**	**1 924 582**	**14 028 822**	**11 413 131**
Operating expenditure	5	(4 003 712)	(5 906 609)	(6 724 494)	(5 184 209)	(119 057)	(574 210)	(4 092 266)	(4 798 928)
Operating income		**2 703 513**	**8 812 882**	**10 893 171**	**6 069 277**	**80 395**	**1 350 372**	**9 936 556**	**6 614 203**
Transfer annuities reserve movement		(1 060)	(9 011)	(120 081)	(64 135)	(32)	(1 664)	(86 795)	(64 135)
Credit loss expense & charge for impairment on insurance assets		91 737	(1 212 193)	(1 161 447)	(1 430 136)	2 728	(223 904)	(962 353)	(1 430 136)
Monetary Loss		-	(2 818 245)	(880 018)	(307 830)	-	-	-	-
Profit before taxation		**2 794 190**	**4 773 433**	**8 731 625**	**4 267 176**	**83 091**	**1 124 804**	**8 887 408**	**5 119 932**
Taxation		(367 172)	(3 081 405)	(2 608 294)	(1 841 428)	(10 919)	(199 826)	(2 740 341)	(1 282 308)
Profit for the period after tax		**2 427 018**	**1 692 028**	**6 123 331**	**2 425 748**	**72 172**	**924 978**	**6 147 067**	**3 837 624**
Other comprehensive income									
Items that will not be reclassified to profit or loss in subsequent periods									
Gains/(losses) on property revaluations		132 792	176 905	342 893	(443 222)	3 949	674 369	2 994 769	166 129
Fair value gains/(losses) on unquoted investments		(6 399)	202 814	132 222	(26 069)	(190)	164 624	788 333	188 121
Exchange gains on change of functional currency		-	2 751 967	-	-	-	92 149	-	-
Deferred income tax relating to components of other comprehensive income		(23 435)	(39 147)	(41 492)	45 199	(697)	(122 216)	(507 665)	(49 245)
		102 958	**3 092 539**	**433 623**	**(424 092)**	**3 062**	**808 926**	**3 275 437**	**305 005**
Items that will be reclassified to profit or loss in subsequent periods									
Exchange gains/(losses) on translation of foreign subsidiary		-	(1 095)	96 763	37 049	-	(584)	79 854	(11 014)
Other comprehensive income for the period net of tax		**102 958**	**3 091 444**	**530 386**	**(387 043)**	**3 062**	**808 342**	**3 355 291**	**293 991**
Total comprehensive income for the period		**2 529 976**	**4 783 472**	**6 653 717**	**2 038 705**	**75 234**	**1 733 320**	**9 502 358**	**4 131 615**
Profit for the period attributable to:									
Equity holders of parent		2 426 720	1 694 303	6 123 438	2 425 808	72 163	924 896	6 145 925	3 837 231
Non controlling interests	23	298	(2 275)	(107)	(60)	9	82	1 142	393
		2 427 018	**1 692 028**	**6 123 331**	**2 425 748**	**72 172**	**924 978**	**6 147 067**	**3 837 624**
Total comprehensive income for the period attributable to:									
Equity holders of parent		2 529 678	4 784 537	6 653 800	2 038 864	75 224	1 733 013	9 500 216	4 131 146
Non controlling interests	23	298	(1 065)	(83)	(159)	10	307	2 142	469
		2 529 976	**4 783 472**	**6 653 717**	**2 038 705**	**75 234**	**1 733 320**	**9 502 358**	**4 131 615**
Earnings per share (cents)									
Basic		468.52	326.43	1 179.76	929.40	13.93	178.19	1 184.09	1 470.16
Fully Diluted		458.79	326.43	1 179.76	929.40	13.64	178.19	1 184.09	1 470.16

STATEMENT OF FINANCIAL POSITION

		INFLATION ADJUSTED				HISTORICAL			
		AUDITED			REVIEWED	UNAUDITED			
	NOTES	31 Dec 2018 ZW$000	31 Dec 2019 ZW$000	31 Dec 2020 ZW$000	30 Jun 2021 ZW$000	31 Dec 2018 ZW$000	31 Dec 2019 ZW$000	31 Dec 2020 ZW$000	30 Jun 2021 ZW$000
ASSETS									
Cash and cash equivalents	6	12 655 665	12 994 735	23 838 489	29 460 995	376 338	2 400 254	19 752 126	29 460 995
Money market assets	7	2 378 919	1 213 608	9 152 658	14 549 626	70 741	224 165	7 583 721	14 549 626
Financial securities	8	41 865 431	6 452 039	1 186 219	961 097	1 244 942	1 191 754	982 879	961 097
Loans and advances to customers	9	16 376 914	16 316 956	35 529 321	49 495 227	486 996	3 013 901	29 438 930	49 495 227
Insurance assets	10	295 701	411 865	733 873	501 392	8 793	74 792	608 073	501 392
Equity investments	11	874 352	1 148 227	2 321 836	4 965 163	26 000	212 089	1 923 830	4 965 163
Land inventory		1 846 900	3 986 138	4 469 007	4 565 076	54 921	139 034	470 639	560 932
Other assets	12	901 761	44 827 793	27 471 757	32 537 399	26 815	8 162 479	20 503 312	29 183 920
Current tax receivable		50 121	2 978	651	540	1 490	550	540	540
Intangible assets		54 266	56 525	149 085	128 955	1 614	2 924	87 202	72 295
Investment properties	13	1 263 036	3 024 126	3 316 956	2 886 003	37 559	558 586	2 748 368	2 886 003
Property & Equipment	14	2 603 831	5 532 652	5 784 732	5 325 950	77 429	873 439	3 790 193	4 021 089
Deferred taxation		1 220 493	574 236	556 963	690 159	36 295	106 042	463 832	843 746
TOTAL ASSETS		**82 387 390**	**96 541 878**	**114 511 547**	**146 067 582**	**2 449 933**	**16 960 009**	**88 353 645**	**137 502 025**
LIABILITIES									
Deposits	15	69 918 730	70 732 805	78 672 928	100 084 381	2 079 155	13 065 039	65 186 915	100 084 381
Insurance liabilities	16	304 012	320 494	667 414	447 916	9 040	59 198	553 007	447 916
Other liabilities	17	1 264 090	7 886 192	10 462 546	19 813 909	37 590	1 423 998	8 467 292	19 770 924
Current tax payable		3 587	557 769	805 705	932 071	107	103 025	667 592	932 071
Life fund		53 590	21 303	111 956	157 690	1 594	3 935	92 765	157 690
Investment contract liabilities		80 487	18 456	17 651	28 094	2 393	3 409	14 625	28 094
Deferred taxation		143 017	1 725 013	2 480 651	2 772 517	4 253	259 952	2 286 125	2 360 033
Lease liability		-	21 657	25 518	44 291	-	4 000	21 144	44 291
		71 767 513	**81 283 689**	**93 244 369**	**124 280 869**	**2 134 132**	**14 922 556**	**77 289 465**	**123 825 400**
EQUITY									
Share capital	18	231 015	202 033	202 033	202 033	6 870	5 220	5 220	5 220
Share premium	19	1 345 911	1 234 615	1 234 615	1 234 615	40 023	33 876	33 876	33 876
Revaluation reserve	20	-	147 476	402 343	3 308	32 139	592 078	2 810 911	2 936 954
Treasury shares		(591 476)	-	-	-	(17 589)	-	-	-
Share option reserve	24	39 137	-	-	-	1 164	-	-	-
Retained earnings	21	9 316 995	10 454 167	15 986 752	16 893 390	244 918	1 149 527	7 126 176	9 444 237
Foreign currency translation reserve		-	2 749 662	2 846 424	2 883 473	-	91 524	171 378	160 364
Fair value reserve	22	274 194	467 289	591 682	566 724	8 154	164 808	913 712	1 092 598
Equity attributable to equity holders of the parent		**10 615 776**	**15 255 242**	**21 263 849**	**21 783 543**	**315 679**	**2 037 033**	**11 061 273**	**13 673 249**
Non-controlling interests	23	4 101	2 947	3 329	3 170	122	420	2 907	3 376
TOTAL EQUITY		**10 619 877**	**15 258 189**	**21 267 178**	**21 786 713**	**315 801**	**2 037 453**	**11 064 180**	**13 676 625**
TOTAL LIABILITIES AND EQUITY		**82 387 390**	**96 541 878**	**114 511 547**	**146 067 582**	**2 449 933**	**16 960 009**	**88 353 645**	**137 502 025**

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 historical financial information.

CIRCULAR TO SHAREHOLDERS

STATEMENT OF CASH FLOWS

	INFLATION ADJUSTED				HISTORICAL			
	AUDITED			REVIEWED	UNAUDITED			
	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
Profit before taxation	**2 794 190**	**4 773 433**	**8 731 625**	**4 267 176**	**83 091**	**1 124 804**	**8 887 408**	**5 119 932**
Non cash items:								
Monetary loss	-	2 818 245	880 018	307 830				
Depreciation	290 994	316 991	324 157	184 872	8 653	25 663	143 408	142 161
Amortisation of intangible assets	42 971	24 011	28 246	23 020	1 278	1 198	14 915	17 446
Write off of intangible Assets	-	-	362	-	-	-	175	-
Write off of right of use assets and lease liability	-	-	1 963	105	-	-	(896)	92
Write off of investment properties	-	-	103 880	-	-	-	50 270	-
Write offs other assets	84 154	837	988		2 502	630	818	-
Write offs land inventory	-	-	-	9 334	-	-	-	8 985
Fair value adjustments on properties	(40 540)	(148 114)	(212 783)	425 323	(1 206)	(461 632)	(2 041 705)	(141 195)
Fair value adjustments on financial instruments	(42 516)	281 167	63 403	(2 605 246)	(1 264)	(11 631)	(374 155)	(2 792 532)
Expected credit loss expense	(99 390)	1 198 910	1 142 814	1 423 199	(2 956)	221 450	946 915	1 423 199
Impairment on insurance assets	7 653	13 283	18 633	6 937	228	2 454	15 439	6 937
Unrealised loss on foreign currency position	22 426	(1 637 004)	(3 768 513)	(108 192)	667	(302 371)	(3 122 519)	(108 192)
Exchange gains on change of functional currency	-	(3 930 336)	-	-	-	(131 787)	-	-
(Profit)/ Loss on disposal of investment properties	-	(1 439)	118 568	(2 771)	-	(428)	(9 251)	(2 720)
Unearned premium reserve movement	22 069	22 222	21 248	(7 346)	656	13 805	70 575	9 962
Incurred But Not Reported (IBNR) claims provisions	4 613	12 720	16 614	4 594	137	1 773	13 760	4 594
Deferred commission movement	(378)	2 547	(2 473)	(22 806)	(11)	271	764	(23 068)
(Profit)\loss on sale of property and equipment	1 147	7 090	(444)	(77)	34	59	17 881	(75)
Annuities reserve movement	1 060	9 011	120 081	64 135	32	1 664	86 795	64 135
Employee share option expense	1 061	358	-	-	32	57	-	-
Write off of property & equipment	18 645	64 817	192	80 758	554	(93)	128	-
Interest on lease liability	-	8 796	2 110	1 840	-	128	1 139	1 753
Operating cash flows before changes in operating assets and liabilities	**3 108 159**	**3 837 545**	**7 590 689**	**4 052 685**	**92 427**	**486 014**	**4 701 864**	**3 731 414**
Changes in operating assets and liabilities								
Deposits	7 560 036	63 828 638	48 845 342	34 730 374	224 811	3 593 107	13 589 510	32 370 243
Loans and advances to customers	(478 586)	(45 775 271)	(83 822 921)	(22 087 201)	(14 232)	(2 550 148)	(23 320 799)	(20 586 247)
Financial securities	777 950	1 599 859	722 314	21 453	23 134	90 069	202 949	20 858
Money market assets	(838 157)	635 621	(16 578 924)	(6 791 911)	(24 924)	35 781	(4 612 506)	(6 330 360)
Life assurance investment contract liabilities	19 723	18 042	15 296	15 002	586	1 016	11 216	13 469
Insurance assets	(112 518)	(328 173)	(613 145)	112 731	(3 346)	(36 220)	(422 353)	37 764
Insurance liabilities	68 534	144 710	373 044	(38 127)	2 038	2 419	284 378	(33 808)
Land inventory	(130 408)	334 262	(483 856)	(105 403)	(3 878)	9 121	(332 424)	(99 278)
Other assets	(239 973)	16 075 174	23 594 603	(9 883 096)	(7 136)	(1 095 850)	9 252 465	(7 720 983)
Other Liabilities	977 010	(18 109 632)	25 006 043	11 819 300	29 052	1 318 123	2 742 784	10 773 990
	7 603 611	**18 423 230**	**(2 942 204)**	**7 793 122**	**226 105**	**1 367 418**	**(2 604 780)**	**8 445 648**
TAXATION								
Corporate tax paid	**(299 079)**	**(290 976)**	**(1 626 612)**	**(1 422 567)**	**(8 894)**	**(32 232)**	**(1 015 045)**	**(1 373 193)**
Net cash inflow from operating activities	**10 412 691**	**21 969 799**	**3 021 873**	**10 423 240**	**309 638**	**1 821 200**	**1 082 039**	**10 803 869**
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds on disposal of investment property	-	2 488	95 592	69 378	-	459	49 293	63 271
Purchase of investment property	(121 665)	(96 903)	(363 537)	(60 976)	(3 618)	(5 829)	(236 157)	(56 991)
Net change in investments	(129 436)	(52 333)	(1 104 791)	(64 150)	(3 848)	208	(549 253)	(60 680)
Proceeds on disposal of property and equipment	1 271	1 812	358 780	115	38	211	293 055	105
Purchase of property and equipment	(385 366)	(627 649)	(698 575)	(218 727)	(11 460)	(61 566)	(452 058)	(176 780)
Purchase of intangible assets	(1 928)	(17 907)	(2 459)	(2 890)	(57)	(2 243)	(1 397)	(2 540)
Net cash outflow from investing activities	**(637 124)**	**(790 492)**	**(1 714 990)**	**(277 250)**	**(18 945)**	**(68 760)**	**(896 517)**	**(233 615)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Exercise of employee share options	246	2 243	-	-	7	355	-	-
Dividend paid	(133 480)	(147 760)	(645 193)	(1 519 170)	(3 969)	(12 080)	(475 976)	(1 519 170)
Rights issue (Non-controlling interests)	-	-	467	-	-	-	345	-
Lease liability principal repayment	-	(9 223)	(13 930)	(7 938)	-	(730)	(6 562)	(7 122)
Interest on lease liability payment	-	(8 796)	(2 110)	(1 840)	-	(128)	(1 139)	(1 753)
Net cash outflow from financing activities	**(133 234)**	**(163 536)**	**(660 766)**	**(1 528 948)**	**(3 962)**	**(12 583)**	**(483 332)**	**(1 528 045)**
Net increase/ (decrease) in cash and cash equivalents	**9 642 333**	**21 015 771**	**646 117**	**8 617 042**	**286 731**	**1 739 857**	**(297 810)**	**9 042 209**
Cash and cash equivalents at beginning of period	3 013 332	12 655 665	12 994 735	23 838 489	89 607	376 338	2 400 254	19 752 126
Exchange gains on foreign cash balances	-	1 537 869	21 301 084	666 660	-	284 059	17 649 682	666 660
Inflation Effects on Cash and cash Equivalents	-	(22 214 570)	(11 103 447)	(3 661 196)	-	-	-	-
Cash and cash equivalents at end of period	**12 655 665**	**12 994 735**	**23 838 489**	**29 460 995**	**376 338**	**2 400 254**	**19 752 126**	**29 460 995**

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 historical financial information.

GROUP ACCOUNTING POLICIES

1. GROUP ACCOUNTING POLICIES

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

1 .1 BASIS OF PREPARATION

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs)) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC).In addition these financial statements have also been prepared with the aim of fully complying with the Companies and Other Business Entities Act (Chapter 24:31) and have been prepared in the manner required by the Banking Act (Chapter 24:20) Insurance Act (Chapter 24:07); the Building Societies Act (Chapter 24:02) Securities Act (Chapter 24:25) and Asset Management Act (Chapter 24:06).The consolidated financial results have been restated to take account of inflation in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies.

Compliance with IFRS is intended to achieve consistency and comparability of financial statements. However it has been impracticable to fully comply with IFRS from 2018 to the current period due to the following:

a) Determination of the Group's functional and presentation currency for 2018 financial statements.

During the year ended 2018 the Group was operating in an economy which was experiencing a shortage of foreign currency and consequently had exchange control regulations that impacted on the timing of payment of foreign payables among other matters. Given the context of the environment the Group assessed if there has been a change in the functional currency (USD) used by the Group since dollarisation. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. In doing so management considered parameters set in IAS 21.

In addition the Group considered key developments during 2018 as promulgated by the monetary policy of 1 October 2018 which instructed banks to separate and create distinct (separate) bank accounts for depositors namely: RTGS FCA and Nostro FCA accounts based on the "Know Your Client" KYC of their clients effective 15 October 2018. The Group was not able to arrive at the same conclusion that was arrived in prior year financial statements that the USD is the Group functional currency for the 2018 financial year. Notwithstanding the above the Group complied with the local laws and regulations with emphasis on statutory instrument 33 of 2019 the monetary policy of 20 February 2018 and PAAB guidance of 21 March 2019 which stated that the exchange rate between the USD and RTGS balances (including bond notes) was 1:1 as at 31 December 2018. In light of the foregoing the Group adopted the USD as its functional and presentation currency.

b) Change in functional and presentation currency in 2019 financial statements

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

- Denomination of real time gross settlement (RTGS) balances bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.
- Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services record debts accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

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

- cash and cash equivalents- this refers to Nostro banks balances that were ring fenced in compliance with Exchange control Directive RIT120/18 which separated Nostro FCA from local currency accounts
- advances and deposits- This also refers to all deposits and advances that were also separated from local currency accounts
- all items of Property Plant and Equipment and Investment Property that are measured at Fair value and denominated in a foreign currency.

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

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

In this regard the 2019 financial statements were therefore presented in ZWL being the currency of the primary economic environment in which the Group operates. As a result of the change in functional currency 2018 annual financial statements are presented in ZWL which is converted from 2018 USD functional currency at rate of 1:1.

In light of the above developments the need to comply with local legislation specifically Statutory Instrument 33 of 2019 Exchange control Directive RV 175/2020 and Exchange control Directive RU 28/2019 created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes in foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in these Financial Statements being different from that which Directors would have adopted if the Group had been able to fully comply with IFRS and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

c) Determination of the functional currency 2020 & 2021 Financial statements

The Group is operating in an environment which has witnessed significant monetary and exchange control policy changes. These policies include the Exchange control Directive RV 175/2020 which introduced the Foreign Exchange Auction trading system which became operational with effect from 23 June 2020 and the Statutory Instrument (SI) 85 of 2020 which authorized the use of free-funds in paying for goods and services. Given the context of the environment management has assessed if there has been a change in the functional currency used by the Group. The assessment included consideration of whether the use of free funds in paying for goods and services may represent a change in functional currency. In doing so management considered parameters set in IAS 21 as follows:

- The currency that mainly influences the sales prices for goods and services
- The currency of the competitive forces and regulations that mainly determines the sales prices of goods and services
- The currency that mainly influences labour material and other costs of providing goods and services (normally the currency in which such costs are denoted and settled)
- The currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained.

In light of the developments summarised above and guidance from IAS 21 the Directors concluded that the Group's functional currency remains the Zimbabwe dollar (ZWL) as presented in the prior year financial statements and all values are rounded to the nearest $ except when otherwise indicated.

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 Factor
30 June 2021	2 986.44	1
31 December 2020	2 474.51	1.21
31 December 2019	551.63	5.41
31 December 2018	88.81	33.63

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

- All comparative figures from 31 December 2018 to 31 December 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).
- Current tax expense was restated using the increase in the general price index from the related month until the reporting date.
- Gains and losses arising from the net monetary position are included in the statement of profit or loss and in the statement of cash flows as non-cash items.
- All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.
- The financial statements of one of the Group subsidiaries which do not report in the currencies of hyperinflationary economies were dealt with in accordance with IAS 21. All Comparative figures were restated by applying the change in the index from the date of last re-measurement to 30 June 2021.
- 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. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The auditors have not expressed an opinion on the historical cost information.

Basis of consolidation.

The Group's consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Group and its subsidiaries.

a) Subsidiaries

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

GROUP ACCOUNTING POLICIES *(continued)*

Control is achieved when the Group has power over the investee is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed of during the year are incorporated from the date control was acquired and up to the date control ceased. When the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary and any related Non-Controlling Interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company using consistent accounting policies. All intra-group balances transactions income and expenses profits and losses resulting from intra-group transactions that are recognised in assets and liabilities and income and expenses are eliminated in full.

Non-controlling interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated profit or loss and comprehensive income and within equity in the consolidated statement of Financial Position separately from parent shareholders' equity.

b) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition when there has been a change recognised directly in the equity of the associate the Group recognises its share of any changes when applicable in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and the carrying value and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied for the first-time certain standards and amendments which are effective for annual periods beginning on or after 1 January 2018. The Group has not early adopted any other standard interpretation or amendment that has been issued but is not yet effective.

1.2.1 2018 Annual Financial statements

- **IFRS 9 Financial instruments**

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement impairment derecognition and general hedge accounting of financial instruments. The detailed policy notes are outlined from note 1.7.

- **IFRS 15 Revenue recognition**

IFRS 15 establishes the principles that an entity applies when reporting information about the nature amount timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15 an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The detailed policy notes are outlined from note 1.10.

IFRS 9 and IFRS 15 contain exemptions from full retrospective application for the classification and measurement requirements of the new standards. The Group applied the modified retrospective application and recognised the cumulative impact of applying the standard in equity as shown in retained earnings for the year ending 31 December 2018.

1.2.2 2019 Annual financial statements

- **IFRS 16 Leases**

IFRS 16 specifies how the Group should recognise measure present and disclose leases. The standard provides a single lessee accounting model requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

IFRS 16 Leases contain exemptions from full retrospective application for the classification and measurement requirements of the new standard. This includes an exception from the requirement to restate comparative information. The Group applied the modified retrospective approach where leases previously classified as operating leases the lease liability is measured at the present value of the remaining lease payments and discounted using the incremental borrowing rate at the date of initial application.

1.2.3 2020 Financial statements

- **Amendments to IFRS 3: Definition of a Business**

  The amendment to IFRS 3 Business Combinations clarifies that to be considered a business an integrated set of activities and assets must include at a minimum an input and a substantive process that together significantly contribute to the ability to create output. Furthermore it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. The details of accounting policies are set out on 1.1 basis of consolidation. These amendments had no impact on the prior year consolidated financial statements of the Group. However during the year the Group entered a transaction which involved 100% acquisition of a separate Company. This was assessed in terms of the new business definition and the Directors concluded that the transaction was an acquisition of assets rather than it being a business combination.

- **Amendments to IFRS 7 IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

  The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

- Amendments to IAS 1 and IAS 8 Definition of Material

  The amendments provide a new definition of material that states "information is material if omitting misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information either individually or in combination with other information in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of nor is there expected to be any future impact to the Group.

- **Conceptual Framework for Financial Reporting issued on 29 March 2018**

  The Conceptual Framework is not a standard and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

1.2.4 2021 Financial statements

- 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 statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

1.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The Group adopted the Directors valuation on its Investment properties land inventory and properties. The frequency of valuations depends on the changes in the fair values.

The Group's Valuations rely on available market evidence as input for calculating property fair values. This includes transaction prices for comparable properties rents and capitalisation rates. The market information available during the period under review was largely denominated in the US$ currency. As such the valuers relied on US$ based evidence and produced valuations which are denominated in that currency. The Group adopted the approach of converting the resultant USD valuations at the Inter-Bank rate on the date of valuation to calculate ZWL property values which were then included in the 2020 Financial Statements.

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

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

Assets and liabilities linked to Legacy Debts and nostro gap accounts
Assets and liabilities linked to Legacy Debts and nostro gap accounts The Group held foreign currency denominated legacy debts and nostro gap accounts amounting to US$167.96 million at 31 December 2020 (31 December 2019: US$451.55 million). These debts relate to liabilities denominated in US Dollars. The liabilities were translated to the

GROUP ACCOUNTING POLICIES *(continued)*

functional currency at the closing rate in line with IAS 21. On the asset side the Group recognised a Government grant asset and the related income in line with IAS 20. The Group expects that the grant will be received and that the Reserve Bank of Zimbabwe has the intention and ability to settle on a gradual basis the outstanding amounts. During the year ended 31 December 2020 amounts totalling US$6.62 million (31 December 2019: US$10.75 million) were settled through this arrangement. For the years ended 31 December 2020 and 2019, the Group was not able to reasonably estimate the timing and amount of the cash flows associated with the government grant receivable.

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

Estimation of property and equipment useful life

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

Estimation of property and equipment residual values

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

Valuation of unlisted equity investments

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

Deferred tax

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising out of the initial recognition of assets or liabilities and temporary differences on initial recognition of business combinations that affect neither accounting nor taxable profit are not recognised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Management exercised judgement on the extent to which the Group will generate taxable profit against which the deductible temporary difference can be utilised.

Incurred but Not Reported (IBNR) reserve

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

i. IBNR on Short term insurance claims

For short-term insurance contracts estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty.

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

ii. IBNR on Life Assurance

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

Life Fund

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

Effective Interest rate

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

Going concern

In assessing the Group's going concern in light of the COVID 19 Pandemic management made judgements on how the Group statement of profit or loss and the Statement of Financial Position items will be affected by the impact of the pandemic.

Uncertain Tax treatments

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

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

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

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

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

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

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

Property lease classification – Group as lessor

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

1.4 FOREIGN CURRENCIES

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

1.5 INVESTMENT PROPERTIES

Recognition criteria

Investment properties are those properties held for earning rental income and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

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

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

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

Transfers to and from investment properties

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

Derecognition

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

1.6 PROPERTY AND EQUIPMENT

Recognition criteria

Work in progress is stated at cost net of accumulated impairment losses if any. Property and equipment is stated at cost net of accumulated depreciation and accumulated impairment losses if any. Such costs include the cost of replacing part of such property and equipment when that cost is incurred and the recognition criteria is met. Gross carrying amount represents either cost or the revalued amount in the case of revalued property. Property and equipment are depreciated over their estimated useful lives on a straight line basis such that the cost or valuations of the assets are reduced to their estimated residual values. The estimated useful lives at the end of this reporting period are:

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

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

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

Derecognition

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

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

GROUP ACCOUNTING POLICIES *(continued)*

1.7 FINANCIAL ASSETS

Initial Recognition
A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets held by the Group include balances with banks and cash money market assets loans and advances and debt and equity investments.

Financial assets in the scope of IFRS 9 (Financial instruments) are classified at initial recognition and subsequently measured at:
- Amortised Cost
- Fair Value Through Other Comprehensive Income (FVOCI) or
- Fair Value Through Profit or Loss (FVPL)

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

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

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

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

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

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

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

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

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

ii. Financial assets at fair value through comprehensive income
The Group measures its debt instruments at fair value through OCI if both of the following conditions are met:
- financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

iii. Financial assets at fair value through profit or loss

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

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

Derecognition

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

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

1.8 FINANCIAL LIABILITIES

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

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

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

Derecognition

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

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

1.9 IMPAIRMENT

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

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

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

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

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

No ECLs are recognised on Cash and cash equivalents.

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

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

GROUP ACCOUNTING POLICIES *(continued)*

1.10 REVENUE RECOGNITION

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

a) Revenue within the scope of IFRS 15

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

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

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

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

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

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

i. Services rendered

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

ii. Commission and fee income

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

iii. Property sales

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

iv Agribusiness income

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

b) Revenue within the scope of IFRS 9

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

i. Trading income

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

ii. Interest Income

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

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets (POCI) the Group estimates future cash flows considering all contractual terms of the financial instrument but not ECL. For purchased or originated credit impaired financial assets a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. For financial assets that are not POCI but have become credit impaired (or stage 3) interest income is calculated by applying the effective interest to their amortised cost (i.e. net of the expected credit loss provision).

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

iii. Commission and fee income

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

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

iv. Dividends

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

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

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

i. Premiums

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

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

ii. Commission receivable

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

1.11 BASIS OF ACCOUNTING FOR UNDERWRITING ACTIVITIES

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

Claims

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

Unexpired risk provision

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

Liability adequacy test

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

Insurance contracts

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

Insurance assets

These comprise reinsurance receivables deferred acquisition costs and insurance premium receivables. Impairment on these assets is calculated using the general approach under IAS 39 Financial Instruments recognition and measurement.

Reinsurance contracts held

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

Deferred Acquisition costs

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

Lapses

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

Reversals

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

Premium taxes

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

1.12 EMPLOYEE BENEFITS

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

GROUP ACCOUNTING POLICIES *(continued)*

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

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

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

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

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

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

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

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

1.13 TAXATION

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

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

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

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

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

a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
b) In respect of taxable temporary differences associated with investments in subsidiaries associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

1.14 CONTINGENCIES AND COMMITMENTS

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

1.15 OPERATING SEGMENTS

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

1.16 FIDUCIARY ACTIVITIES

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

1.17 FINANCIAL GUARANTEES

Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions. Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently they are measured at the higher of;

- the loss allowance determined in accordance with IFRS 9 and
- the amount initially recognised less when appropriate the cumulative amount of income recognised in accordance with the principles of IFRS 15

Expected credit losses arising from financial guarantees are included within provisions.

1.18 EARNINGS PER SHARE

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

1.19 INTANGIBLE ASSETS

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

1.20 LEASED ASSETS

The Group applied IFRS 16 using the modified retrospective approach and therefore 2018 financial information was not restated and was reported under IAS 17. Before applying IFRS 16 the Group determined at contract inception whether arrangement is or contains a lease based on the definition of a lease. On transition to IFRS 16 the Group elected to apply practical expedient to grandfather the assessment of which transactions are leases except for the IT equipment contracts. It applied IFRS 16 only to contracts that were previously identified as leases except for IT equipment leases. Contracts that were not identified as leases under IAS 17 were not reassessed for existence of a lease. Therefore the definition of lease under IFRS 16 was applied only to IT equipment and contracts entered into or changed on or after 1 January 2019.

Applicable after 1 January 2019
At inception of a contract the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether:

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

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

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

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

GROUP ACCOUNTING POLICIES *(continued)*

Lease payments included in the measurement of the lease liability comprise the following:

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

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

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

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

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. All leased assets valued at or below ZWL $420 000 qualify for the low value lease exemption. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

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

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

i. The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
ii. The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of output the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Group as lessee Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases not qualifying as finance leases are classified as operating leases. Expenditure relating to operating leases is recognised in profit or loss on a straight-line basis. Group as Lessor Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.21 SHARE CAPITAL

Ordinary share capital
Ordinary shares are classified as equity.

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

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

1.22 REVALUATION RESERVE

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

1.23 RETAINED EARNINGS

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

1.24 SHARE PREMIUM

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

1.25 FAIR VALUE RESERVE

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

1.26 FUNCTIONAL CURRENCY TRANSLATION RESERVE

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

1.27 SHARE OPTION RESERVE

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

1.28 RELATED PARTIES

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

1.29 FAIR VALUE MEASUREMENT

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

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

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

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

1.30 LAND INVENTORY

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

1.31 CASH AND CASH EQUIVALENTS

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

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

1.32 GOVERNMENT GRANTS

Government grants are recorded as income and assets when there is a reasonable assurance that the Bank will comply with the conditions attaching to their receipt and it is probable that the grants will be receivable. As at 31 December 2020 the Bank held foreign currency denominated Legacy liabilities and nostro gap accounts amounting to US$167 966 227. These debts relate to liabilities denominated in US Dollars following the promulgation of SI33/2019 which designated the ZWL as the functional currency. During the year 2019 the Bank registered these liabilities with the RBZ and paid the required ZWL equivalent to the Central Bank at a rate of 1:1 in line with directives RU102/2019 and RU28/2019.

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

Income related to government grants is recognised on a systematic basis over periods necessary to match the grants with the related costs which they intend to compensate or cure. As such exchange gains and losses relating to the government grant and legacy liabilities and nostro gap accounts are reported in the statement of profit and loss under non-interest income.

Measurement

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

The government grant receivable is denominated in US Dollars and has been translated to ZWL using the closing exchange rate in line with the treatment of monetary assets denominated in foreign currencies prescribed in IAS 21. During the period legacy debts and nostro gap accounts totalling US$6 617 688 have been settled through this arrangement.

The government grant receivable asset is classified as and measured at amortised cost. At initial recognition fair value was determined by reference to the Legacy Liabilities and nostro gap accounts linked to the asset. The asset will be used to settle any payment obligations that may accrue in the future related to the legacy liabilities and nostro gap accounts and as such its value at year end was derived from the maximum value of the liability as at the same date. The legacy Liabilities and nostro gap accounts will be settled using proceeds from the asset as and when these have been availed by the Reserve Bank of Zimbabwe. There is thus an alignment between the payment of the government grant receivable asset and the settlement of the legacy liabilities and nostro gap accounts both in terms of amount of cash flows and timing. Consequently as a result of the expected coincidence in settlement of both the grant receivable asset and the legacy liability and nostro gap accounts and the difficult in estimating the expected timing and cash flows of the asset and liability the asset has been measured at the same amount as the liability that it seeks to pay off.

GROUP ACCOUNTING POLICIES *(continued)*

1.33 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

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

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group expect the standard to impact the Annual financial statements beginning on or after 1 January 2023 and projects to identify the impact will be started in the coming year.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020 the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements issued in 1989 with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies if incurred separately. At the same time the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020 the IASB issued Property Plant and Equipment — Proceeds before Intended Use which prohibits entities deducting from the cost of an item of property plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead an entity recognises the proceeds from selling such items and the costs of producing those items in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020 the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendments are not expected to have a material impact on the Group.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.
The amendments are not expected to have a material impact on the Group.

IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020 the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Early application is permitted. This amendment is expected to have no material impact on the Group.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

		INFLATION ADJUSTED				HISTORICAL			
		AUDITED			REVIEWED	UNAUDITED			
		31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
1	**Interest income**								
	Bankers acceptances	10 013	1 951	804	19 072	298	111	100	17 721
	Overdrafts	751 261	538 899	3 047 749	1 769 554	22 340	38 805	1 886 557	1 562 341
	Loans	830 403	635 231	2 216 143	1 261 997	24 693	65 860	938 686	1 294 901
	Mortgage loans	333 458	249 486	131 476	61 343	9 916	17 320	65 708	57 444
	Staff loans	110 299	55 616	44 261	39 827	3 280	3 168	30 278	37 126
	Securities investments	2 232 137	1 361 007	359 929	192 352	66 376	83 137	178 852	179 563
	Other Investments	38 687	69 190	339 686	642 257	1 151	5 582	235 787	611 768
		4 306 258	**2 911 380**	**6 140 048**	**3 986 402**	**128 054**	**213 983**	**3 335 968**	**3 760 864**
2	**Interest expense**								
	Call deposits	22 389	10 980	747	21 081	666	495	313	19 666
	Savings deposits	685 715	195 891	756 916	1 109 374	20 391	14 375	74 872	1 024 116
	Money market deposits	707 971	484 035	835 789	793 319	21 053	34 155	451 310	744 734
	Other offshore deposits	129 838	142 141	94 717	18 457	3 860	13 020	46 976	16 994
	Lease liability	-	8 796	2 110	1 840	-	128	1 139	1 753
		1 545 913	**841 843**	**1 690 279**	**1 944 071**	**45 970**	**62 173**	**574 610**	**1 807 263**
3	**Non interest income**								
	Net income from trading securities	(565)	26 198	40	5 240	(17)	3 532	15 326	7 957
	Fair value adjustments on financial instruments	42 516	(281 167)	(63 403)	2 605 246	1 264	11 631	374 155	2 792 532
	Fair value adjustments on properties	40 540	148 114	212 783	(425 323)	1 206	461 632	2 041 705	141 195
	Net income from foreign currency dealing	132 147	707 611	634 975	305 682	3 930	65 452	386 327	286 076
	Unrealised (loss)/profit on foreign currency exchange	(22 426)	1 637 004	3 768 513	108 192	(667)	302 371	3 122 519	108 192
	Exchange gains on change of functional currency	-	3 930 336	-	-	-	131 787	-	-
	Commission and fee income	2 516 395	3 137 722	2 555 144	2 993 324	74 829	274 891	1 626 110	2 767 253
	Agro Business Income	-	2 520 196	5 125 268	3 239 939	-	463 928	3 147 984	3 015 630
	Profit/(loss) on disposal of fixed assets	(1 147)	(7 090)	444	77	(34)	(59)	(17 881)	75
	Profit/(loss) on disposal of investment property	-	-	(118 568)	2 771	-	428	9 251	2 720
	Bad debts recovered	145 361	140 916	219 107	13 521	4 323	14 162	172 101	12 504
	Property sales	386 676	192 076	74 402	52 506	11 498	15 184	41 890	51 018
	Lease income	86 761	47 931	57 221	38 288	2 580	3 933	34 671	18 056
	Other operating income	309 978	74 561	354 079	61 557	9 218	8 891	212 646	72 963
		3 636 236	**12 274 408**	**12 820 005**	**9 001 020**	**108 130**	**1 757 763**	**11 166 804**	**9 276 171**
4	**Underwriting Income**								
	Gross premium insurance	803 209	1 077 449	1 124 655	504 055	23 885	90 829	644 205	480 138
	Reinsurance	(226 837)	(523 199)	(640 761)	(239 672)	(6 745)	(49 707)	(405 318)	(229 178)
	Net written premium	**576 372**	**554 250**	**483 894**	**264 383**	**17 140**	**41 122**	**238 887**	**250 960**
	Unearned premium	(22 069)	(22 222)	(21 248)	7 346	(656)	(13 805)	(70 575)	(9 962)
	Net earned premium	**554 303**	**532 028**	**462 646**	**271 729**	**16 484**	**27 317**	**168 312**	**240 998**
	Net commission	(27 414)	(14 401)	(16 337)	(1 755)	(815)	(550)	(8 647)	(466)
	Net claims	(216 245)	(142 081)	(98 418)	(59 839)	(6 431)	(11 758)	(59 005)	(57 173)
		310 644	**375 546**	**347 891**	**210 135**	**9 238**	**15 009**	**100 660**	**183 359**
5	**Operating Expenditure**								
	Staff costs	1 759 723	2 213 972	3 837 100	2 857 146	52 328	160 242	2 154 006	2 715 117
	Administration expenses	1 468 361	3 135 543	2 351 918	1 995 893	43 666	373 411	1 675 385	1 883 697
	Audit fees	22 916	43 679	66 607	26 964	681	4 524	49 004	25 550
	Depreciation	290 994	316 991	324 157	184 872	8 653	25 663	143 408	142 161
	Amortisation of intangible assets	42 971	24 011	28 246	23 020	1 278	1 198	14 915	17 446
	Property cost of sales	315 948	106 759	9 081	6 117	9 395	8 635	5 053	5 880
	Write offs other assets	84 154	837	988	-	2 502	630	818	-
	Write off of land inventory	-	-	-	9 334	-	-	-	8 985
	Write offs and impairment of fixed assets	18 645	64 817	192	80 758	554	(93)	128	-
	Write off investment property	-	-	103 880	-	-	-	50 270	-
	Write off of Intangible assets	-	-	362	-	-	-	175	-
	Write offs of lease liability & write of use asset	-	-	1 963	105	-	-	(896)	92
		4 003 712	**5 906 609**	**6 724 494**	**5 184 209**	**119 057**	**574 210**	**4 092 266**	**4 798 928**
6	**Cash and cash equivalents**								
	Cash & bank	1 071 139	1 546 378	9 030 617	7 739 739	31 852	285 631	7 482 600	7 739 739
	Nostro accounts	1 280 155	4 864 302	4 929 907	9 644 037	38 068	898 484	4 084 829	9 644 037
	Balances with the Reserve Bank of Zimbabwe	8 018 207	5 664 439	9 237 148	10 219 237	238 435	1 046 277	7 653 728	10 219 237
	RBZ Statutory reserve	2 286 164	919 616	640 817	1 857 982	67 983	169 862	530 969	1 857 982
		12 655 665	**12 994 735**	**23 838 489**	**29 460 995**	**376 338**	**2 400 254**	**19 752 126**	**29 460 995**
7	**Money Market Assets**								
	AMA Bills	1 459 820	-	-	-	43 410	-	-	-
	Treasury Placements	768 128	1 208 145	9 151 358	14 059 975	22 842	223 156	7 582 644	14 059 975
	Savings bonds	41 195	4 873	-	1 908	1 225	900	-	1 908
	Bankers acceptances	16 814	-	-	500 000	500	-	-	500 000
	Aftrade	49 465	-	-	-	1 471	-	-	-
	ZETDC	5 011	-	-	-	149	-	-	-
	Accrued interest	38 582	1 609	16 365	12 892	1 147	297	13 560	12 892
	Total gross money market	**2 379 015**	**1 214 627**	**9 167 724**	**14 574 775**	**70 744**	**224 353**	**7 596 204**	**14 574 775**
	Expected credit loss	(96)	(1 019)	(15 066)	(25 149)	(3)	(188)	(12 483)	(25 149)
	Total net money market	**2 378 919**	**1 213 608**	**9 152 658**	**14 549 626**	**70 741**	**224 165**	**7 583 721**	**14 549 626**
8	**Financial securities**								
	Treasury bills	40 952 421	6 288 629	1 168 007	962 695	1 217 792	1 161 570	967 789	962 695
	Savings bonds	6 726	1 083	-	-	200	200	-	-
	Aftrade	2 018	-	-	-	60	-	-	-
	Accrued interest	906 100	162 751	25 459	5 330	26 944	30 062	21 095	5 330
	Total gross financial securities	**41 867 265**	**6 452 463**	**1 193 466**	**968 025**	**1 244 996**	**1 191 832**	**988 884**	**968 025**
	Expected credit loss	(1 834)	(424)	(7 247)	(6 928)	(54)	(78)	(6 005)	(6 928)
	Total net financial securities	**41 865 431**	**6 452 039**	**1 186 219**	**961 097**	**1 244 942**	**1 191 754**	**982 879**	**961 097**
9	**Loans & Advances to Customers**								
	Overdrafts	10 488 391	2 663 186	2 191 621	2 264 609	311 891	491 916	1 815 936	2 264 609
	Commercial loans	4 449 128	2 505 471	12 619 996	13 835 625	132 303	462 785	10 456 692	13 835 625
	Staff loans	1 723 542	310 142	1 467 553	1 210 686	51 253	57 286	1 215 987	1 210 686
	Mortgage advances	3 265 410	715 294	580 288	670 204	97 103	132 122	480 816	670 204
	Agro-business loans	-	11 440 850	18 160 485	27 702 927	-	2 113 237	15 047 438	27 702 927
	Interest accrued	206 865	193 465	1 926 769	6 181 036	6 151	35 735	1 596 485	6 181 036
	Total gross advances	**20 133 336**	**17 828 408**	**36 946 712**	**51 865 087**	**598 701**	**3 293 081**	**30 613 354**	**51 865 087**
	Allowance for Expected Credit Loss (ECL)	(3 756 422)	(1 511 452)	(1 417 391)	(2 369 860)	(111 705)	(279 180)	(1 174 424)	(2 369 860)
	Total net advances	**16 376 914**	**16 316 956**	**35 529 321**	**49 495 227**	**486 996**	**3 013 901**	**29 438 930**	**49 495 227**
10	**Insurance assets**								
	Reinsurance unearned premium reserve	68 218	151 320	238 026	137 735	2 029	27 744	197 223	137 735
	Reinsurance receivables	70 654	45 653	31 740	77 470	2 048	8 433	26 299	77 470
	Deferred acquisition costs	25 994	44 304	60 613	48 887	773	7 106	50 223	48 887
	Insurance premium receivables	168 411	189 963	424 877	261 888	5 008	35 088	352 045	261 888
	Suspended premium	(1 445)	(410)	(1 917)	(1 522)	(43)	(76)	(1 588)	(1 522)
	Impairment provision	(36 131)	(18 965)	(19 466)	(23 066)	(1 022)	(3 503)	(16 129)	(23 066)
		295 701	**411 865**	**733 873**	**501 392**	**8 793**	**74 792**	**608 073**	**501 392**

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION *(continued)*

		INFLATION ADJUSTED				HISTORICAL			
		AUDITED			REVIEWED	UNAUDITED			
		31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
11	**Equity investments**								
	Opening balance	359 405	874 352	1 148 227	2 321 836	10 688	26 000	212 089	1 923 830
	Impact of IFRS 9	349 394	-	-	-	10 390	-	-	-
	Investment in equities during the period	207 216	99 914	1 162 073	119 294	6 161	5 027	583 357	114 213
	Investment disposed during the period	(77 780)	(47 581)	(57 282)	(55 144)	(2 313)	(5 235)	(34 103)	(53 533)
	Foreign currency translation movement	-	299 895	-	-	-	10 042	-	-
	Fair value adjustments - Profit or loss	42 516	(281 167)	(63 403)	2 605 246	1 264	11 631	374 155	2 792 532
	Fair value adjustments - Other comprehensive income	(6 399)	202 814	132 221	(26 069)	(190)	164 624	788 332	188 121
		874 352	**1 148 227**	**2 321 836**	**4 965 163**	**26 000**	**212 089**	**1 923 830**	**4 965 163**
12	**Other Assets**								
	Work in progress	-	2 517	-	-	-	465	-	-
	Prepayments and deposits	64 738	3 900 862	5 675 737	8 606 551	1 925	602 875	2 443 538	5 253 072
	Other receivables	837 023	40 924 414	21 796 020	23 930 848	24 890	7 559 138	18 059 774	23 930 848
		901 761	**44 827 793**	**27 471 757**	**32 537 399**	**26 815**	**8 162 479**	**20 503 312**	**29 183 920**

*Included in other receivables is an amount of ZWL$14,929,575,942(December 2020: ZWL$ 18,471,055,195 [Historical: ZWL$15,304,770,460], December 2019: ZWL$41,005,163,222[Historical: ZWL$7,574 053,486) which relates to the government grant receivable from the Reserve Bank of Zimbabwe (RBZ). RBZ will provide foreign currency to the Group for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1.

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

		INFLATION ADJUSTED				HISTORICAL			
		AUDITED			REVIEWED	UNAUDITED			
		31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
13	**Investment Properties**								
	Opening balance	1 141 697	1 263 036	3 024 126	3 316 956	33 950	37 559	558 586	2 748 368
	Additions	121 665	96 903	363 537	60 976	3 618	5 829	236 157	56 991
	Disposals	-	(1 049)	(214 159)	(66 607)	-	(31)	(40 042)	(60 551)
	Transfer from property and equipment	-	9 752	34 549	-	-	290	2 232	-
	Foreign currency translation movement	-	1 507 370	-	-	-	53 307	-	-
	Transfer to Land Inventory	(40 866)	-	-	-	(1 215)	-	-	-
	Write off	-	-	(103 880)	-	-	-	(50 270)	-
	Fair valuation gain	40 540	148 114	212 783	(425 322)	1 206	461 632	2 041 705	141 195
	Closing balance	**1 263 036**	**3 024 126**	**3 316 956**	**2 886 003**	**37 559**	**558 586**	**2 748 368**	**2 886 003**
14	**Property and equipment**								
	Land	286 062	761 528	484 120	382 270	8 507	140 662	401 133	382 270
	Buildings	1 542 799	3 607 003	3 685 057	3 172 293	45 878	657 122	2 964 041	3 068 891
	Leasehold Improvements	13 695	35 870	38 348	38 619	407	2 833	33 453	35 453
	Motor vehicles	44 458	41 702	49 547	57 528	11 762	2 117	212 497	316 906
	Computers	395 553	423 506	690 296	791 972	1 322	23 598	5 856	15 387
	Equipment	101 413	130 135	130 989	146 266	3 016	6 200	11 244	29 793
	Furniture & Fittings	103 527	135 995	140 306	149 260	3 079	6 927	11 609	22 513
	Work in Progress	116 324	396 913	566 069	587 742	3 458	33 980	150 360	149 876
		2 603 831	**5 532 652**	**5 784 732**	**5 325 950**	**77 429**	**873 439**	**3 790 193**	**4 021 089**
15	**Deposits**								
	Call deposits	1 879 568	66 935	97 031	360 600	55 892	12 364	80 398	360 600
	Savings and other deposits	51 271 943	36 118 611	60 123 794	76 124 780	1 524 661	6 671 460	49 817 450	76 124 780
	Wholesale Deposits	-	28 811 817	5 411 807	4 643 896	-	5 321 823	4 484 122	4 643 896
	Money market deposits	15 764 443	4 739 755	12 248 296	17 224 984	468 783	875 479	10 148 709	17 224 984
	Lines of credit	877 526	909 078	613 497	421 497	26 095	167 916	508 332	421 497
	Accrued interest	125 250	86 609	178 503	1 308 624	3 724	15 997	147 904	1 308 624
		69 918 730	**70 732 805**	**78 672 928**	**100 084 381**	**2 079 155**	**13 065 039**	**65 186 915**	**100 084 381**

15.1 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 December 2019: US$ 451 551 474) (being legacy liabilities of US$51 309 092(December 2020: US$52 986 052 December 2019: US$318 062 662) and nostro gap accounts of US$108 313 388 (December 2020: US$114 980 175 December 2019: US$133 488 811)) which are shown at ZWL$13 635 494 970 (December 2020: ZWL$16 579 407 490[Historical :ZWL$13 737 386 593 December 2019:ZWL$ 41 005 163 223 [Historical: ZWL$7 574 053 486). These foreign denominated liabilities which are payable on demand are subject to a special settlement arrangement with the RBZ wherein the Reserve Bank of Zimbabwe (RBZ) will provide foreign currency gradually to the Group for all registered legacy liabilities and nostro gap accounts at an exchange rate of 1:1. We note that as at 30 June 2021 US$29 941 949 (December 2020: USD17 582 913 December 2019: USD10 965 225) has been made available under this arrangement demonstrating the willingness and capability of the RBZ to honour the settlement arrangement.

The Group has however identified key risks attendant to the legacy liabilities and nostro gap accounts which risks and respective mitigating strategies are available for inspection at the Company's Registered Offices.

		INFLATION ADJUSTED				HISTORICAL			
		AUDITED			REVIEWED	UNAUDITED			
		31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
16	**Insurance liabilities**								
	Reinsurance payables	44 547	93 978	229 180	90 910	1 325	17 358	189 895	90 910
	Gross outstanding claims	96 526	33 288	38 916	102 016	2 870	6 149	32 245	102 016
	Gross unearned premium reserve	145 183	154 615	339 595	231 065	4 317	28 559	281 382	231 065
	Deferred reinsurance acquisition reserve	17 756	38 613	59 723	23 925	528	7 132	49 485	23 925
		304 012	**320 494**	**667 414**	**447 916**	**9 040**	**59 198**	**553 007**	**447 916**
17	**Other Liabilities**								
	Revenue received in advance	101 796	1 990 355	86 585	121 943	3 028	335 578	28 183	78 958
	Sundry creditors	967 665	4 662 664	8 645 968	4 764 381	28 775	861 240	7 163 887	4 764 381
	Accruals	55 131	938 211	788 678	10 405 859	1 639	173 297	653 484	10 405 859
	Suspense	103 536	255 223	658 627	4 374 628	3 079	47 142	545 726	4 374 628
	Provisions	35 962	39 739	282 688	147 098	1 069	6 741	76 012	147 098
		1 264 090	**7 886 192**	**10 462 546**	**19 813 909**	**37 590**	**1 423 998**	**8 467 292**	**19 770 924**
18	**Share Capital**								
	Authorised 1 000 000 000 ordinary shares of ZWL$ 0.01each	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000

		INFLATION ADJUSTED				HISTORICAL			
	Issued & fully paid	SHARES 000	SHARES 000	SHARES 000	SHARES 000	SHARES 000	SHARES 000	SHARES 000	SHARES 000
	Reconcilliation of number of shares								
	Opening balance	686 880	686 963	522 016	522 016	686 880	686 963	522 016	522 016
	Employee share options	83	4 035	-	-	83	4 035	-	-
	Cancellation of share options	-	(168 982)	-	-	-	(168 982)	-	-
	Closing balance	**686 963**	**522 016**	**522 016**	**522 016**	**686 963**	**522 016**	**522 016**	**522 016**

		INFLATION ADJUSTED				HISTORICAL			
		AUDITED			REVIEWED	UNAUDITED			
		31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
18.1	**Opening balance**	230 987	231 015	202 033	202 033	6 869	6 870	5 220	5 220
	Cancellation of treasury shares	-	(29 236)	-	-	-	(1 690)	-	-
	Exercise of share options	28	254	-	-	1	40	-	-
	Closing balance	**231 015**	**202 033**	**202 033**	**202 033**	**6 870**	**5 220**	**5 220**	**5 220**

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION *(continued)*

		INFLATION ADJUSTED AUDITED			REVIEWED	HISTORICAL UNAUDITED			
		31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
19	**Share Premium**								
	Opening balance	1 345 600	1 345 911	1 234 615	1 234 615	40 014	40 023	33 876	33 876
	Exercise of share options	311	(114 137)	-	-	9	450	-	-
	Cancellation of treasury shares	-	2 841	-	-	-	(6 597)	-	-
	Closing balance	**1 345 911**	**1 234 615**	**1 234 615**	**1 234 615**	**40 023**	**33 876**	**33 876**	**33 876**
20	**Revaluation reserve**								
	Opening balance	972 787	-	147 476	402 343	28 928	32 139	592 078	2 810 911
	Net revaluation gain	108 007	147 476	309 206	(399 035)	3 211	559 939	2 525 533	126 043
	Effects of applying IAS 29	(1 080 794)	-	-	-	-	-	-	-
	Inter-category transfer	-	-	(54 339)	-	-	-	(306 700)	-
	Closing balance	**-**	**147 476**	**402 343**	**3 308**	**32 139**	**592 078**	**2 810 911**	**2 936 954**
21	**Retained Earnings**								
	Opening balance	8 414 372	9 316 995	10 454 167	15 986 752	250 213	244 918	1 149 527	7 126 176
	Impact of adopting IFRS 9	(2 471 411)	-	-	-	(73 489)	-	-	-
	Total comprehensive income	2 426 720	1 694 303	6 123 438	2 425 808	72 163	924 896	6 145 925	3 837 231
	Cancellation of Treasury shares	-	(448 103)	-	-	-	(9 302)	-	-
	Cancellation of share options	-	38 643	-	-	-	1 086	-	-
	Effects of applying IAS 29	1 080 794	-	-	-	-	-	-	-
	Inter-category transfer	-	-	54 340	-	-	-	306 700	-
	Dividend paid	(133 480)	(147 671)	(645 193)	(1 519 170)	(3 969)	(12 071)	(475 976)	(1 519 170)
	Closing balance	**9 316 995**	**10 454 167**	**15 986 752**	**16 893 390**	**244 918**	**1 149 527**	**7 126 176**	**9 444 237**
22	**Fair value reserve**								
	Opening balance	-	274 194	467 289	591 682	-	8 154	164 808	913 712
	Impact of adopting IFRS 9	279 243	-	-	-	8 304	-	-	-
	Other comprehensive income	(5 049)	193 095	124 393	(24 958)	(150)	156 654	748 904	178 886
	Closing balance	**274 194**	**467 289**	**591 682**	**566 724**	**8 154**	**164 808**	**913 712**	**1 092 598**
23	**Non-Controlling interest**								
	Opening balance	3 904	4 101	2 947	3 329	116	122	420	2 907
	Profit for the period	298	(2 275)	(107)	(60)	9	82	1 142	393
	Other Comprehensive Income	-	1 210	24	(99)	-	225	1 000	76
	Rights issue	-	-	465	-	-	-	345	-
	Dividend Paid	(101)	(89)	-	-	(3)	(9)	-	-
	Closing balance	**4 101**	**2 947**	**3 329**	**3 170**	**122**	**420**	**2 907**	**3 376**
24	**Share option reserve**								
	Opening balance	38 170	39 137	-	-	1 135	1 164	-	-
	share options to employees	967	(494)	-	-	29	(78)	-	-
	Cancellation of share options	-	(38 643)	-	-	-	(1 086)	-	-
	Closing balance	**39 137**	**-**	**-**	**-**	**1 164**	**-**	**-**	**-**

Shares under option

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

Subscription price	Number of Shares
ZWL$ 0.0881	40 000 000

Movement for the year	INFLATION ADJUSTED				HISTORICAL			
	31 DEC 2018 SHARES	31 DEC 2019 SHARES	31 DEC 2020 SHARES	30 JUN 2021 SHARES	31 DEC 2018 SHARES	31 DEC 2019 SHARES	31 DEC 2020 SHARES	30 JUN 2021 SHARES
Opening balance	37 280 869	37 197 797	-	-	37 280 869	37 197 797	-	-
share options to employees	(83 072)	(4 035 388)	-	-	(83 072)	(4 035 388)	-	-
Cancellation of share options	-	(33 162 409)	-	-	-	(33 162 409)	-	-
Closing balance	**37 197 797**	**-**	**-**	**-**	**37 197 797**	**-**	**-**	**-**

During the year ended 31 December 2019 the Group cancelled 33 162 409 share options and no payments were made to employees in respect of outstanding share options.

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

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

Valuation inputs:

Exercise price

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

Expected volatility

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

Expected dividends

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

Risk free rate of return

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

		INFLATION ADJUSTED AUDITED			REVIEWED	HISTORICAL UNAUDITED			
		31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000	31 DEC 2018 ZW$000	31 DEC 2019 ZW$000	31 DEC 2020 ZW$000	30 JUN 2021 ZW$000
25	**Funds under management**								
	Pensions	11 342 970	5 500 386	8 600 523	11 602 162	337 303	1 015 975	7 126 232	11 602 162
	Institutional & individual clients - Equities	1 121 676	1 115 393	5 172 237	9 605 471	33 355	206 024	4 285 619	9 605 471
	Institutional & individual clients - Fixed Income	252 280	3 384	-	266 709	7 502	625	-	266 709
	Unit trust	38 236	11 905	24 449	48 015	1 137	2 199	20 258	48 015
		12 755 162	**6 631 068**	**13 797 209**	**21 522 357**	**379 297**	**1 224 823**	**11 432 109**	**21 522 357**

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION *(continued)*

26. OPERATING SEGMENTS

The Group is comprised of the following operating segments:

BANKING OPERATIONS

Provides commercial banking products through retail banking corporate and merchant banking and investing portfolios through the treasury function.

AGRO BUSINESS OPERATIONS

Provides contract farming loans to farmers both individual and commercial

MORTAGAGE FINANCE

Provides mortgage financing to its clients for both finance and commercial purposes.

PROPERTY INVESTMENTS

Property investment arm of the Group.

ASSET MANAGEMENT

Provides fund management services to a wide spectrum of investors through placement of either pooled portfolios or individual portfolios.

INSURANCE OPERATIONS

Provides short term insurance and Life assurance. Also provides Risk Advisory Services to its clients as part of its insurance operations function.

OTHER OPERATIONS

Other operations provided by the Group include microfinancing by Redsphere Finance and equity investments by the Holdings Company.

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION *(continued)*

26.1 Segment operational results

The table below shows the segment operational results:

	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
INFLATION ADJUSTED 2018 to 2019									
INCOME									
Total income for the period ended 31 December 2019	**9 948 319**	**1 339 922**	**164 387**	**524 040**	**548 072**	**2 389 305**	**719 485**	**(914 039)**	**14 719 491**
Total income for the period ended 31 December 2018	5 225 839	955 454	133 533	380 524	104 812	–	393 382	(486 319)	6 707 225
Net underwriting income for the period ended 31 December 2019	**–**	**–**	**–**	**427 793**	**–**	**–**	**–**	**(52 247)**	**375 546**
Net underwriting income for the period ended 31 December 2018	–	–	–	315 881	–	–	–	(5 237)	310 644
Depreciation and amortisation for the period ended 31 December 2019	**275 503**	**52 406**	**3 108**	**21 589**	**789**	**1 034**	**14 279**	**(27 706)**	**341 002**
Depreciation and amortisation for the period ended 31 December 2018	267 917	45 452	1 296	12 341	1 437	–	3 122	2 400	333 965
Impairment of assets for the period ended 31 December 2019	**145 567**	**(6 418)**	**19**	**78 800**	**–**	**1 059 005**	**874**	**–**	**1 277 847**
Impairment of assets for the period ended 31 December 2018	(39 208)	52 172	(3 468)	(12 646)	–	–	(7 912)	–	(11 062)
Results									
Profit before taxation for the period ended 31 December 2019	**3 606 384**	**(759 160)**	**14 807**	**(283 428)**	**624 776**	**1 377 895**	**809 423**	**(617 264)**	**4 773 433**
Profit before taxation for the period ended 31 December 2018	2 465 363	154 330	58 096	160 648	63 993	–	113 584	(221 824)	2 794 190
Cash flows:									
Used in operating activities for the period ended 31 December 2019	**22 334 392**	**269 433**	**34 032**	**221 521**	**704 783**	**–**	**872 711**	**(2 467 073)**	**21 969 799**
Used in operating activities for the period ended 31 December 2018	9 561 509	197 446	77 943	(22 316)	(73 411)	–	(101 452)	772 972	10 412 691
Used in investing activities for the period ended 31 December 2019	**(419 072)**	**(8 410)**	**(29 032)**	**(243 447)**	**–**	**–**	**(54 658)**	**(35 873)**	**(790 492)**
Used in investing activities for the period ended 31 December 2018	(203 755)	(10 606)	(58 703)	–	(11 137)	–	(27 622)	(325 301)	(637 124)
Used in financing activities for the period ended 31 December 2019	**(560 902)**	**(2 189)**	**(4 531)**	**(26 094)**	**(229)**	**–**	**(148 883)**	**579 292**	**(163 536)**
Used in financing activities for the period ended 31 December 2018	(182 939)	–	(2 065)	–	–	–	(133 126)	184 896	(133 234)
Total assets and liabilities									
Reportable segment liabilities for the period ended 31 Dec 2019	**74 646 546**	**2 532 732**	**62 197**	**570 138**	**243 278**	**5 041 555**	**69 514**	**(1 882 271)**	**81 283 689**
Reportable segment liabilities for the period ended 31 December 2018	67 802 657	3 567 103	18 525	531 451	288 346	–	263 736	(704 305)	71 767 513
Total segment assets for the period ended 31 Dec 2019	**83 280 545**	**5 556 737**	**187 301**	**1 355 705**	**1 270 807**	**6 062 757**	**2 632 091**	**(3 804 065)**	**96 541 878**
Total segment assets for the period ended 31 December 2018	74 247 870	6 479 280	168 112	1 526 777	710 025	–	1 801 623	(2 546 297)	82 387 390
HISTORICAL 2018 to 2019									
Income									
Total income for the period ended 31 December 2019	**1 006 539**	**212 366**	**30 639**	**96 320**	**128 586**	**441 788**	**81 348**	**(73 004)**	**1 924 582**
Total income for the period ended 31 December 2018	155 399	28 412	3 971	11 316	3 117	–	11 698	(14 461)	199 452
Net underwriting income for the period ended 31 December 2019	**–**	**–**	**–**	**18 242**	**–**	**–**	**–**	**(3 233)**	**15 009**
Net underwriting income for the period ended 31 December 2018	–	–	–	9 393	–	–	–	(155)	9 238
Depreciation and amortisation 31 December 2019	**17 867**	**6 716**	**127**	**1 192**	**46**	**161**	**548**	**204**	**26 861**
Depreciation and amortisation 31 December 2018	7 967	1 352	39	367	43	–	93	70	9 931
Impairment of assets for the period ended 31 December 2019	**27 349**	**(1 193)**	**1**	**2 513**	**–**	**195 609**	**161**	**–**	**224 440**
Impairment of assets for the period ended 31 December 2018	(1 166)	1 551	(103)	(376)	–	–	(235)	–	(329)
Results									
Profit before taxation for the period ended 31 December 2019	**617 186**	**140 608**	**22 082**	**69 011**	**123 982**	**150 723**	**51 301**	**(50 089)**	**1 124 804**
Profit before taxation for the period ended 31 December 2018	73 312	4 589	1 728	4 777	1 903	–	3 378	(6 596)	83 091
Cash flows:									
Used in operating activities for the period ended 31 December 2019	**1 787 458**	**20 066**	**1 101**	**21 358**	**5 260**	**(1 565 277)**	**35 390**	**1 515 844**	**1 821 200**
Used in operating activities for the period ended 31 December 2018	284 328	5 871	2 318	(664)	(2 183)	–	(3 017)	22 985	309 638
Used in investing activities for the period ended 31 December 2019	**(45 107)**	**(1 117)**	**(1 277)**	**(5 975)**	**(629)**	**(3 831)**	**(5 602)**	**(5 222)**	**(68 760)**
Used in investing activities for the period ended 31 December 2018	(6 059)	(315)	(1 746)	–	(331)	–	(821)	(9 673)	(18 945)
Used in financing activities for the period ended 31 December 2019	**(51 741)**	**(144)**	**(423)**	**(1 951)**	**(55)**	**968**	**(12 011)**	**52 774**	**(12 583)**
Used in financing activities for the period ended 31 December 2018	(5 440)	–	(61)	–	–	–	(3 959)	5 498	(3 962)
Total assets and liabilities									
Reportable segment liabilities for the period ended 31 Dec 2019	**13 736 297**	**467 820**	**11 343**	**103 854**	**34 436**	**905 488**	**11 810**	**(348 492)**	**14 922 556**
Reportable segment liabilities for the period ended 31 December 2018	2 016 230	106 074	551	15 804	8 574	–	7 843	(20 944)	2 134 132
Total segment assets for the period ended 31 Dec 2019	**14 742 309**	**958 983**	**31 004**	**233 737**	**192 117**	**1 015 688**	**199 112**	**(412 941)**	**16 960 009**
Total segment assets for the period ended 31 December 2018	2 207 890	192 673	4 999	45 401	21 114	–	53 574	(75 718)	2 449 933
INFLATION ADJUSTED 2020 to 2021									
Income									
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 31 December 2020	19 335 502	(3 853 597)	(13 477)	550 568	127 042	2 712 960	997 859	(2 239 192)	17 617 665
Net underwriting income for the period ended 30 June 2021	**–**	**–**	**–**	**224 420**	**–**	**–**	**–**	**(14 285)**	**210 135**
Net underwriting income for the period ended 31 December 2020	–	–	–	364 875	–	–	–	(16 984)	347 891
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 31 December 2020	212 351	82 055	6 547	31 399	2 063	10 084	20 503	(12 599)	352 403
Impairment of assets for the period ended 30 June 2021	**928 797**	**49 649**	**(11)**	**23 522**	**3 569**	**467 865**	**10 448**	**27 055**	**1 510 894**
Impairment of assets for the period ended 31 December 2020	646 423	40 957	–	18 605	–	451 427	4 021	14	1 161 447
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 31 December 2020	12 006 879	(4 693 794)	(326 191)	(135 016)	(41 222)	2 162 193	596 118	(837 342)	8 731 625
Cash flows:									
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 31 December 2020	3 745 111	553 125	40 143	64 721	100 308	(12 671 064)	580 489	10 609 040	3 021 873
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 31 December 2020	(305 246)	(25 085)	(21 516)	(1 367)	(261 963)	(59 369)	(1 299 751)	259 307	(1 714 990)
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 31 December 2020	(324 875)	(260 672)	(2 890)	(641)	(946)	(304 656)	(664 339)	898 253	(660 766)
Total assets and liabilities									
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 December 2020	81 070 222	7 131 880	835 780	1 030 016	413 959	7 975 611	449 221	(5 662 320)	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 December 2020	98 906 898	5 425 504	766 731	1 782 943	1 344 066	10 900 905	3 085 342	(7 700 842)	114 511 547
HISTORICAL 2020 to 2021									
Income									
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 31 December 2020	14 212 118	(2 616 280)	53 825	549 930	535 119	1 488 869	928 097	(1 122 856)	14 028 822
Net underwriting income for the period ended 30 June 2021	**–**	**–**	**–**	**195 321**	**–**	**–**	**–**	**(11 962)**	**183 359**
Net underwriting income for the period ended 31 December 2020	–	–	–	104 808	–	–	–	(4 148)	100 660
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 31 December 2020	110 366	34 792	1 318	5 335	729	3 051	4 882	(2 150)	158 323
Impairment of assets for the period ended 30 June 2021	**891 678**	**49 649**	**(11)**	**6 937**	**3 569**	**467 865**	**10 449**	**–**	**1 430 136**
Impairment of assets for the period ended 31 December 2020	535 614	33 936	11	15 416	–	374 044	3 332	–	962 353
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 31 December 2020	11 085 688	(3 076 196)	(197 069)	244 844	419 920	514 313	443 379	(547 471)	8 887 408
Cash flows:									
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 31 December 2020	(90 438)	299 349	13 284	78 522	188 536	(8 659 784)	(190 061)	9 442 631	1 082 039
Used in investing activities for the period ended 31 December 2020	**(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 31 December 2020	(128 927)	(16 350)	(7 180)	(47 907)	(183 475)	(35 442)	(692 526)	215 290	(896 517)
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 31 December 2020	(156 042)	(72)	(746)	21 285	(280)	(353)	208 481	(555 605)	(483 332)
Total assets and liabilities									
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 December 2020	67 281 507	5 908 513	689 410	849 521	287 922	6 606 514	361 935	(4 695 857)	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 December 2020	78 242 948	4 248 136	604 553	1 424 495	880 439	6 765 649	1 157 457	(4 970 032)	88 353 645

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION *(continued)*

27. 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 (versus return).

28. RISK MANAGEMENT

28.1 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.

28.2 Group risk management framework

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

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

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

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

Human Resources & Remunerations 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.

28.2 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.

28.2 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

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.

28.3 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.

28.4 Interest rate risk

This is the possibility of the Group's interest income being negatively influenced by unforeseen changes in the interest rate levels arising from weaknesses related to 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.

28.5 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.

28.6 Operational risk

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

28.6.1 Operational risk management framework

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

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

28.7 Strategic risk

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

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

28.8 Regulatory risk

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

Wide Governance and Compliance unit which ensures that:

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

28.9 Reputation risk

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

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

28.10 Money-laundering risk

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

The Group manages this risk through:

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

28.11 Insurance risk

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

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

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

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

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION *(continued)*

29. IMPACT OF COVID-19

COVID-19 is an economic shock analogous to the global financial crisis. During the year ended 31 December 2020 economic and business activity noticeably shifted to and revolved around the coronavirus – which was declared a global pandemic by the World Health Organisation "WHO" on 11 March 2020. This resulted in an unprecedented disruption to global production international trade global supply chains and aggregate demand as well as a shift in national organisational and household priorities in favour of health and safety. Moreover as Governments instituted measures to combat spread of the virus economic prospects also deteriorated. The World Bank estimates global economic activity to have contracted by 4.3% in 2020 – the sharpest decline in more than 7 decades. As the virus continues to spread globally new variants of the being discovered and introduction of mass vaccinations across the world the Group has considered the future impact it might have on its ability to continue to operate as a going concern.

The aforementioned developments coming from COVID-19 the operating environment resulted in new business threats and opportunities as economic agents adapted to and refocused and remodelled their operations around the COVID-19 pandemic. The worst affected sectors were those that depend on close contact and travel – among them tourism transport aviation and education. The health ICTs and oriented sectors however were somewhat positively impacted by the pandemic as the demand for their services increased. The financial services sector being at the centre of economic activity naturally faced downside risks from the overall reduction in economic activity. Upside risks emanated from increased demand from those sectors that were positively impacted by and could pivot on the pandemic.

The CBZ Group continued 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 be a source of resilience to its employees clients and other stakeholders. The regulatory authorities' decision to allow local usage of foreign currencies enhanced the Group's ability to better respond to the evolving demands of its wide range of customers including through developing customer centric products and preserving shareholder value. Furthermore the addition of new and strengthening of existing correspondent banking relationships enabled the Group's banking subsidiaries to better meet the trade finance requirements of its clients.

The Directors have engaged themselves to continuously assess the ability of the Group to continue to operate as a going concern. Despite the foregoing the Group has assessed that COVID-19 will not have an inhibiting impact on its ability to continue operating as a going concern.

APPENDIX V: REPORT OF THE INDEPENDENT REPORTING ACCOUNTANT ON THE UNAUDITED PROFORMA FINANCIAL INFORMATION OF CBZ HOLDINGS LIMITED

KPMG

Mutual Gardens
100 The Chase (West)
Emerald Hill
P O Box 6 Harare
Zimbabwe
Tel: +263 (4) 303700, 302600
Fax: +263 (4) 303699

BMN/tm

30 December 2021

The Directors
CBZ Holdings Limited
5 Campbell Road
Pomona, Borrowdale
Harare, Zimbabwe

Dear Sirs

Report of the independent reporting accountant on the unaudited consolidated pro forma financial information of CBZ Holdings Limited

Introduction

The directors of CBZ Holdings Limited ("the Company or CBZ") are proposing to acquire 226,997,219 (two hundred and twenty six million, nine hundred and ninety seven thousand, two hundred and nineteen) ordinary shares in First Mutual Holdings Limited ("FMHL") by way of purchasing the shares from National Social Security Authority (NSSA),"(the proposed transaction") as contained in the circular to shareholders of CBZ dated 30 December 2021("the Circular"). The ordinary shares are of a nominal value of ZWL0,001 each in the issued share capital of FMHL whilst the acquisition price is at a determined average share price of ZWL28 per share.

We report on the unaudited consolidated pro forma financial information (referred to as "the unaudited consolidated pro forma financial information) of CBZ Holdings Limited set out in Appendix VI of the Circular dated 30 December 2021. The unaudited consolidated pro forma financial information has been prepared for illustrative purposes only, to provide information on how the proposed transaction would have impacted on the financial position of CBZ Holdings Limited had it been undertaken on 30 June 2021. Because of its nature, the unaudited consolidated pro forma financial information may not give a fair reflection of CBZ Holdings Limited's financial position or the effect on income going forward.

At your request, and for the purposes of the Circular, we present our report on the unaudited consolidated pro forma financial information set out in Appendix VI of the Circular, in compliance with the Securities and Exchange Listing Requirements (Zimbabwe Stock Exchange ("ZSE") Listing Requirements) Rules 2019 ("the Zimbabwe Stock Exchange (ZSE) Listing Requirements").

Responsibilities

The directors of CBZ Holdings Limited are solely responsible for the preparation of the unaudited consolidated pro forma financial information to which this independent accountants' report relates, and for the financial statements and financial information from which it has been prepared.

It is our responsibility to form an opinion on the basis used for the compilation of the unaudited consolidated pro forma financial information and to report our opinion to you. We do not accept any responsibilities for any reports previously given by us on any financial information used in the compilation of the unaudited consolidated pro forma financial information beyond that owed to those to whom those reports were addressed at the dates of issue.

Basis of opinion

Our work, which did not involve an independent examination of any of the underlying financial information, consisted primarily of recalculating the amounts and adjustments to the unaudited consolidated pro forma financial information based on information obtained and discussing the same unaudited consolidated pro forma financial information with the directors.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing ("ISA"), we do not express any assurance on the fair presentation of the unaudited consolidated pro forma financial information. Had we performed additional procedures, or had we performed an audit or review of the financial information in accordance with ISA, other matters might have come to our attention that would have been reported to you.

The unaudited consolidated pro forma financial information was prepared using certain assumptions made by yourselves and the, significant assumptions include:

- CBZ Holdings Limited is proposing to acquire 226,997,219 (two hundred and twenty-six million nine hundred and ninety-seven thousand two hundred and nineteen) FMHL ordinary shares (constituting 31.22% of the entire issued shares of FMHL) currently held by the National Social Security Authority (NSSA).
- The total purchase consideration for this transaction was agreed at ZWL$6,355,922,132 that is, a price of ZWL$28 per FMHL ordinary share excluding transaction costs and to be settled as follows:
  - 30% of the total purchase consideration, that is ZWL$1,906,776,640 comprises of ZWL$1,815,353,056 being the net cash proceeds due to NSSA and trading transaction costs of ZWL$ 91,423,584. The net cash proceeds due to NSSA translate to US$21,197,440 after being converted at the exchange rate of ZWL$85.6402 /US$. Of the US$21,197,440, a deposit of US$10,000,000 will be paid within ten days of the fulfilment or waiver of the conditions precedent and the balance of USD11,197,440 will be settled over 18 months in three (3) equal installments payable after every six (6) months with effect from the date of payment of the US$10,000,000
  - The balance of US$11,197,440 to be settled in three equal instalments over 18 months payable after every six (6) months was present valued to USD$10,373,119. This resulted in ZWL$70,595,096 or US$824,322 being recognized in the Statement of Profit or Loss/Retained earnings as a gain on deferred purchase price payment.
  - 70% of the total purchase consideration that is, ZWL$4,449,145,492 is proposed to be settled by the issuance and allotment to NSSA of 46,833,110 CBZ Holdings Limited ordinary shares on the basis of 1 CBZ Holdings Limited ordinary share for every 3.3929 FMHL shares held by NSSA.
  - Total transaction expenses of ZWL$380,903,192 as explained in Section 7 of the Circular are included in the acquisition cost.
- CBZ Holdings Limited already held 25,432,508 shares in FMHL, representing 3.23% shareholding, which was previously accounted for as an equity investment under International Financial Reporting Standard 9 (IFRS 9) with a fair value of ZWL699,315,129 as at 30 June 2021. Upon obtaining significant influence, following the proposed transaction, the equity investment will be accounted for as an investment in associate under International Accounting Standard 28 IAS 28 (Investments in Associate) with the fair value at date of transaction being taken as the deemed cost of these shares. This results in the ZWL$699,315,129 fair value being derecognized to Investment in Associate and the related deferred tax of ZWL$5,048,625 (historical cost ZWL$6,052,148) being derecognized to the Statement of profit and loss/ retained earnings
- The purchase consideration of ZWL$6,355,922,132, transaction costs of ZWL$380,903,192 and additional shares already held valued at ZWL$699,315,129 result in a total acquisition cost of ZWL$7,436,140,453 being recognized as an Investment in Associate.
- The issuance of 46,833,110 shares to NSSA results in an increase of ZWL$468,331 in CBZHL's share capital at a nominal value of ZWL$ 0.01 per share and ZWL$4,448,677,119 in share premium as the premium between the ZWL$95.00 share price and the ZWL$0.01 nominal value of the shares.
- The acquisition of the additional shares from NSSA constituting 31.22% of the issued ordinary shares of FMHL takes CBZ Holdings Limited's total shareholding to 34.72%.

As the purpose of the unaudited consolidated pro forma financial information differs from the purpose of financial statements prepared for members, the financial information presented is not intended to comply in full with presentation and disclosure requirements of the Companies and Other Business Act [Chapter 24:03] and International Financial Reporting Standards promulgated by the International Accounting Standards Board.

Opinion

In our opinion, nothing has come to our attention that causes us to believe that, in all material respects:

- The unaudited consolidated pro forma financial information has not been compiled on the basis stated;
- Such basis is inconsistent with the accounting policies of CBZ Holdings Limited; and
- The adjustments are not appropriate for the purposes of the unaudited consolidated pro forma financial information, as disclosed in terms of the proposed transaction and in terms of sections 230 to 237 of the ZSE Listing Requirements.

Historical cost financial information in Appendix VI

The historical cost financial information in Appendix VI has been shown as supplementary information for the benefit of users and is not the primary financial information. This information does not comply with the International Financial Reporting Standards in that it has not been prepared in line with the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies. As a result, this report on the unaudited consolidated pro forma financial information of CBZ Holdings Limited does not extend to the historical cost financial information, annotated as *"Historical"* in Appendix VI.

Yours faithfully

KPMG

KPMG Chartered Accountants (Zimbabwe)

APPENDIX VI: UNAUDITED CONSOLIDATED PROFORMA FINANCIAL INFORMATION

PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	INFLATION ADJUSTED			HISTORICAL		
	30 JUN 2021 ZW$000	PROFORMA JOURNALS 30 JUN 2021 ZW$000	POST ACQUISITION 30 JUN 2021 ZW$000	30 JUN 2021 ZW$000	PROFORMA JOURNALS 30 JUN 2021 ZW$000	POST ACQUISITION 30 JUN 2021 ZW$000
ASSETS						
Cash and cash equivalents	29 460 995	-	29 460 995	29 460 995	-	29 460 995
Money market assets	14 549 626	-	14 549 626	14 549 626	-	14 549 626
Financial securities	961 097	-	961 097	961 097	-	961 097
Loans and advances to customers	49 495 227	-	49 495 227	49 495 227	-	49 495 227
Insurance assets	501 392	-	501 392	501 392	-	501 392
Equity investments	4 965 163	(699 316)	4 265 847	4 965 163	(699 316)	4 265 847
Investment in Associate	-	7 436 141	7 436 141	-	7 436 141	7 436 141
Land inventory	4 565 076	-	4 565 076	560 932	-	560 932
Other assets	32 537 399	-	32 537 399	29 183 920	-	29 183 920
Current tax receivable	540	-	540	540	-	540
Intangible assets	128 955	-	128 955	72 295	-	72 295
Investment properties	2 886 003	-	2 886 003	2 886 003	-	2 886 003
Property & Equipment	5 325 950	-	5 325 950	4 021 089	-	4 021 089
Deferred taxation	690 159	-	690 159	843 746	-	843 746
TOTAL ASSETS	**146 067 582**	**6 736 825**	**152 804 407**	**137 502 025**	**6 736 825**	**144 238 850**
LIABILITIES						
Deposits	100 084 381	-	100 084 381	100 084 381	-	100 084 381
Insurance liabilities	447 916	-	447 916	447 916	-	447 916
Other liabilities	19 813 909	2 217 085	22 030 994	19 770 924	2 217 085	21 988 009
Current tax payable	932 071	-	932 071	932 071	-	932 071
Life fund	157 690	-	157 690	157 690	-	157 690
Investment contract liabilities	28 094	-	28 094	28 094	-	28 094
Deferred taxation	2 772 517	(5 049)	2 767 468	2 360 033	(6 052)	2 353 981
Lease liability	44 291	-	44 291	44 291	-	44 291
	124 280 869	**2 212 036**	**126 492 905**	**123 825 400**	**2 211 033**	**126 036 433**
EQUITY						
Share capital	202 033	468	202 501	5 220	468	5 688
Share premium	1 234 615	4 448 677	5 683 292	33 876	4 448 677	4 482 553
Revaluation reserve	3 308	-	3 308	2 936 954	-	2 936 954
Retained earnings	16 893 390	75 644	16 969 034	9 444 237	76 647	9 520 884
Foreign currency translation reserve	2 883 473	-	2 883 473	160 364	-	160 364
Fair value reserve	566 724	-	566 724	1 092 598	-	1 092 598
Equity attributable to equity holders of the parent	**21 783 543**	**4 524 789**	**26 308 332**	**13 673 249**	**4 525 792**	**18 199 041**
Non-controlling interests	3 170	-	3 170	3 376	-	3 376
TOTAL EQUITY	**21 786 713**	**4 524 789**	**26 311 502**	**13 676 625**	**4 525 792**	**18 202 417**
TOTAL LIABILITIES AND EQUITY	**146 067 582**	**6 736 825**	**152 804 407**	**137 502 025**	**6 736 825**	**144 238 850**

The pro forma financial statements have been prepared to illustrate how the Proposed Transaction might have affected the financial position of CBZ Holdings Limited had the transaction been effected on 30 June 2021 because of its nature it may not necessarily present the issuer's actual financial position changes in equity results of operations or cash flows.

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 historical financial information.

NOTES AND ASSUMPTIONS TO THE UNAUDITED PROFORMA FINANCIAL INFORMATION

As Outlined in Section 4.1 of the circular, CBZ Holdings Limited is proposing to acquire 226,997,219 (two hundred and twenty-six million nine hundred and ninety-seven thousand two hundred and nineteen) FMHL ordinary shares (constituting 31.22% of the entire issued shares of FMHL) currently held by the National Social Security Authority.

The following are the notes and assumptions to the pro forma Statement of Financial Position:

1. The total purchase consideration for this transaction was agreed at ZWL$6,355,922,132 i.e., a price of ZWL$28 per FMHL ordinary shares excluding transaction costs
2. 30% of the total purchase consideration, that is ZWL$1,906,776,640 comprised of US$21,197,440 equivalent on the date of the Share Purchase agreement and brokerage fees of ZWL$ 91,423,584 to be paid by CBZ Holdings on behalf of NSSA. Of the US$21,197,440, the sum of US$10,000,000 will be paid within ten days of the completion and the balance of USD11,197,440 will be settled in instalments over 18 months in three (3) equal instalments payable after every six (6) months with effect from the date of payment of the US$10,000,000.
3. The USD11,197,440 to be settled in three equal instalments over 18 months payable after every six (6) months was present valued to USD$ 10,373,119. This resulted in ZWL$ 70,595,096 or US$824,322 being recognised in the Statement of Profit or Loss.
4. 70% of the total purchase consideration i.e., ZWL$ 4,449,145,492 is proposed to be settled by the issuance and allotment to NSSA of 46,833,110 CBZ Holdings Limited ordinary shares on the basis of 1 CBZ Holdings Limited ordinary share for every 3.393 FMHL shares held by NSSA.
5. Total transaction expenses of ZWL$ 380,903,192 as explained in Section 7 of the Circular have been incurred and included in the acquisition cost.
6. CBZ Holdings Limited already held 25,432,508 shares in FMHL, representing 3.23% shareholding, which was previously accounted for as an equity investment under International Financial Reporting Standard 9 (IFRS 9) with a fair value of ZWL699,315.625 as at 30 June 2021. Upon obtaining significant influence, following the proposed transaction, the equity investment will be accounted for as an investment in associate under International Accounting Standard 28 IAS 28 (Investments in Associate & Joint Ventures) with the fair value at date of transaction being taken as the deemed cost of these shares. This results in the ZWL$699,315,129 fair value being derecognized to Investment in Associate and the related deferred tax of ZWL$5,048,625 (historical cost ZWL$6,052,148) being derecognized to the Statement of profit and loss/ retained earnings.
7. The purchase consideration of ZWL$6,355,922,132, transaction cost of ZWL$ 380,903,192 and additional shares already held valued at ZWL$699,315,129 result in a total of ZWL$ 7,436,140,453 being recognized as an Investment in Associate.
8. The issuance of 46 833,110 shares to NSSA results in an increase of ZWL$ 468,331 in CBZH's share capital at a nominal value of ZWL$ 0.01 per share and ZWL$ 4,448,677,161 in share premium as the premium between the ZWL$95.00 share price and the ZWL$ 0.01 Nominal value of the shares.
9. The additional shares issued to NSSA will constitute 8.97% of the CBZ Holdings Limited total issued ordinary shares.
10. The acquisition of the additional shares from NSSA constituting 31.22% of the issued ordinary shares of FMHL takes CBZ Holdings Limited's total shareholding to 34.72%.

APPENDIX VII: FAIR AND REASONABLE INDEPENDENT VALUATION OPINION ON THE FMHL ACQUISITION

BDO

Tel/Fax: +263 242 703 876/7/8
Cell: +263 772 573 266/7/8/9
bdo@bdo.co.zw
www.bdo.co.zw

Kudenga House
3 Baines Avenue
P.O Box 334
Harare
Zimbabwe

3 December 2021

The Directors
CBZ Holdings Limited
5 Campbell Road, Pomona
Borrowdale
Harare

Dear Messrs

RE: INDEPENDENT FAIRNESS AND REASONABLENESS OPINION ON CBZ HOLDINGS LIMITED'S PROPOSED ACQUISITION OF 226 997 219 FIRST MUTUAL HOLDINGS LIMITED SHARES CURRENTLY HELD BY THE NATIONAL SOCIAL SECURITY AUTHORITY (NSSA)

Introduction

CBZ Holdings Limited (CBZHL) is a public investment company incorporated in Zimbabwe and quoted on the Zimbabwe Stock Exchange (ZSE). The CBZHL Board resolved to acquire 226 997 219 (two hundred and twenty-six million nine hundred and ninety-seven thousand two hundred and nineteen) First Mutual Holdings Limited (FMHL) shares held by National Social Security Authority (NSSA). The equity stake constitutes about 31.22% of the entire issued capital of FMHL. This followed a request for proposals flighted by NSSA on 12 February 2021. CBZHL's technical bid was successful, and it proceeded to make a financial offer. A financial offer of ZWL$6,355,922,132 (six billion three hundred and fifty-five million nine hundred and twenty-two thousand one hundred and thirty-two Zimbabwe dollars) was made ("the offer" "the transaction". A conditional sale and purchase agreement was signed between NSSA and CBZHL. The equity stake is to be paid for partly in cash (30%) and partly by issue of CBZHL shares to NSSA (70%). This report has been prepared for the purpose of inclusion in the circular ("the circular") dated on or around 9 December 2021 in order to meet the requirements of the Companies and Other Business Entities Act (Chapter 24:31) ("COBE") and Schedule 5A of the Zimbabwe Stock Exchange Listing Requirements.

The terms and conditions of the proposed transaction are detailed in the Circular of which our opinion is a part. Our analysis of the proposed transaction is as at the date of the offer.

Scope

BDO Tax & Advisory Services (Private) Limited ("BDO", "BDO Advisory") were appointed by the Board of Directors of CBZHL to act as independent financial advisors to provide an opinion indicating whether the terms and conditions of the proposed transaction are fair and reasonable to the shareholders of CBZHL.

Responsibility

The CBZHL Board is responsible for compliance with the ZSE Listing Requirements and other regulatory requirements. BDO Advisory's responsibility is to report on the fairness and reasonableness of the proposed transaction to the shareholders of CBZHL.

Independence Confirmation

There is no relationship between BDO Advisory, and the parties involved in the transaction. BDO Advisory and its staff do not own shares in CBZHL and FMHL. BDO is entitled to receive a fixed fee plus compensation for reasonable out of pocket expenses for the preparation of this opinion. The fee is not contingent in whole or in part on the conclusions reached on this opinion or the completion of the transaction. Except for the fees, BDO Advisory has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Definition of fairness and reasonableness for the purposes of our opinion

It is important for us to define our understanding of the terms "fairness" and "reasonableness". Generally, a transaction is considered fair if the benefits received by the shareholders because of that transaction are equal to or more than the value ceded by the shareholders to obtain the benefits. This comparison should be made assuming a knowledgeable and willing, but not anxious buyer, and a knowledgeable and willing, but not anxious seller, acting on an arm's length basis. Primarily the assessment of fairness is based on quantitative issues. The proposed transaction would be considered fair if the purchase consideration is equal to or less than the fair value of FMHL shares being bought. Reasonableness on the other hand is primarily based on qualitative factors. It is possible that the quantitative benefits received by the shareholders may be less than the value that they surrender but the entire transaction may still be reasonable in some circumstances after consideration of significant qualitative factors. Reasonableness considers the context or circumstances of the transaction.

Information considered and procedures performed

Information Considered

In arriving at our opinion, we considered information from capital markets, management of CBZHL, the financial advisors of CBZHL or publicly available sources.

Information relating to CBZHL and its subsidiaries (group)

- Information on CBZHL group including history, nature of business, products and industry related matters.
- Audited financial statements of CBZHL for the years ended 31 December 2019 and 31 December 2020.
- Reviewed half year financial statements for the period ended 30 June 2021.
- Recent share prices and other publicly available information on CBZHL as well as listed companies with operations similar to those of CBZHL.
- Recent analyst reports on CBZHL and peer companies.
- Information and explanations obtained from management of CBZHL.
- Other publicly available information relevant to CBZHL and its subsidiaries' industries.

Information relating to FMHL and its subsidiaries (FMHL group)

- Information on FMHL group including history, nature of business, products and industry related matters.
- Audited financial statements of FMHL for the years ended 2019 and 2020.
- Reviewed half year financial statements for the period ended 30 June 2021.
- Recent share prices and other publicly available information on FMHL as well as listed companies with operations similar to those of FMHL.
- Recent analyst reports on FMHL and peer companies.
- Information and explanations obtained from management of FMHL.
- Other publicly available information.

For FMHL we relied mostly on publicly available information.

Information regarding Proposed Transaction

- Valuations of CBZHL and FMHL done by the co-Advisors.
- Cautionary statements issued by CBZHL and FMHL.
- Circular to shareholders dated 9 December of which this opinion forms a part.
- Information and explanations obtained in discussions with management of CBZHL and their Lead Advisors.
- Share purchase and sale agreement between CBZHL and NSSA.
- CBZHL bid document to NSSA.
- Correspondence between CBZHL and FMHL regarding the CBZHL bid.
- Share swap computations done by CBZHL management.

Procedures performed

In the assessment of the terms and conditions of the transaction, we have performed the following:

- Reviewed and analysed relevant information made available to us by CBZHL management.
- Reviewed the valuation computations of CBZHL and FMHL done by the co-advisor.
- Performed a desk top valuation of CBZHL and FMHL
- Considered the background information on CBZHL and FMHL and their subsidiaries and associates.
- Reviewed the terms and conditions of the transaction as per the share purchase agreement.
- Performed sensitivity analysis of the valuations based on a reasonable range of key assumptions.
- Assessed the determination of share swap ratios.
- Considered the rationale for the proposed transaction.
- Considered the qualitative factors of the transaction.
- Examined documentation relating to the proposed transaction.

Analysis of the purchase consideration

The purchase consideration is as follows;

- 226,997,219 First Mutual Holdings Limited shares (constituting 31.22% of the entire issued ordinary shares in FMHL as at 31st May 2021) and currently held by the National Social Security Authority, shall be acquired by CBZHL at a total consideration of ZWL$6,355,922,132.00 (six billion three hundred and fifty-five million nine hundred and twenty-two thousand one hundred and thirty-two Zimbabwe dollars) i.e., ZWL$28 per share.
- The purchase consideration is to be settled as follows:
    a. 70% of the total consideration i.e.ZWL$4,449,145,492.40 (four billion four hundred and forty- nine million one hundred and forty-five thousand four hundred and ninety-two Zimbabwe dollars and forty cents) to be settled through the issuance of 46,833,110 new CBZHL ordinary shares on the basis of 28 CBZHL ordinary share for every 95 FMHL ordinary shares i.e., 1 CBZHL ordinary share for every 3.393 FMHL ordinary shares held by NSSA; and

    b. 30% of the total consideration i.e.ZWL$1,906,776,639.60 (one billion nine hundred and six million seven hundred and seventy-six thousand six hundred and thirty-nine Zimbabwe dollars and sixty cents) to be settled in cash, comprises of ZWL$1,815,353,056 being the net cash proceeds due to NSSA after trading transaction costs of ZWL$ 91,423,584. The net cash proceeds due to NSSA of ZWL$1,815,353,056 translates to US$21,197,440 after being converted at the agreed exchange rate of ZWL$85.6402 /US$. Of the US$21,197,440, a deposit of US$10,000,000 will be paid within ten days of the fulfilment or waiver of the conditions precedent, with the balance of US$11,197,440 being paid over eighteen (18) months in three (3) equal instalments of US$3,732,480 (three million seven hundred and thirty-two thousand four hundred and eighty United States Dollars) payable after every six (6) months with effect from the payment of the aforesaid deposit.

    The effective transaction value in Zimbabwe dollars is subject to any changes in the movement in the exchange rate for the portion that is payable in United States dollars. For this transaction, the foreign currency component is being translated at the auction exchange rate ruling at the time of the offer. If rates other than the official rates are used, the transaction value may be different depending on the rate that has been used. The share swap ratio is fixed and is therefore not subject to any changes in values of the underlying shares.

Review of valuation approach

The business valuations ("valuations") of both CBZHL and FMHL were undertaken by the co-Advisors in the transaction, CBZ Capital. We reviewed the business valuations and reperformed our own indicative valuation of the ordinary shares of FMHL and CBZHL, as detailed below. Subject to the limitations of valuations done in the current macro-economic environment, which is characterised by currency distortions and hyperinflation, we are satisfied with the valuations done by CBZ Capital.

Review of valuation approaches used by CBZ Capital

The business valuations ("valuations") of both CBZHL and FMHL were undertaken by the co-Advisors in the transaction, CBZ Capital. We reviewed the business valuations and reperformed our own indicative valuation of the ordinary shares of FMHL and CBZHL, as detailed below. Subject to the limitations of valuations done in the current macro-economic environment, which is characterised by currency distortions and hyperinflation, we are satisfied with the valuations done by CBZ Capital.

Review of valuation approaches used by CBZ Capital

CBZ Capital used the Comparable, the Discounted Free Cashflows (DCF) and the Excess Return business valuation methods for both CBZHL and FMLH in order to come up with the value per share and the share swap ratio.

(a) Comparable valuation method

CBZ Capital used the Price Earnings (P/E), Price to Book (P/B) and the Price to Cashflow (P/CF) multiples to estimate the price per share of both CBZHL and FMHL. The methods were applied through the identification of respective multiples of listed entities within the African continent. The multiples were averaged to which the estimate country risk premium was added.

Justification for the use of the comparable valuation method

The comparable valuation method is a useful valuation method since it incorporates investors' expectations about the future performance of the industry of the company being valued. It is a widely used methodology for valuing companies in the market. The method is based on actual market transactions that can provide a useful benchmark for estimating the value of a company.

Limitations of the comparable valuation method

Using the comparable analysis can lead to difficulty in comparing companies or assets. This is because companies, even when they are in the same industry, may actually have a lot of other different variables that may make simple comparison not produce the most accurate results. The method is also static as it only considers a company's position at a certain date and fails to include the company's growth in its business operations. To address this handicap, CBZ Capital used forward matrices that seek to simulate the company's future growth prospects.

(b) Discounted cashflow (DCF) method

CBZ Capital also used the DCF model. This method was based on the free cashflows to equity, which were derived by applying the estimated dividend payout ratio on earnings for the forecast period and determining a terminal value. These free cashflows were then discounted at a computed cost of capital computed using the Capital Asset Pricing Method (CAPM).

Advantages of the DCF method

Some of the advantages of the DCF method are that;

- The method incorporates most of the major assumptions about the company, including future expectations
- It is one of the best methods to establish the intrinsic value of a company
- It is the most suitable method in mergers and acquisition transactions

Disadvantages of the DCF

Because the method relies on so many assumptions being made, that can be problematic as it may be difficult to estimate some of the assumptions, especially in volatile environments and where the company has not reached steady state. The fact that it values the company in isolation, with no reference to other companies, reduces the confidence that can be placed on the value established.

(c) Excess return method

The Excess Return method is one of the valuation methods considered appropriate for valuation of companies in the financial services sector. Financial service firms are unique in that the nature of their businesses makes it difficult to define both debt and reinvestment, making estimating cash flows far more difficult. This calls for another approach that does not put emphasis on cashflows. In essence, under the Excess Return method, the value of equity of a company is expressed as the sum of the equity invested in a company's current investments and the expected excess returns that equity investors can expect now and into the future.

Advantages of the Excess Return method

A financial services company's cash flows tend to be highly volatile and easily influenced by macroeconomic factors. This makes forecasting cash flows for financial services companies challenging and prone to mistakes. The advantage that excess returns valuation method brings is that it gives investors a more reliable and relevant metric to use than cashflows, which is shareholders' equity. And as noted, the book value of equity for financial services companies is more reliable and not prone to management influence because of the marking to market of financial assets and liabilities in financial services companies.

Disadvantages of the Excess Return method

The excess return method artificially divides a company's earnings into two separate earnings streams for tangible and intangible assets, when in reality, these assets by themselves are not able to generate the earnings. The other handicap is that there is no market data used in the application of the excess return method, making it more subjective.

Indicative valuation approaches used by BDO Advisory

For purposes of assessing the valuation reached by CBZ Capital, we carried out desktop valuations of FMHL and CBZHL using the Comparable, the Net Asset Valuation and the market capitalisation.

In the application of the comparable approach, we relied on the Price to Earnings Valuation and the Price to Book Value methods, where we used locally listed similar companies as peers. The application and discussion on the advantages and limitations of the comparable valuation approach has already been discussed above.

We also used the Net Asset Valuation (NAV) approach because of its superiority in estimating values for financial services companies ahead of other valuation methods. While the NAV is normally applied in liquidation valuations and for high asset holding companies like real estate, it also considered very applicable in the valuation of financial service companies as most of financial institutions' assets and

liabilities are financial assets that are carried at fair value. Given that the purpose of the valuation is to determine the swap ratios at a particular point in time, NAV will be among the best methods.

We also relied on the market capitalisation for both FMLH and CBZHL since these are listed entities. We used the Volume Weighted Average Price (VWAP) approach in establishing the market price. We considered this valuation approach relevant since it is less subjective as it is based on historical prices at which share purchase and sale transactions have actually taken place.

Appropriateness of the valuation methods used and the swap ratios

As explained above, the methods used for valuation of the companies were considered appropriate in the circumstances, despite their individual limitations.

We observed that the actual prices for both FMHL and CBZHL used in arriving at the swap ratios incorporated a premium. The swap ratio used in the offer was 3.393. This was determined on the basis of 28 CBZHL ordinary share for every 95 FMHL ordinary shares i.e., 1 CBZHL ordinary share for every 3.393 FMHL ordinary shares held by NSSA. Each CBZ share was valued at ZWL95 whilst each FMHL share was valued at ZWL28. Based on our sensitivity testing, using the valuation prices determined for CBZHL and FMLH, our view is that the swap ratio of 3.393 was advantageous to the shareholders of CBZHL.

In our view, the CBZHL and FMHL shares are affected by the same conditions prevailing in our market and so any impact on the swap ratios evens out.

Analysis of the FMHL and CBZHL share prices post record date

The market prices for both FMLH and CBZHL have gone down since the time of the offer. We have however not considered this drop in the assessment of the fairness of the offer given that this is a post transaction event.

Assessment of qualitative and other factors

Our assessment of the reasonableness of the transaction included assessment of the cash payment and swap ratio for the CBZHL shares to be issued to NSSA in exchange for FMHL shares. We assessed the value of the purchase consideration in relation to the underlying circumstances and conditions. In the assessment we also considered the market prices of CBZHL and FMHL.

Some of the qualitative factors we considered as given in the Circular include.

- Size of the equity stake to be purchased. FMHL will be an associate of CBZHL
- Potential synergistic impact as explained by CBZHL management
- Potential new opportunities eg regional expansion
- Volatility of stock prices
- Volatility and multiplicity of exchange rates in the economy
- Value preservation

Disclaimers and consents

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of CBZHL and their advisors. BDO has not independently verified the information and explanations supplied to it, nor has it conducted anything in the nature of an audit or review of CBZHL or FMHL in accordance with International Standards on Auditing. However, we have no reasons to believe that any of the information or explanations supplied are false or that material information has been withheld. It is not the role of BDO acting as independent experts to perform any due diligence procedures on behalf of CBZHL.

There were no limiting conditions, or any restrictions of scope imposed by CBZHL when this opinion was being prepared. Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.

This opinion is provided to the CBZHL Board solely for the purposes of the proposed transaction. It should therefore not be regarded as suitable for use by any other party or give rise to third party rights. This opinion does not purport to cater and does not cater for each individual shareholder's perspective, but rather that of the general body of CBZHL shareholders. An individual shareholder's decision may be influenced by such shareholder's particular circumstances and accordingly, a shareholder should consult an independent adviser, if in any doubt about the merits or otherwise of the transaction. Furthermore, in providing this opinion, BDO Advisory is not making any recommendations as to how to vote or otherwise deal in connection with the Transaction in whole or in part.

With respect to the financial forecasts, estimates concerning CBZHL, we have assumed that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgements of the management of CBZHL. We accept no responsibility for the accounting or other data and commercial assumptions on which this opinion is based. Furthermore, our opinion does not address any legal, regulatory, taxation or accounting matters or other professional advice, which we understand that such opinions, counsel or interpretations have been or will be obtained from the appropriately qualified professional sources. We have also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transaction will be obtained without any material adverse effect on the transaction.

In respect of the annual financial statements of CBZHL and FMHL for the years ended 31 December

2019 and 31 December 2020 we note that both had adverse audit opinions. The basis of the adverse opinions issued on the financial statements was in respect of non-compliance with the following International Accounting Standards ("IAS") within the International Financial Reporting Standards ("IFRS"):

- IAS 21 – The Effects of Changes in Foreign Exchange Rates.
- IAS 29 – Financial Reporting in Hyperinflationary Economies.
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

In addition, there was a qualification on the valuation of Investment Properties due to the use of valuation inputs denominated in United States Dollars which were converted to Zimbabwe dollars using the interbank rate.

The annual reports of the two entities detail the basis for the adverse opinions. The annual reports are included as part of the documents available for inspection in the Circular. We were not able to quantify the impact of the adverse opinions which may have had a material impact on the outcome of our analysis and opinion. The approach we have taken in coming up with our opinion is that both CBZHL and FMHL operate in the same jurisdiction and market and therefore they are affected by more or less the same conditions. This to an extent evens the impact of the issues and conditions which are common to both entities.

The opinion of BDO Advisory is based on the market, economic and other conditions prevailing at the date of the share purchase agreement. Such conditions can change significantly over short periods of time. The terms of this engagement are such that BDO Advisory has no obligation to update this report for events occurring subsequent to the date of this report. The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading, or incomplete.

BDO hereby consents to this report accompanying the Circular to Shareholders. Apart from such use neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, statement or letter without the prior written consent of BDO. BDO takes no responsibility for the contents of the Circular to Shareholders other than this report.

Opinion

Based on the above considerations, along with other information made available to us by the CBZHL Board, for which they are solely responsible, and such other matters BDO Advisory considered to be relevant, and after due consideration of the proposed transaction and the circumstances, we report that nothing has come to our attention that would cause us to believe that the proposed transaction is not fair and reasonable to the shareholders of CBZHL. We also considered the volatility of the exchange rate between the Zimbabwe dollar and the United States dollar as well as the prevailing macroeconomic conditions characterised by hyperinflation. We take note that in the current environment, the determination of fair values has become highly subjective. Our opinion should be read in that context.

We also wish to emphasise the following matters that we found important to the understanding of the context of our opinion;

- It is based on circumstances and facts that we were aware of at the offer date.
- Determination of fair values in our market has become very subjective due to market distortions, exchange rate volatility and hyperinflation, amongst others.
- Some of the variables may have changed since the offer date and the date of our report. We only performed a sensitivity analysis at the date of the report, but our opinion does not extend to that period.

We have assumed that all conditions precedent, including any material regulatory, other approvals and consents required in the proposed transaction have been or will be timeously fulfilled.

Yours faithfully

Jonas Jonga, CA(Z), MBL (Registered Public Auditor, Practising Certificate Number 0438)
Director
BDO Tax & Advisory Services (Private) Limited
Independent professional Expert
(Licenced with SEC as a securities advisory company, Reg No. SECZ4543V)
3 Baines Avenue, Harare, Zimbabwe

APPENDIX VIII: SHARE PRICE AND VOLUME STATISTICS FOR CBZ HOLDINGS LIMITED AND FMHL

The table below illustrates the share prices and volumes of shares traded on the ZSE for CBZ Holdings Limited from 1st June 2020 to 30th November 2021:

Month	High (ZWLc)	Low (ZWLc)	Volume	Value (ZWL$)
Jun-20	3,466.29	1,316.21	5,609,800	163,292,827
*Jul-20	-	-	-	-
Aug-20	2,996.52	1,971.23	4,795,300	109,642,877
Sep-20	5,600.00	3,120.02	5,856,300	286,303,003
Oct-20	5,290.10	3,580.00	1,850,800	72,411,676
Nov-20	4,445.10	3,515.00	24,021,373	952,511,973
Dec-20	8,500.00	3,300.00	8,861,500	549,845,814
Jan-21	10,900.00	6,900.00	2,357,100	195,180,898
Feb-21	10,691.96	7,500.00	208,200	18,013,474
Mar-21	9,700.00	6,989.83	28,291,767	2,390,518,712
Apr-21	9,468.18	6,990.13	464,300	37,358,989
May-21	9,000.00	8,000.00	205,200	16,841,983
Jun-21	8,499.73	8,200.00	1,059,500	88,888,486
Jul-21	9,506.43	8,500.00	752,700	68,790,216
Aug-21	9,500.00	8,000.00	1,250,000	109,113,667
Sep-21	8,500.00	7,680.00	1,979,000	160,776,251
Oct-21	12,361.11	8,251.29	1,089,000	106,913,317
Nov-21	11,333.33	8,693.970	429,300	40,715,430

* There is no data for July 2020 as trading on the ZSE was suspended from 26th June 2020 to 3rd August 2020.

The table below illustrates the share prices and volumes of shares traded on the ZSE for FMHL from 1st June 2020 to 30th November 2021:

Month	High (ZWLc)	Low (ZWLc)	Volume	Value (ZWL$)
Jun-20	434.25	294.00	24,860,800	89,858,065
Jul-20	-	-	0	-
Aug-20	370.00	350.00	21,500	77,332
Sep-20	451.15	359.45	72,800	303,060
Oct-20	430.00	400.04	2,638,400	10,629,283
Nov-20	480.00	407.78	190,100	785,988
Dec-20	959.00	460.00	1,283,700	9,576,071
Jan-21	1,490.84	900.00	8,615,500	88,608,881
Feb-21	1,860.00	1,200.00	9,528,000	132,903,958
Mar-21	2,270.00	1,990.05	301,300	6,190,245
Apr-21	2,295.95	1,536.00	55,117,773	1,057,973,646
May-21	2,879.87	2,003.43	12,414,100	334,582,054
Jun-21	3,297.23	2,501.83	3,108,782	88,574,163
Jul-21	2,909.56	2,450.00	173,000	4,348,431
Aug-21	3,092.61	2,320.00	1,342,500	31,928,892
Sep-21	3,111.43	2,200.00	153,300	4,385,638
Oct-21	2,899.97	2,311.49	2,670,100	64,155,744
Nov-21	2,600.00	2,100.00	2,458,500	51,878,003

* There is no data for July 2020 as trading on the ZSE was suspended from 26th June 2020 to 3rd August 2020.

APPENDIX IX: NOTICE OF EXTRAORDINARY GENERAL MEETING

cbz Holdings

(Incorporated in Zimbabwe under company registration number 2184/2001)

Directors: Mr. M. L. Holtzman (Chairman), Mrs. R. L Gaskin Gain, Mr. E. U Mashingaidze, Mr. L. C. Gerken, Mr. E. E. Galante, Dr. B. Mudavanhu *, Mr. T. Gumbo *
***Executive**

Address: 5 Campbell Road, Pomona, Borrowdale, Harare, Zimbabwe

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of members of CBZ Holdings Limited ("the Company") will be held virtually on Monday 31 January 2022, at 1530 hours (**meeting link: https://polling.fts-net.com** Meeting Code: **CBZ-26360**). Members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions set out below: -

AS ORDINARY RESOLUTIONS:

1. The Proposed FMHL Acquisition

"That, the Company be and is hereby authorized, to acquire 226,997,219 (two hundred and twenty-six million nine hundred and ninety-seven thousand two hundred and nineteen) First Mutual Holdings Limited ("FMHL") ordinary shares (constituting 31.22% of the entire issued shares) from National Social Security Authority ("NSSA") at a total consideration of ZWL$6,355,922,132.00 (six billion three hundred and fifty-five million nine hundred and twenty-two thousand one hundred and thirty-two Zimbabwe dollars) i.e., ZWL$28 per share, to be settled as follows:

a. 30% of the total consideration i.e.ZWL$1,906,776,639.60 (one billion nine hundred and six million seven hundred and seventy-six thousand six hundred and thirty-nine Zimbabwe dollars and sixty cents), comprises of ZWL$1,815,353,056 (one billion eight hundred and fifteen million three hundred and fifty-three thousand and fifty-six Zimbabwe dollars) being the net cash proceeds due to NSSA and trading transaction costs of ZWL$ 91,423,584 (ninety-one million four hundred and twenty-three thousand five hundred and eighty-four Zimbabwe dollars). The net cash proceeds due to NSSA translate to US$21,197,440 (twenty-one million one hundred and ninety-seven thousand four hundred and forty United States dollars) after being converted at the agreed exchange rate of ZWL$85.6402/US$. Of the US$21,197,440, a deposit of US$10,000,000 (ten million United States dollars) will be paid within ten days of the fulfilment or waiver of the conditions precedent and the balance of USD11,197,440 will be settled in instalments over 18 months in three (3) equal instalments of US$3,732,480 (Three million seven hundred and thirty-two thousand four hundred and eighty United States Dollars) payable after every six (6) months with effect from the payment of the aforesaid deposit; and

b. 70% of the total consideration i.e.ZWL$4,449,145,492.40 (four billion four hundred and forty-nine million one hundred and forty-five thousand four hundred and ninety-two Zimbabwe dollars and forty cents) to be settled through the issuance of 46,833,110 new CBZ Holdings Limited ordinary shares on the basis of 28 CBZHL ordinary share for every 95 FMHL ordinary shares i.e., 1 CBZHL ordinary share for every 3.393 FMHL ordinary shares held by NSSA pursuant to the acquisition".

.2. Directors' Authority to settle 70% of the Proposed FMHL Acquisition using the Company's authorised but unissued shares within their control

"That, subject to the passing of the ordinary resolution in (1) above, the Directors be and are hereby authorised to issue the authorised unissued shares, currently placed under their control, to settle 70% of the proposed FMHL acquisition pursuant to the said resolution."

3. Directors' Authority to Acquire a Control Block and to make Mandatory Offer

That upon acquisition of the shares in terms of the resolution in 1 above, the Directors be and are hereby authorised to make further acquisitions sufficient to achieve a control block in First Mutual Holdings Limited and thereafter to make a mandatory offer to the remaining shareholders of First Mutual Holdings Limited in compliance with the Companies and Other Business Entities Act as read with the ZSE Listing Requirements pursuant to which the consideration shall be settled through cash and/or the issuance of new CBZH shares."

4. Directors' Authority to Make Strategic Acquisitions

"That hereinafter, the Directors be and are hereby authorised to issue shares constituting up to 10% of issued shares of the Company from the authorised but unissued shares of the Company under their control for the sole purpose of acquisition of shares in strategic or complimentary businesses."

5. Directors' Authority to give effect to the above Resolutions

"That, subject to the passing of any one or all of the ordinary resolutions above, the Directors be and are hereby authorised, instructed and empowered to do all such things and sign all such documents and procure the doing of all such things and the signing of all such documents as may be necessary to give effect to the resolutions."

Any Other Business

To transact any other business competent to be dealt with at a general meeting.

Notes:

a) Please note that NSSA, being a related party as defined in the ZSE Listing Requirements, is not eligible to vote in respect of the resolutions above.

b) In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company.

c) Proxy forms must be lodged at the registered office of the Company not less than forty-eight hours before the time for holding the meeting.

d) The registration of members attending the meeting will commence at 1500hours, at the meeting venue.

BY ORDER OF THE BOARD

Rumbidzayi Angeline Jakanani
Group Legal Corporate Secretary

30 December 2021

Registered Office
CBZ Holdings Limited
5 Campbell Road
Pomona, Borrowdale
Harare, Zimbabwe
Tel: +263-8677004050
Email: info@cbz.co.zw

CIRCULAR TO SHAREHOLDERS

cbz Holdings

FORM OF PROXY

A form of proxy, in which are set out the relevant instructions for its completion, is attached hereto, for use by such shareholder of the Company who is unable to attend the EGM but who wishes to be represented thereat. Completion of a form of proxy will not preclude such shareholder of the Company from attending and voting (in preference to the appointed proxy) at the EGM.

The instrument appointing a proxy and the authority (if any) under which it is signed must be received by the Company's transfer secretaries or at the Company's Registered Offices (Attention the Company Secretary) no later than 48 (Forty-eight hours) before the time appointed for the holding of the EGM.

cbz Holdings

(Incorporated in Zimbabwe under company registration number 2184/2001)

Directors: Mr. M. L. Holtzman (Chairman), Mrs. R. L Gaskin Gain, Mr. E. U Mashingaidze, Mr.L. C. Gerken, Mr. E. E. Galante, Dr. B. Mudavanhu *, Mr. T. Gumbo *
*Executive

Address: 5 Campbell Road, Pomona, Borrowdale, Harare, Zimbabwe

For use by Shareholders at the Company's EGM to be held on Monday 31 January 2022 at 1530 hours.

Each member entitled to attend and vote at the EGM is entitled to appoint one person as his proxy, who need not be a member of the Company, to attend, speak and vote in his/her stead at the EGM.

I/We ____

(Name in block letters)

Of ____

Being the holder of ______________________ shares in the Company hereby appoint

1.____________________ of ________________________ or failing him/her

2.____________________ of ________________________ or failing him/her

3. The Chairman of the EGM

As my/our proxy to act for me/us at the EGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

ORDINARY RESOLUTIONS		Number of Votes		
		For	Against	Abstain
1	**The Proposed FMHL Acquisition** "That, the Company be and is hereby authorized, to acquire 226,997,219 (two hundred and twenty-six million nine hundred and ninety-seven thousand two hundred and nineteen) First Mutual Holdings Limited ("FMHL") ordinary shares (constituting 31.22% of the entire issued shares) from National Social Security Authority ("NSSA") at a total consideration of ZWL$6,355,922,132.00 (six billion three hundred and fifty-five million nine hundred and twenty-two thousand one hundred and thirty-two Zimbabwe dollars) i.e., ZWL$28 per share, to be settled as follows: a. 30% of the total consideration i.e.ZWL$1,906,776,639.60 (one billion nine hundred and six million seven hundred and seventy-six thousand six hundred and thirty-nine Zimbabwe dollars and sixty cents), comprises of ZWL$1,815,353,056 (one billion eight hundred and fifteen million three hundred and fifty-three thousand and fifty-six Zimbabwe dollars) being the net cash proceeds due to NSSA after trading transaction costs of ZWL$ 91,423,584 (ninety-one million four hundred and twenty-three thousand five hundred and eighty-four Zimbabwe dollars). The net cash proceeds due to NSSA translate to US$21,197,440 (t wenty-one million one hundred and ninety-seven thousand four hundred and forty United States dollars) after being converted at the agreed exchange rate of ZWL$85.6402 /US$. Of the US$21,197,440, the sum of US$10,000,000 (ten million United States dollars) will be paid within ten days of the fulfilment or waiver of the conditions precedent and the balance of USD11,197,440 will be settled in instalments over 18 months in three (3) equal instalments of US$3,732,480.21 (Three million seven hundred and thirty-two thousand four hundred and eighty United States Dollars and twenty-one cents) payable after every six (6) months with effect from the payment of the aforesaid deposit ; and b. 70% of the total consideration i.e.ZWL$4,449,145,492.40 (four billion four hundred and forty-nine million one hundred and forty-five thousand four hundred and ninety-two Zimbabwe dollars and forty cents) to be settled through the issuance of 46,833,110 new CBZ Holdings Limited ordinary shares on the basis of 28 CBZHL ordinary share for every 95 FMHL ordinary shares i.e., 1 CBZHL ordinary share for every 3.393 FMHL ordinary shares held by NSSA pursuant to the acquisition".			
2	**Directors' Authority to settle the Proposed Acquisition using the Company's authorised but unissued shares within their control** "That, subject to the passing of the ordinary resolution in (1) above, the Directors be and are hereby authorised to issue the authorised unissued shares, currently placed under their control, to settle 70% of the proposed FMHL acquisition pursuant to the said resolution."			
3	**Directors' Authority to Acquire a Control Block and to make Mandatory Offer** "That upon acquisition of the shares in terms of the resolution in 1 above, the Directors be and are hereby authorised to make further acquisitions sufficient to achieve a control block in FMHL and thereafter to make a mandatory offer to the remaining shareholders of First Mutual Holdings Limited in compliance with the Companies and Other Business Entities Act as read with the ZSE Listing Requirements pursuant to which the consideration shall be settled through cash and/or the issuance of new CBZH shares."			
4	**Directors' Authority to Make Strategic Acquisitions** "That hereinafter, the Directors be and are hereby authorised to issue shares constituting up to 10% of issued shares of the Company from the authorised but unissued shares of the Company under their control for the sole purpose of acquisition of shares in strategic or complimentary businesses."			
5	**Directors' Authority to give effect to the above Resolutions** "That, subject to the passing of any one or all of the ordinary resolutions above, the Directors be and are hereby authorised, instructed and empowered to do all such things and sign all such documents and procure the doing of all such things and the signing of all such documents as may be necessary to give effect to the resolutions".			

Every person present and entitled to vote at the EGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Signed at ____________ on ______________________________2022

Signature(s) ____

Assisted by me ____

Full name(s) of signatory/ies if signing in a representative capacity (see note 2) (please use block letters).

NOTES TO THE FORM OF PROXY

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. In terms of section 171 (1) of the Companies and Other Business Entities Act [Chapter 24:31], a member of the Company is entitled to appoint one or more persons to act in the alternative as his proxy, to attend and vote and speak in his stead. A proxy need not be a shareholder of the Company. Please note that in terms of section 171 (8) a director or officer of the Company may not act as a proxy for a shareholder.
2. Unless otherwise instructed, the proxy will vote as he/she thinks fit.
3. This proxy form must be deposited at the Registered Office of the Company which is situated at 5 Campbell Road, Pomona, Borrowdale, Harare, Zimbabwe, so as to be received by the Secretary not less than 48 hours before the meeting.
4. The proxy form must be signed and dated for it to be valid. Any alterations or corrections to this form must be initialled.
5. Anyone signing this proxy form in a representative capacity must be authorised to do so. Please stamp this form with your company or organisation's stamp and enclose proof of authorisation.
6. The return of this proxy form will not prevent you from attending the meeting and voting in person. However, should this happen, the proxy will be revoked.

OFFICE OF THE TRANSFER SECRETARIES
First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea
Harare, Zimbabwe
Tel: +263-242-749 048
Email: semuza@fts-net.com

REGISTERED OFFICE OF THE COMPANY
Group Legal Corporate Secretary
Rumbidzayi Angeline Jakanani
CBZ Holdings Limited
5 Campbell Road
Pomona, Borrowdale
Harare, Zimbabwe
Tel: +263-8677004050
Email: rjakanani@cbz.co.zw