



Audited Financial Results for the year ended 31 December 2019

Inflation adjusted financial highlights

↓ 14%

Total assets
2019 - ZW\$3 532.5m
2018 - ZW\$4 105.7m

↑ 104%

Total capital and reserves
2019 - ZW\$1 506.3m
2018 - ZW\$739.1m

↑ 467%

Net profit/(loss) after taxation
2019 - ZW\$433.6m
2018 - (ZW\$118.2m)

↑ 45pps

Return to equity
2019 - 29%
2018 - (16%)

↑ 8pps

Liquidity ratio (Group)
2019 - 88.17%
2018 - 80.58%

↑ 46pps

Cost to income ratio
2019 - 62%
2018 - 108%

pps - percentage points

ACTING CHAIRMAN'S STATEMENT

Introduction:

It is my pleasure to issue this statement in my acting capacity, having assumed the position on 26 September, 2019.

Operating Environment:

The operating environment remained challenging with the International Monetary Fund (IMF), in its World Economic Outlook Report for October, 2019, projecting the Zimbabwean economy to have contracted by 7.1% in 2019.

Businesses, in general, grappled with many negative factors, chief amongst which were:

- An unstable currency regime characterized by widespread shortages and rapid devaluation of the local currency. The introduction of a mono-currency framework and a managed floating exchange rate system since June 2019 did not eliminate an otherwise thriving parallel exchange market which traded at a substantial margin to the interbank rate.
- Rising costs affecting both businesses and households with year-on-year inflation reaching an estimated 521.2% as at 31 December, 2019.
- Constrained supply of critical commodities which include fuel and electricity.
- A poor farming season with the rainfall levels being well below long-term averages.

The above, amongst other factors, resulted in reduced market competitiveness thus constraining capacity utilisation in the manufacturing sector to levels below 40%.

Performance volatility in the financial sector was experienced as market players tried to adjust their business models to align with changing, and often uneasily balanced, policy frameworks which attempted to stabilize the currency management system, stimulate production and curtail liquidity expansion.

Group Performance:

In the context of an inclement operating environment, the Group posted decent financial results as discussed in more detail by the Group Chief Executive in his report.

Capital Requirements:

The Group faces a compliance burden going forward, following the review of the minimum capital requirements for banking entities to the Zimbabwean dollar equivalent of US\$30m and US\$20m for Tier 1 and Tier 2 banks respectively with effect from 31 December, 2020.

The Group intends to maintain a Tier 1 banking licence and this will be partially met through finalizing the merger of ZB Bank Limited and ZB Building Society in order to lessen the compliance burden. Capital resources will be augmented through retention of reserves and, possibly, fresh equity.

Statutory Instrument 59 of 2020 fixed capital requirements for life assurance operators and reinsurance companies at ZW\$75million. ZB Life Assurance Company and ZB Reinsurance Company met these capital levels as at 31 December, 2019.

Dividends:

The Board has declared a dividend of ZW6.49 cents per share for the year ended 31 December, 2019. A detailed dividend announcement with dates will be published after the Annual General Meeting.

Legal Contingencies:

Engagements with stakeholders in order to find a final settlement to the long standing dispute between the Company and Transnational Holdings Limited regarding the ownership of Intermarket Holdings Limited have continued. This matter is still pending at the Supreme Court of Zimbabwe.

Compliance & Regulatory Issues:

The Group has dealt with all governance issues which were the subject of a Corrective Order issued by the Reserve Bank of Zimbabwe (RBZ) on 7 March, 2017 and reviewed in March 2018 and awaits the lifting of the order upon satisfactory review by the regulator.

Directorate:

Professor C. Manyeruke, then chairman of the Board, resigned on 1 September, 2019. On behalf of the Board and Management, I extend warm gratitude for her contributions and leadership during her term of office. I wish her success in her new role.

Executive appointments:

Mr. G. Nheweyembwa resigned from the Group on 1 September 2019. He was the Managing Director of ZB Bank Limited. I wish Mr. Nheweyembwa success in his future endeavours.

In his stead, Mrs. G. Chikomo, previously the Chief Finance Officer for ZB Bank Limited, was appointed in an acting capacity from the same date.

As a result of the above movements, Mr. E. Masinire was appointed the Acting Chief Finance Officer for ZB Bank Limited.

I pledge the Board's support to Mrs. Chikomo and Mr. Masinire and wish them enjoyable and successful terms of office.

Outlook:

The Zimbabwean economic prospects are expected to remain tenuous in the short term, reflecting the downstream effects of a protracted drought; structural defects of an unstable currency management framework; and increasing momentum for general price increases. Policy interventions will be expected to address waning confidence in the monetary system and general financial sector operations.

The advent of the COVID-19 health pandemic exacerbates an already fragile economic outlook.

Whilst lasting solutions for macro-economic stability are being sought, the Group will continue to grapple with the need to preserve its capital and asset base. To this end, investment opportunities that offer growth prospects will be taken whilst operations will be recalibrated to offer improved service to customers at a reduced cost leveraging on technologies.

Increased focus will be placed on the Group's human capital which has always been the key source of competitiveness in a challenging environment.

Conclusion:

I would like to thank Board colleagues, management and staff, our valued customers and all other stakeholders for the contributions made in the achievement of the results posted in 2019.

P. Chiromo
Acting Chairman

29 May, 2020

GROUP CHIEF EXECUTIVE'S REPORT

Introduction:

The Group's results are denominated in Zimbabwean dollars (ZW\$) following the change in functional and reporting currency on 22 February 2019 as a consequence of Statutory Instruments 33 and 142 of 2019. Comparative figures which were previously denominated in United States dollars have been reckoned at par with the ZW\$ in terms of the legal position which existed then.

Inflation adjusted financial statements have been issued as the Group's primary financial statements in terms of International Financial Reporting Standard 29 – *Financial Reporting in Hyperinflationary Economies*, following the guidance from the Public Accountants and Auditors Board (PAAAB) issued through Circular 01/19.

Historical cost financial statements have been issued for information purposes only.

Performance Outturn:

My commentary is based on inflation adjusted financial statements.

The Group's total income increased by 55% from ZW\$524.7m in 2018 to ZW\$814.9m in 2019. This was on the back of a significant rise in unrealized credits posted in the income statement. Fair value adjustments moved from a negative of ZW\$89.8m in 2018 to a positive of ZW\$230.2m in 2019 whilst other income, largely constituted by the revaluation of the Group's foreign denominated balances, increased by 314% from ZW\$35.7m in 2018 to ZW\$147.8m in 2019.

Net interest and related income reduced from ZW\$199.1m in 2018 to close at ZW\$146.6m in 2019, reflecting the impact of a constrained growth in the underlying business and the application of sub-inflation earning rates.

Loan impairment charges to the income statement increased from ZW\$34.6m in 2018 to ZW\$75.6m in 2019 in line with the growth in assets exposed to credit risk. Overall credit quality however improved, with non-performing loans as a percentage of total loans reducing from 4.6% in 2018 to 2.2% in 2019.

Net insurance related earnings increased by 7% from ZW\$83.1m to ZW\$89.2m. Gross premiums from insurance operations grew from ZW\$216.7m in 2018 to ZW\$251.5m in 2019, spurred by client needs to replace covers at significantly higher levels in sympathy with inflation and exchange rate movements. Insurance expenses constituted 65% of total premiums in 2019, marginally higher than 62% computed in 2018. The computed level is considered sustainable for the nature of the Group's insurance operations.

Banking commissions and fees reduced by 16% from ZW\$331.2m in 2018 to ZW\$276.9m in 2019. This was a result of a faster acceleration of inflation during the second half of 2019 which could not be fully accommodated in the adjustment of rates applicable for commissions and fees.

The Group was able to contain costs, achieving an 11% real reduction in operating expenses from ZW\$566.1m in 2018 to ZW\$501.4m in 2019. The cost to income ratio improved from 108% in 2018 to 62% in 2019. The sustainability of the cost base against contracting income levels in real terms is a matter of continued strategic importance for the Group.

The profit from ordinary activities for 2019 was ZW\$313.5m against a loss of ZW\$41.5m in 2018. The significant contribution to this profit from unrealized credits on the revaluation of investments and trading assets amplifies future performance risk whilst vindicating value protection strategies employed by the Group.

A transfer of ZW\$20.6m was made to the life fund in 2019 compared to a transfer inward of ZW\$26.8m in 2018. This was a result of the positive performance in the assets supporting the fund.

The Group earned ZW\$243.2m as its share of profits reported by its associate companies for 2019. This compares to a loss of ZW\$63.5m in 2018. The share of profits from associates is largely driven by the revaluation of investment properties which constitute the bulk of the assets at a significant listed investee entity, Mashonaland Holdings Limited.

The Group posted a net profit of ZW\$433.6m in 2019, a 467% improved outturn compared to the loss of ZW\$118.2m posted in 2018.

The Group's total assets reduced in real terms by 14% from ZW\$4 105.7m as at 31 December 2018 to ZW\$3 532.5m as at 31 December 2019, reflecting a growth rate below average inflation.

Growth in deposits and other related funding account balances was constrained, achieving a reduction in real terms of 49% from ZW\$2 689.6m as at 31 December 2018 to ZW\$1 372.1m as at 31 December 2019.

Earning assets reduced by 35% from ZW\$2 797.7m as at 31 December 2018 to ZW\$1 811.3m as at 31 December 2019 whilst constituting 51% of total assets (68% at 31 December 2018).

The Group was able to maintain a comfortable margin of safety on its liquidity requirements, closing the year 2019 with a liquidity ratio of 88% (81% on 31 December 2018) against a prescribed ratio of 30%.

The Group's total equity increased by 104% from ZW\$739.1m as at 31 December, 2018 to ZW\$1 506.3m as at 31 December 2019, driven by the positive performance for the year as well as gains on the revaluation of properties and equipment.

Operations Review:

Banking Operations:

ZB Bank Limited posted a profit of ZW\$215.5m in 2019, an improvement from a loss of ZW\$41.1m in 2018. Performance was driven by fair value adjustments on investment properties as well as the revaluation of the foreign exchange position.

The Bank's total assets receded in real terms from ZW\$3 348.6m as at 31 December 2018 to ZW\$2 359.5m as at 31 December 2019.

ZB Building Society achieved a profit of ZW\$63.5m in 2019 compared to a loss of ZW\$51.1m in 2018.

Total assets under the Building Society reduced in real terms from ZW\$269.8m as at 31 December 2018 to ZW\$232.5m as at 31 December 2019.

The Group established Syfrets Bureau de Change during the second quarter of 2019, operating under its banking business segment. Business volumes in the early stages were substantial, tapering off only when the exchange differential between the interbank exchange rates and rates obtaining on the parallel market started to widen.

RIA Money Transfer and Small World Financial Services were added as partners for the Bank in its international money transfer business, increasing the number of MTA partners to four (4). Volumes or remittances transacted through the banking channels increased significantly in 2019.

The Group continued to review its branch network, resulting in a new branch being opened in Westgate, Harare in response to customer demands.

Insurance Operations:

ZB Reinsurance posted a profit of ZW\$25.3m in 2019 compared to a loss of ZW\$16.9m in 2018. Its total assets increased in real terms from ZW\$118.2m as at 31 December 2018 to close the year 2019 at ZW\$151.2m.

The company has maintained good relations with its cedants and retrocession partners.

During the year under review, the company launched a refreshed travel insurance product which is being distributed through digital channels.

ZB Life Assurance posted a profit of ZW\$151.3m in 2019, improving from a loss of ZW\$44.6m in 2018. Its total assets increased in real terms from ZW\$367.7m as at 31 December 2018 to \$564.4m as at 31 December 2019. Growth in life assurance premiums has slowed down significantly as household incomes are affected by inflation.

Various strategic options to stimulate revenue performance in the life business are under consideration.

Other Strategic Operations:

De-risking of the balance sheet continued through the acquisition of land banks which provide a cushion against inflation.

Licensing for a micro-finance business in the Group, which was expected before the end of 2019, was delayed and operations are now expected to commence in 2020.

Internal Processes:

The Group increased its investments in technologies, spending a total sum of ZW\$15.9m in expenditure to expand the capacity of its systems.

In order to satisfy requirements for Anti-Money Laundering and the Countering of Financing of Terrorism (AML/CFT) the World-Check system was implemented in the last quarter of 2019 for customer screening. A further project for the implementation of a transactions monitoring system was commissioned in the last quarter of 2019 with full roll out expected in the first half of 2020.

The Group established a Project Management Office in 2019 with the intention of improving project execution efficacy. All senior members of staff have been trained in project management principles.

Group Human Resources and Training:

Despite the operating environment becoming less competitive relative to other countries in the region and beyond, staff attrition in the Group has remained within acceptable levels.

The Group staff complement as at 31 December 2019 was 967, with 655 being permanent employees whilst 312 members were employed on a fixed contract basis.

A total of 1 423 attendances were recorded at 115 training courses held in 2019. All staff members attended wellness clinics and soft skills training during the year.

Industrial relations remained cordial during the year under review.

Appreciation:

I would like to extend my gratitude to our valued customers for their continued support.

I also thank staff and the management team for their contribution to the 2019 financial results.

Finally, I would like to thank the Board for its wise counsel.

R Mutandagayi
Group Chief Executive

29 May, 2020



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

AUDIT OPINION

These abridged audited financial results should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 December 2019, which have been audited by Deloitte & Touche and an adverse opinion has been issued thereon.

The auditor's report, which has an adverse opinion in respect of the impact of the incorrect application of IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 29 "Reporting in Hyper-Inflationary Economies" is available for inspection at the ZB Financial Holdings Limited's registered offices.

In addition to the above matters, the auditor's opinion contains key audit matters relating to:

- Valuation of expected credit losses (ECL) on financial assets and;
- Valuation of Incurred But Not Reported (IBNR) claims provision.

The auditor's report has been made available to management and the directors of ZB Financial Holdings Limited. The Engagement Partner responsible for the audit was Brian Mabiza.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
ASSETS				
Cash and cash equivalents	960 702 956	893 651 588	960 702 956	143 869 250
Money market investments	32 002 494	66 556 090	32 002 494	10 714 886
Treasury bills	3 217 048 870	1 207 199 029	217 048 870	194 347 351
Mortgages and other advances	4 450 580 815	757 234 115	450 580 815	121 907 358
Investment securities	140 012 122	351 034 983	140 012 122	56 513 232
Investments in associates	444 045 111	208 637 337	445 466 831	36 145 227
Inventories, trade and other receivables	60 018 874	74 860 608	46 081 440	12 050 329
Investment properties	5 527 621 601	206 989 068	527 621 601	33 323 232
Right of use assets	6 6 645 722	39 786 213	6 645 722	6 405 194
Property and equipment	7 575 431 921	229 709 092	575 431 921	36 980 940
Intangible assets	8 118 365 142	70 019 143	118 365 142	10 938 773
Total assets	3 532 475 628	4 105 677 266	3 519 959 914	663 195 772
LIABILITIES				
Deposits and other accounts	9 1 372 115 021	2 689 643 172	1 372 115 021	433 006 499
Trade and other payables	203 109 391	257 662 151	203 109 391	41 480 900
Current tax liabilities	5 152 672	836 145	5 152 672	134 611
Deferred tax liabilities	109 322 903	30 749 049	96 949 627	3 611 132
Lease liabilities	10 6 645 722	40 757 651	6 645 722	6 561 587
Long term borrowings	11 15 372 037	90 937 368	15 372 037	14 640 035
Life assurance funds	12 239 621 699	219 050 940	238 655 969	37 439 715
Offshore borrowings	74 817 920	36 942 265	74 817 920	5 947 347
Total liabilities	2 026 157 365	3 366 578 741	2 012 818 359	542 821 826
EQUITY				
Share capital	16 209 071	16 209 071	1 751 906	1 751 906
Share premium	250 566 538	250 566 538	27 081 696	27 081 696
Other components of equity	397 167 055	63 690 081	481 956 933	24 174 887
Retained income	557 934 128	274 886 912	586 598 447	45 103 526
Functional currency translation reserve	-	-	113 962 188	-
Attributable to equity holders of parent	1 221 876 792	605 352 602	1 211 351 170	98 112 015
Non-controlling interests	284 441 471	133 745 923	295 790 385	22 261 931
Total equity	1 506 318 263	739 098 525	1 507 141 555	120 373 946
Total equity and liabilities	3 532 475 628	4 105 677 266	3 519 959 914	663 195 772

The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies and IAS 21: The Effect of Changes in Foreign Exchange Rates. As a result the auditors have not expressed an opinion on the historic financial information.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Interest and related income	13 188 325 326	252 541 545	81 485 012	30 572 053
Interest and related expenses	14 (41 769 109)	(53 472 179)	(15 165 760)	(6 558 816)
Net interest and related income	146 556 217	199 069 366	66 319 252	24 013 237
Loan impairment charges	15 (75 649 169)	(34 558 777)	(49 666 837)	(4 920 365)
Net income from lending activities	70 907 048	164 510 589	16 652 415	19 092 872
Gross insurance premium income	251 548 177	216 708 748	124 728 943	32 787 829
Total insurance expenses	(162 385 020)	(133 584 527)	(78 969 380)	(22 843 786)
Net insurance income	89 163 157	83 124 221	45 759 563	9 944 043
Commissions and fees	276 908 066	331 154 296	128 151 706	39 955 894
Other operating income	147 779 714	35 688 107	137 341 934	5 282 412
Fair value adjustments	230 150 630	(89 810 778)	502 697 392	9 252 042
Total income	814 908 615	524 666 435	830 603 010	83 527 263
Operating expenses	16 (501 435 814)	(566 145 304)	(215 142 648)	(56 196 319)
Profit / (loss) from ordinary activities	313 472 801	(41 478 869)	615 460 362	27 330 944
Movement in life assurance funds	(20 570 759)	26 787 547	(179 186 905)	(5 628 388)
Share of associate companies' profit / (losses) net of tax	243 246 781	(63 517 979)	370 148 646	2 240 285
Net monetary loss	(25 119 996)	(18 499 281)	-	-
Profit / (loss) before taxation	511 028 827	(96 708 582)	806 422 103	23 942 841
Income tax expense	17 (77 390 973)	(21 465 308)	(41 348 249)	(2 153 379)
Net profit / (loss) for the year	433 637 854	(118 173 890)	765 073 854	21 789 462
Profit / (loss) attributable to:				
Owners of parent	298 403 687	(93 739 853)	543 967 157	19 717 014
Non-controlling interests	135 234 167	(24 434 037)	221 106 697	2 072 448
Profit / (loss) for the year	433 637 854	(118 173 890)	765 073 854	21 789 462
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Gains on property and equipment revaluation	353 491 077	243 503	478 099 954	2 078 759
Gains on intangible asset revaluation	54 682 512	5 429 382	66 193 426	3 009 949
Fair value (losses) / gains on financial assets at FVTOCI	(7 806 926)	3 698 587	(7 806 926)	595 437
Income tax relating to components of other comprehensive income	(50 329 866)	(2 137 030)	(55 756 458)	(1 450 723)
Other comprehensive income for the year net of tax	350 036 797	7 234 442	480 729 996	4 233 422
Total comprehensive income / (loss) for the year	783 674 651	(110 939 448)	1 245 803 850	26 022 884
Total comprehensive income / (loss) attributable to:				
Owners of parent	631 880 661	(86 279 498)	1 001 749 202	23 799 970
Non-controlling interests	151 793 990	(24 659 950)	244 054 648	2 222 914
Total comprehensive income / (loss) for the year	783 674 651	(110 939 448)	1 245 803 850	26 022 884
Earnings / (loss) per share				
Basic and fully diluted earnings / (loss) per share (ZWS cents)	19 189	(60)	345	13

The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies and IAS 21: The Effect of Changes in Foreign Exchange Rates. As a result the auditors have not expressed an opinion on the historic financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital ZWS	Share premium ZWS	General reserve ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVTOCI ZWS	Retained income ZWS	Attributable to equity holders of parent ZWS	Non-controlling interests ZWS	Total ZWS
Inflation adjusted:									
Balance at 31 December 2018	16 209 071	250 566 538	(23 782 372)	31 973 152	22 940 367	404 325 891	702 232 647	195 612 867	897 845 514
Changes on initial application of IFRS9	-	-	-	-	-	(19 499 071)	(19 499 071)	(258 862)	(19 797 933)
Changes on initial application of IFRS16	-	-	-	-	-	(1 194 649)	(1 194 649)	(13 254)	(1 207 903)
Restated balance 1 January 2018	16 209 071	250 566 538	(23 782 372)	31 973 152	22 940 367	383 632 171	681 538 927	195 300 751	876 839 678
Changes in equity for 2018									
Profit or loss	-	-	-	-	-	(93 739 853)	(93 739 853)	(24 434 037)	(118 173 890)
Other comprehensive income, net of tax	-	-	-	4 714 156	-	-	4 714 156	(225 914)	4 488 242
Revaluation of property	-	-	-	-	2 746 200	-	2 746 200	-	2 746 200
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	-	-	-	-
Transaction with owners of the parent	-	-	-	-	-	(25 441 987)	(25 441 987)	(1 359 718)	(26 801 705)
Dividends paid	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Adjustment for regulatory reserve in respect of doubtful advances	-	-	26 710 962	-	-	242 503	26 953 465	(26 953 465)	-
Transfer to retained income	-	-	-	(1 612 384)	-	10 194 078	8 581 694	(8 581 694)	-
Balance at 31 December 2018	16 209 071	250 566 538	2 928 590	35 074 924	25 686 567	274 886 912	605 352 602	133 745 923	739 098 525
Changes in equity for 2019									
Profit or loss	-	-	-	-	-	298 403 687	298 403 687	135 234 167	433 637 854
Other comprehensive income, net of tax	-	-	-	339 314 486	-	-	339 314 486	16 559 823	355 874 309
Revaluation of property	-	-	-	-	(5 837 512)	-	(5 837 512)	-	(5 837 512)
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	-	-	-	-
Transaction with owners of the parent	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(15 356 471)	(15 356 471)	(1 098 442)	(16 454 913)
Balance at 31 December 2019	16 209 071	250 566 538	2 928 590	374 389 410	19 849 055	557 934 128	1 221 876 792	284 441 471	1 506 318 263

	Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	General reserve ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVTOCI ZWS	Retained income ZWS	Attributable to equity holders of parent ZWS	Non-controlling interests ZWS	Total ZWS
Historical cost*										
Balance at 31 December 2018	1 751 906	27 081 696	-	5 885 904	11 996 022	2 408 347	29 525 484	78 649 359	21 121 867	99 771 226
Changes on initial application of IFRS9	-	-	-	-	-	-	(2 225 855)	(2 225 855)	(17 323)	(2 243 178)
Changes on initial application of IFRS16	-	-	-	-	-	-	(135 710)	(135 710)	(4 544)	(140 254)
Restated balance 1 January 2018	1 751 906	27 081 696	-	5 885 904	11 996 022	2 408 347	27 163 919	76 287 794	21 100 000	97 387 794
Changes in equity for 2018										
Profit or loss	-	-	-	-	-	-	19 717 014	19 717 014	2 072 448	21 789 462
Other comprehensive income, net of tax	-	-	-	-	3 640 844	-	-	3 640 844	150 466	3 791 310
Revaluation of property	-	-	-	-	-	442 112	-	442 112	-	442 112
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	-	-	-	-	-
Transaction with owners of the parent	-	-	-	-	-	-	(2 882 669)	(2 882 669)	(154 063)	(3 036 732)
Dividends paid	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-
Adjustment for regulatory reserve in respect of doubtful advances	-	-	-	(15 653)	-	-	26 559	10 906	(10 906)	-
Transfer to retained income	-	-	-	-	(182 689)	-	1 078 703	896 014	(896 014)	-
Balance at 31 December 2018										



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

1.2 Reporting currency (continued)

Consequently, the new RTGS Dollars started to trade officially with the USD on 22 February, 2019 and the maiden rate of USD1:ZWS2.5 was established. The maiden floating rate was presumed to have subsisted from the beginning of the year as practical expedience (deemed rate), the Group did not have material transactions in foreign currency between 1 January 2019 and 22 February 2019 to warrant an extensive process of separate identification and translation of these transactions at any other rate outside the "deemed" rate.

The Group's functional currency changed from US\$ to ZW\$ in line with the reporting provisions of SI 33 of 2019. The change in the functional currency and subsequent revaluation of foreign denominated balances resulted in the creation of foreign currency translation reserve which the Group has designated as non-distributable. However, in inflation adjusted financial statements which follow value movements on a year on year basis using the Consumer Price Index this reserve is subsumed in the restatement of equity and does not appear as a separate line in the inflation adjusted financial statements.

1.3 Inflation adjustment

The Public Accountants and Auditors Board (PAAB), through circular 01/19 indicating the conditions required for the application of International Accounting Standard ("IAS") 29, *Financial Reporting in Hyper-Inflationary Economies*. All entities reporting in Zimbabwe are now required to apply the requirements of IAS 29 with effect from 1 July 2019.

The Group has applied the requirement of IAS 29 for the period ended 31 December 2019. Paragraphs 2 and 3 of IAS 29 requires that in the period in which an entity identifies the existence of hyperinflation in the economy, not having been hyperinflationary in the prior period, the entity shall apply the requirements of IAS 29 for such earlier period as if the economy had always been hyperinflationary.

Consequently, prior year financial statements have been restated and technical concepts for the restatement of non-monetary balances have been applied with effect from the later date of acquisition or date of revaluation. For non monetary assets and liabilities which were acquired prior to 2009, not having been revalued in the interim period, restatement was done from 2009, being the point at which carrying values were last established by means of revaluation exercise.

The restatement of figures has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office. The conversion factors used to restate the financial statements at 31 December 2019 are as follows:

	Index	Conversion factors
31 December 2019	551.63	1.00
31 December 2018	88.81	6.21
31 December 2017	62.50	8.83

The main guidelines for the restatement are as follows:

- All amounts not already expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general CPI. Corresponding figures for previous periods are similarly restated.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held, assets and liabilities to be recovered or paid at the nominal value recorded in the historical cost.
- Non-monetary assets and liabilities and the components of shareholding's equity are restated by applying (to the initial acquisition cost and any accumulated depreciation for property and equipment), the relevant conversion factors reflecting the increase in the CPI from the date of acquisition or initial recording to the Statement of financial position date.
- All items in the income statement are restated by applying the relevant factors.
- The capitalisation of borrowing costs during construction of a qualifying asset is considered to be a partial recognition of inflation and is reversed to the income statement and replaced by indexed cost.
- The effect of general inflation on the Group's net monetary position is included in the income statement as a monetary gain or loss.
- Share capital and share premium were restated from the date of contribution and of this pre-dates 2009.

The application of IAS 29 requires certain assumptions and estimates to be made which could have a material impact on the financial statements.

1.4 Basis of reporting

Both historical cost and inflation adjusted financial statements are presented. The preparation of the financial statements, in conformity with IAS 29 "Financial Reporting in Hyperinflationary Economies" is required by International Financial Reporting Standards (IFRSs). The inflation adjusted financial statements are to be the principal financial statements of the Group. The historic amount are shown as supplementary information this information does not comply with International Financial Reporting Standards in that it has not taken account of the requirement of International Accounting Standards 29: Financial Reporting for Hyper-Inflationary Economies. As a result the auditors has not expressed an opinion on the historic financial information.

1.5 Basis of consolidation

The Group's financial results incorporate the financial results of the Company, its subsidiaries and associate companies. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to change returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial results of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that are recognised in assets and liabilities are eliminated in full. Non-controlling interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

1.6 Key sources of judgement and estimation uncertainty

Significant assumptions and estimations, as at the date of financial reporting, with material implications on the reported financial outcome and balances have been made in the following areas:

- The computation of expected credit losses (IFRS 9)
- Determination of the fair value of financial assets (IFRS 13)
- Valuation of property (including investment properties) and equipment (IAS 16 and IAS 40)
- Estimation of liabilities under insurance contracts (IFRS 4)
- Ascertaining of the degree of control or significant influence in investee companies (IAS 27 and IAS 28)
- Determination of carrying amounts of right of use assets and lease liabilities (IFRS 16)

The nature of assumptions made and processes involved in the development of estimates, and relevant models used, where applicable, are discussed in the accounting policy notes in the Group's annual reports.

2. SEGMENT INFORMATION

Inflation adjusted

	Banking operations ZWS	Insurance operations ZWS	Other strategic investments ¹ ZWS	Total ZWS
31 December 2019				
External revenue				
Net earnings from lending activities	88 768 858	(17 861 810)	-	70 907 048
Net fees, commission and insurance income	273 809 191	89 300 872	2 961 160	366 071 223
Fair value adjustments	290 871 694	9 709 841	(70 430 905)	230 150 630
Other revenue	129 525 043	33 190 137	(14 935 466)	147 779 714
Total segment revenue	782 974 786	114 339 040	(82 405 211)	814 908 615
Total segment operating expenses	(409 089 966)	(74 395 099)	(17 950 749)	(501 435 814)
Material non-cash items:				
Depreciation	(27 815 206)	(3 659 887)	(3 020 294)	(34 495 387)
Amortisation of intangible assets	(26 563 251)	(309 421)	-	(26 872 672)
Reportable segment profit before taxation	373 884 821	221 797 179	(84 653 173)	511 028 827
Reportable segment assets as at 31 December 2019	2 833 792 198	719 065 328	(20 381 898)	3 532 475 628
Reportable segment liabilities as at 31 December 2019	1 706 904 793	327 467 480	(8 214 908)	2 026 157 365

¹Includes consolidation journals.

Inflation adjusted

	Banking operations ZWS	Insurance operations ZWS	Other strategic investments ¹ ZWS	Total ZWS
31 December 2018				
External revenue				
Net earnings from lending activities	155 924 763	8 585 826	-	164 510 589
Net fees, commission and insurance income	327 111 122	83 352 968	3 814 427	414 278 517
Fair value adjustments	(61 734 964)	(38 172 775)	10 096 961	(89 810 778)
Other revenue	40 238 364	22 167 853	(26 717 410)	35 688 107
Total segment revenue	461 539 285	75 933 172	(12 806 022)	524 666 435
Total segment operating expenses	(500 298 353)	(80 128 457)	14 281 506	(566 145 304)
Material non-cash items:				
Depreciation	(20 943 607)	(3 215 724)	(296 418)	(24 455 749)
Amortisation of intangible assets	(15 915 467)	-	(211 284)	(16 126 751)
Reportable segment profit before taxation	(38 759 068)	(41 880 429)	(16 069 085)	(96 708 582)
Reportable segment assets as at 31 December 2018	3 699 676 993	487 278 992	(81 278 719)	4 105 677 266
Reportable segment liabilities as at 31 December 2018	3 064 880 851	297 520 803	4 177 087	3 366 578 741

¹Includes consolidation journals.

Historical Cost

	Banking operations ZWS	Insurance operations ZWS	Other strategic investments ¹ ZWS	Total ZWS
31 December 2019				
External revenue				
Net earnings / (losses) from lending activities	26 847 056	(10 194 641)	-	16 652 415
Net fees, commission and insurance income	126 839 382	45 808 526	1 263 361	173 911 269
Fair value adjustments	413 924 527	165 704 449	(76 931 584)	502 697 392
Other revenue	117 318 471	27 903 218	(7 879 755)	137 341 934
Total segment revenue	684 929 436	229 221 552	(83 547 978)	830 603 010
Total segment operating expenses	(183 105 475)	(28 999 367)	(3 037 806)	(215 142 648)
Material non-cash items:				
Depreciation	(11 714 502)	(945 548)	(382 503)	(13 042 553)
Amortisation of intangible assets	(12 691 024)	(201 696)	-	(12 892 720)
Reportable segment profit before taxation	501 823 961	315 843 190	(11 245 048)	806 422 103
Reportable segment assets as at 31 December 2019	2 815 227 940	716 520 682	(11 788 708)	3 519 959 914
Reportable segment liabilities as at 31 December 2019	1 706 881 454	315 133 041	(9 196 136)	2 012 818 359

¹Includes consolidation journals.

Historical Cost

	Banking operations ZWS	Insurance operations ZWS	Other strategic investments ¹ ZWS	Total ZWS
31 December 2018				
External revenue				
Net earnings from lending activities	17 875 142	1 217 730	-	19 092 872
Net fees, commission and insurance income	39 460 110	9 972 110	467 717	49 899 937
Fair value adjustments	3 003 784	5 083 299	1 164 959	9 252 042
Other revenue	5 458 488	2 897 535	(3 073 611)	5 282 412
Total segment revenue	65 797 524	19 170 674	(1 440 935)	83 527 263
Total segment operating expenses	(49 261 367)	(9 076 739)	2 141 787	(56 196 319)
Material non-cash items:				
Depreciation	(2 905 173)	(205 387)	(137 069)	(3 247 629)
Amortisation of intangible assets	(1 918 867)	-	(23 939)	(1 942 806)
Reportable segment profit before taxation	16 536 157	5 012 713	2 393 971	23 942 841
Reportable segment assets as at 31 December 2018	595 138 289	80 443 755	(12 386 272)	663 195 772
Reportable segment liabilities as at 31 December 2018	493 227 404	49 394 490	199 932	542 821 826

¹Includes consolidation journals.

3. TREASURY BILLS

3(a) Balances on the Statements of Financial Position

The Reserve Bank of Zimbabwe (RBZ) has issued various forms of treasury bills which the Bank has participated in. The Group has three categories of treasury bills classified as follows:

- at fair value through profit or loss (FVTPL);
- at fair value through other comprehensive income (FVTOCI); and
- at amortised cost (AMCO)

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Treasury bills include:				
Assets classified as at fair value through profit or loss (FVTPL):				
Short term treasury bills ¹	62 896 699	141 298 768	62 896 699	22 747 733
Assets classified as 'at fair value through other comprehensive income:				
Medium term treasury bills acquired from the market ²	111 906 738	837 121 963	111 906 738	134 768 528
Assets classified as 'amortised cost':				
Treasury bills issued as substitution for debt instruments ³	25 336 191	128 747 187	25 336 191	20 727 050
Capitalisation treasury bills ⁴	16 909 242	100 031 111	16 909 242	16 104 040
	217 048 870	1 207 199 029	217 048 870	194 347 351

- The Group invested in treasury bills issued by the RBZ over a period of 3 months to 24 months (December 2018: 3 to 24 months) at rates ranging from 7% to 9.875%. (December 2018: 7% to 10%)
- The Group purchased treasury bills from the secondary market. These treasury bills have coupon rates ranging from 0% to 5% (December 2018: 0% to 5%) with maturity periods ranging from 1 month to 3 years (December 2018: 1 month to 3 years).
- The Group received treasury bills as substitution for debt instruments from the Zimbabwe Asset Management Company (ZAMCO). The treasury bills have a coupon rate of 5% (December 2018: 5%) and maturity periods ranging from 1 month to 14 years (December 2018: 1 month to 14 years).
- The Capitalisation Treasury Bills (CTBs) with a face value of \$20 000 000 were acquired on 26/05/2015 from the Government of Zimbabwe against an interest free loan at the Holding Company. The CTBs were then used to recapitalise ZB Bank Limited, a 100% owned subsidiary. The CTBs mature on 26/05/2025 and carry a coupon of 1% which is payable on maturity.

Determination of fair value of treasury bills (FVTPL and FVTOCI)

The fair value of treasury bills was determined using level 3 inputs due to lack of an active market for the trade of treasury bills. The Group used the discounted cash flow valuation technique by applying a risk adjusted discounted rate for comparable risk profiles on the contracted cashflows in order to determine the present value of the treasury bills.

Impairment assessment

Treasury bills classified and measured at amortised cost are assessed for impairment annually. There was no objective evidence at 31 December 2019 to suggest that future cash flows on the treasury bills portfolio could end up being less than anticipated at the point of initial recognition. Consequently, no impairment adjustment arose from the assessment.

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
3 (b) Contingent treasury bill assets				
In respect of treasury bills held in trust on behalf of clients	-	9 773 843	-	1 573 494

The Group held balances in respect of foreign currency amounts that were surrendered to the RBZ for parastatals, corporates and tobacco farmers. As part of the debt assumption process in terms of the Reserve Bank of Zimbabwe (Debt Assumption) Act 2015, treasury bills were issued in respect of the capital portion only of the balances held at the Reserve Bank. The Group received treasury bills amounting to ZW\$6.8 million with tenures ranging from 3 to 5 years at interest rates ranging from 2% to 3.5% p.a. All the treasury bills falling under this category (2018: ZW\$6.796 million) had been passed on to customers as at 31 December 2019. This category of treasury bills was accounted for as off-balance sheet assets during the period they were held by the Group.



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

4. MORTGAGES AND OTHER ADVANCES

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
4.1 Gross loan book				
Mortgage advances	28 326 402	132 199 494	28 326 402	21 282 838
Other advances:				
Loans, overdraft and other accounts	423 450 746	621 519 191	423 450 746	100 058 570
Finance leases	10 548 374	43 989 914	10 548 374	7 081 950
Bills discounted	13 288 171	7 308 347	13 288 171	1 176 573
Insurance advances	41 929 954	40 976 521	41 929 954	6 596 823
Total other advances	489 217 245	713 793 973	489 217 245	114 913 916
Gross advances	517 543 647	845 993 467	517 543 647	136 196 754
Off balance sheet exposures				
In respect of guarantees	141 807 400	99 621 062	141 807 400	16 038 026
In respect of letter of credit	64 981 111	-	64 981 111	-
In respect of loan commitment	100 353 711	142 597 768	100 353 711	22 956 859
Gross credit exposure	824 685 869	1 088 212 297	824 685 869	175 191 639
Gross advances	517 543 647	845 993 467	517 543 647	136 196 754
Less: Allowance for loan impairments	(66 962 832)	(88 759 352)	(66 962 832)	(14 289 396)
Net advances	450 580 815	757 234 115	450 580 815	121 907 358
4.2 Maturity analysis				
On demand	164 814 832	203 578 035	164 814 832	32 774 092
Within 1 month	15 594 853	18 314 810	15 594 853	2 948 507
Between 1 and 6 months	78 695 257	86 063 085	78 695 257	13 855 323
Between 6 and 12 months	79 789 280	167 122 005	79 789 280	26 905 024
After 12 months	485 791 647	613 134 362	485 791 647	98 708 693
	824 685 869	1 088 212 297	824 685 869	175 191 639
4.3 Non-performing loans				
Included in the above are the following:				
Non-performing loans	6 191 431	43 175 225	6 191 431	6 950 793
Less: Allowance for loan impairments	(2 566 650)	(20 391 239)	(2 566 650)	(3 282 792)
Value to be received from security held	3 624 781	22 783 986	3 624 781	3 668 001

For the secured non-performing loans, security exists in the form of liens registered over funded accounts, bonds registered over landed property and guarantees in various forms. The Group discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees. The internally discounted value of the security held in respect of the non-performing book amounted to ZWS3 624 781 as at 31 December 2019 (2018: ZWS6 750 809).

Non performing loans with a net carrying value of ZWS9 599 374 were transferred to a Special Purpose Vehicle called Credsave (Private) Limited (Credsave) on 31 December 2016, in a transaction that did not meet conditions of a "clean sale". Resultantly, these assets are still recognised in the statement of financial position of the Group. The Group plans to offer the Credsave pool of assets as a "block" to interested investors upon which the assets will meet conditions for derecognition from the statement of financial position. In the meantime, recovery efforts continue with any recoveries resulting in the adjustment of the net exposure to the Group.

As at 31 December 2019, the carrying value of these assets stood at ZWS1.8 million (December 2018: ZWS5.3 million) with a security value of ZWS2.7 million (December 2018: ZWS6.7 million), thus implying a security coverage of 150% (December 2018: 126%).

	Inflationally adjusted		Historical cost	
	31 Dec 2019 ZWS	As a % of Total	31 Dec 2018 ZWS	As a % of Total
4.4 Sectorial analysis				
Gross advances:				
Private	126 779 223	15%	416 451 755	38%
Agriculture	96 997 499	12%	75 537 645	7%
Mining	87 290 799	11%	38 973 705	4%
Manufacturing	14 702 057	2%	30 723 358	3%
Distribution	44 747 950	5%	40 109 972	4%
Construction	8 165 653	1%	29 677 910	3%
Transport	7 175 312	1%	21 410 350	2%
Services	94 463 275	11%	129 117 134	12%
Financial	36 501 214	4%	62 264 671	6%
Communication	720 665	0%	1 726 967	0%
	517 543 647	63%	845 993 467	78%
Guarantees:				
Manufacturing	140 875 600	17%	73 979 606	7%
Distribution	-	0%	186 347	0%
Construction	-	0%	2 717 462	0%
Services	516 800	0%	22 737 647	2%
Communication	415 000	0%	-	0%
Total guarantees	141 807 400	17%	99 621 062	9%
Loan commitments:				
Agriculture	15 748 597	2%	35 736 930	3%
Communication	313 563	0%	-	0%
Construction	129 813	0%	3 529 826	0%
Distribution	13 247 307	2%	2 392 058	2%
Financial and investments	4 923 901	1%	-	0%
Private	3 840 211	0%	1 680 295	0%
Manufacturing	38 289 691	5%	2 159 951	0%
Mining	35 723	0%	8 447 208	1%
Services	21 129 762	2%	87 955 133	8%
Transport	2 695 143	0%	696 737	0%
Total loan commitments	100 353 711	12%	142 597 768	13%
Letters of credit:				
Manufacturing	64 981 111	8%	-	0%
Total letter of credit	64 981 111	8%	-	0%
Total credit exposure	824 685 869	100%	1 088 212 297	100%

4.5 Mortgage advances

Mortgage advances were spread as follows:

Type of property:	31 Dec 2019 ZWS	As a % of Total	31 Dec 2018 ZWS	As a % of Total
High density	2 353 945	9%	9 100 038	8%
Medium density	2 886 262	10%	17 715 799	13%
Low density	14 862 017	52%	69 036 352	52%
Commercial	8 224 178	29%	36 347 305	27%
	28 326 402	100%	132 199 494	100%

4.6 Finance lease receivables

Loans and advances to customers include the following finance lease receivables for leases of certain equipment where the Group is the lessor:

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Gross investment in finance leases:				
Less than 1 year	2 082 872	3 086 484	2 082 872	496 894
Between 1 and 5 years	12 406 145	48 145 418	12 406 145	7 750 946
Gross investment in finance leases	14 489 017	51 231 902	14 489 017	8 247 840
Unearned finance charges	(3 940 643)	(7 241 989)	(3 940 643)	(1 165 890)
Net investment in finance leases	10 548 374	43 989 913	10 548 374	7 081 950
Less than 1 year	1 889 116	2 928 791	1 889 116	471 507
Between 1 and 5 years	8 659 258	41 061 122	8 659 258	6 610 443
	10 548 374	43 989 913	10 548 374	7 081 950

5. INVESTMENT PROPERTIES

5.1 Made up as follows:

Land stock held for capital appreciation and completed properties available for lease:

	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
-Residential	42 523 737	67 063 240	42 523 737	10 796 532
-Commercial	471 888 780	127 626 932	471 888 780	20 546 700
-Industrial	13 209 084	12 298 896	13 209 084	1 980 000
Balance at end of year	527 621 601	206 989 068	527 621 601	33 323 232

5.2 Reconciliation of carrying amount

	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Carrying amount at beginning of year	206 989 068	264 335 764	33 323 232	29 971 963
Effects of changes in functional currency	-	-	50 044 851	-
Additions	-	4 010 024	-	645 575
Transfer to inventories	-	(3 875 991)	-	(624 000)
Fair value adjustments	320 632 533	(57 480 729)	444 253 518	3 329 694
Balance at end of year	527 621 601	206 989 068	527 621 601	33 323 232

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
6. RIGHT OF USE ASSETS				
Balance at the beginning of year	39 786 213	-	6 405 194	-
Initial adoption of IFRS 16	-	48 366 903	-	7 786 602
Arising from lease reassessment	1 621 936	-	1 621 936	-
Depreciation	(3 171 523)	(8 580 690)	(1 381 408)	(1 381 408)
Effects of inflation adjustment	(31 590 904)	-	-	-
Balance at end of year	6 645 722	39 786 213	6 645 722	6 405 194

7. PROPERTY AND EQUIPMENT

Inflation adjusted

	Freehold properties ZWS	Leasehold improvements ZWS	Equipment furniture & fittings ZWS	Computer equipment ZWS	Marine assets and motor vehicles ZWS	Capital work in progress ZWS	Total ZWS
31 December 2019							
GROUP							
Cost or valuation							
Balance at 1 January 2019	196 736 617	61 865 648	55 631 066	116 351 929	65 542 283	5 213 191	501 340 734
Additions	3 738 731	1 230 950	6 695 586	3 878 707	11 663 345	6 029 230	33 236 549
Disposals	-	-	(110 609)	(212 196)	(3 307 563)	-	(3 630 368)
Surplus on revaluation	209 749 363	25 551 898	24 585 587	50 564 847	43 039 382	-	353 491 077
Balance at 31 December 2019	410 224 711	88 648 496	86 801 630	170 583 287	116 937 447	11 242 421	884 437 992
Accumulated depreciation and impairment							
Balance at 1 January 2019	62 722 344	44 168 278	40 098 076	80 447 967	42 541 420	1 653 557	271 631 642
Recognised in statement of profit or loss	379 363	3 856 580	6 194 068	16 211 734	7 853 642	-	34 945 387
Disposals	-	-	(35 300)	(156 542)	(607 806)	-	(799 648)
Impairment	-	-	111 612	26 390	35 999	3 504 689	3 678 690
Balance at 31 December 2019	63 101 707	48 024 858	46 368 456	96 529 549	49 823 255	5 158 246	309 006 071
Carrying value at 31 December 2019	347 123 004	40 623 638	40 433 174	74 053 738	67 114 192	6 084 175	575 431 921
Restated carrying value at 31 December 2018	134 014 273	17 697 370	15 532 990	35 903 962	23 000 863	3 559 634	229 709 092

Inflation adjusted

	Freehold properties ZWS	Leasehold improvements ZWS	Equipment furniture & fittings ZWS	Computer equipment ZWS	Marine assets and motor vehicles ZWS	Capital work in progress ZWS	Total ZWS
31 December 2018							
GROUP							
Cost or valuation							
Balance at 1 January 2018	196 736 617	58 707 038	54 995 811	100 590 675	47 097 230	1 969 956	460 097 327
Additions	-	905 584	1 783 427	17 535 751	21 335 952	6 260 570	47 821 284
Disposals	-	-	(2 207 953)	(2 745 907)	(1 867 520)	-	(6 821 380)
Transfers between categories	-	2 253 026	714 287	50 022	-	(3 017 335)	-
Surplus on revaluation	-	-	345 494	921 388	(1 023 379)	-	243 503
Balance at 31 December 2018	196 736 617	61 865 648	55 631 066	116 351 929	65 542 283	5 213 191	501 340 734
Accumulated depreciation							



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

8. INTANGIBLE ASSETS

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
Computer software				
Carrying amount at beginning of year	70 019 143	62 242 655	10 938 773	6 599 837
Effects of changes in functional currency	-	-	16 214 327	-
Additions at cost	20 651 766	29 044 980	14 030 889	3 276 535
Surplus on revaluation	54 682 512	5 429 382	66 193 426	3 009 949
Amortisation	(26 872 672)	(16 126 751)	(12 892 720)	(1 942 806)
Exchange rate movements	-	-	23 880 447	-
Impairment	(115 607)	(10 571 123)	-	(4 742)
Balance at end of year	118 365 142	70 019 143	118 365 142	10 938 773

9. DEPOSITS AND OTHER ACCOUNTS

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
9.1 Summary of deposits by type				
Balances of banks	15 436 329	91 821 288	15 436 329	14 782 338
Current accounts	418 123 193	517 596 779	418 123 193	83 328 068
Savings and call accounts	801 263 510	1 354 606 247	801 263 510	218 078 485
Fixed deposits	137 291 989	725 618 858	137 291 989	116 817 608
	1 372 115 021	2 689 643 172	1 372 115 021	433 006 499
9.2 Maturity analysis				
On demand	1 000 467 203	1 820 465 721	1 000 467 203	293 077 348
Within 1 month	338 807 415	413 074 224	338 807 415	66 500 949
Between 1 and 6 months	21 175 406	362 957 240	21 175 406	58 432 600
Between 6 and 12 months	7 456 605	26 273 382	7 456 605	4 229 760
After 12 months	4 208 392	66 872 605	4 208 392	10 765 842
	1 372 115 021	2 689 643 172	1 372 115 021	433 006 499

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
9.3 Deposit concentration				
Private individuals	206 205 280	436 822 933	206 205 280	70 324 261
Agriculture	74 054 459	186 296 718	74 054 459	29 991 967
Mining	75 583 068	14 243 379	75 583 068	2 293 046
Manufacturing	111 058 092	273 572 881	111 058 092	44 042 584
Distribution	39 328 020	69 285 138	39 328 020	11 154 236
Construction	15 746 372	29 556 766	15 746 372	4 758 353
Transport	12 305 956	24 494 605	12 305 956	3 943 394
Services	511 431 535	957 740 103	511 431 535	156 186 881
Financial	145 902 818	349 246 751	145 902 818	56 225 344
Communication	180 499 421	348 383 898	180 499 421	56 086 433
	1 372 115 021	2 689 643 172	1 372 115 021	433 006 499

For secured deposits security was provided in the form of treasury bills which are included in the note 3.

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
10. LEASE LIABILITIES				
Balance at the beginning of year	40 757 651	-	6 561 587	-
Initial adoption of IFRS 16	-	49 238 092	-	7 926 856
Add accrued interest posted to profit or loss	1 028 907	3 705 242	448 157	596 508
Less lease commitments paid during the year	(6 469 189)	(12 185 683)	(2 817 760)	(1 961 777)
Arising from lease reassessment	2 453 738	-	2 453 738	-
Arising from monetary adjustments	(31 125 385)	-	-	-
Balance at end of year	6 645 722	40 757 651	6 645 722	6 561 587

11. LONG TERM BORROWINGS

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
Comprising:				
Face value of loan	20 000 000	124 231 076	20 000 000	20 000 000
Valuation discount	(4 627 963)	(33 293 708)	(4 627 963)	(5 359 965)
Balance at end of year	15 372 037	90 937 368	15 372 037	14 640 035
Valuation discount:				
Balance at beginning of the year	33 293 708	37 624 053	5 359 965	6 057 109
Amortisation during the year	(1 680 576)	(4 330 345)	(732 002)	(697 144)
Effects of monetary adjustments	(26 985 169)	-	-	-
Balance at end of year	4 627 963	33 293 708	4 627 963	5 359 965

The assets and liabilities indicated above are included under appropriate sections in the consolidated statement of financial position.

13. INTEREST AND RELATED INCOME

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
Interest and related income comprises interest on:				
Advances	92 055 218	64 723 951	43 799 916	7 027 483
Mortgages	9 090 675	15 518 742	3 254 181	1 912 765
Overdraft accounts	6 425 416	6 132 894	3 262 047	749 880
Trading income	66 602 591	150 508 194	26 348 060	16 029 812
Cash and short-term funds	852 142	3 870 552	441 915	135 647
Loans to other banks	295 669	7 752 552	67 971	886 250
Other	13 003 615	4 034 660	4 311 322	3 830 216
Total interest and related income	188 325 326	252 541 545	81 485 012	30 572 053

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
14. INTEREST AND RELATED EXPENSES				
Interest and related expenses comprise interest on:				
Retail deposits	20 846 904	10 419 501	1 998 192	890 552
Fixed deposits	7 497 925	36 446 039	7 231 664	4 486 646
Other interest payable categories	13 424 280	6 606 639	5 935 904	1 181 618
Total interest and related expenses	41 769 109	53 472 179	15 165 760	6 558 816
Net interest and related income	146 556 217	199 069 366	66 319 252	24 013 237
15. ANALYSIS OF NET IMPAIRMENT POSTED IN STATEMENT OF PROFIT OR LOSS				
Loans and advances	(59 304 548)	(46 789 127)	(40 196 625)	(6 091 086)
Insurance debtors	(18 933 835)	6 781 580	(11 170 139)	394 943
Loans and other advances	(78 238 383)	(40 007 547)	(51 366 764)	(5 696 143)
Other financial assets	38 923	(774 670)	25 427	(110 295)
Guarantees	139 443	2 537 255	91 550	361 246
Loan commitments	(349 635)	2 115 746	(229 550)	301 233
Net recoveries during the year	86 872	4 594 249	57 035	654 114
Write offs during the year	2 673 611	(3 023 810)	1 755 465	(430 520)
	(75 649 169)	(34 558 777)	(49 666 837)	(4 920 365)
16. OPERATING EXPENSES				
Commission and fees	9 045 960	16 214 945	3 537 671	1 958 700
Staff expenses	182 531 859	221 357 561	66 998 173	24 964 120
Communication expenses	18 962 479	9 699 961	11 495 609	1 146 059
National Social Security Authority expenses	1 833 887	3 806 071	526 598	462 805
Pension fund expenses	5 838 160	10 457 440	1 884 332	1 261 033
Computers and information technology expenses	54 921 514	44 002 647	21 810 453	2 742 340
Occupation expenses	28 736 078	26 135 851	6 626 189	2 788 827
Transport expenses	14 123 670	8 339 181	5 823 703	1 011 669
Travelling expenses	10 015 241	6 252 892	4 192 682	764 282
Depreciation of property and equipment	34 495 387	24 455 749	13 042 553	3 247 629
Amortisation of intangible assets	36 872 672	16 126 751	12 892 720	1 942 806
Depreciation of right of use assets	3 171 523	8 580 690	1 381 408	1 381 408
Finance cost on operating lease liabilities	1 028 907	3 705 242	448 157	596 508
Impairment of property and equipment	3 678 690	89 346 771	97 853	144 925
Impairment of intangible assets	115 607	10 571 123	-	4 742
Administration expenses	99 102 940	63 158 592	61 343 134	11 530 519
Amortisation of valuation discount on the long term borrowings	(1 680 576)	(4 330 345)	(732 002)	(697 144)
Directors fees	2 473 477	3 382 174	934 938	419 224
Audit fees	6 168 339	4 882 008	2 838 477	525 867
	501 435 814	566 145 304	215 142 648	56 196 319
17. INCOME TAX EXPENSE				
Current income tax	49 146 985	11 882 934	17 553 698	1 482 917
Deferred tax expense	28 243 988	9 582 374	23 794 551	670 462
	77 390 973	21 465 308	41 348 249	2 153 379
18. CONTINGENT LIABILITIES				
18.1 Contingent liabilities				
In respect of treasury bills held in trust on behalf of customers	-	239 735	-	38 595
In respect of guarantees	141 807 400	99 621 062	141 807 400	16 038 026
In respect of letters of credit	64 981 111	-	64 981 111	-
In respect of loan commitments	100 353 711	142 597 768	100 353 711	22 956 859
	307 142 222	242 458 565	307 142 222	39 033 480
18.2 Legal contingencies				

The Company acquired a controlling interest in Intermarket Holdings Limited (IHL) between 2006 and 2007 through a series of transactions that provided a rescue package to deal with liquidity and solvency challenges that affected IHL at the time. Transnational Holdings Limited (THL), previously a controlling shareholder in IHL, has been contesting this acquisition since 2007 and the matter remains to be resolved at the Supreme Court having been determined in favour of the Company at the High Court of Zimbabwe in 2008.

In May 2016, the Government of Zimbabwe, then a significant shareholder in the Company, brokered a resolution framework in which it ceded part of its shareholding on the understanding that the Company would allocate another parcel of shares to THL. The latter proposal was rejected by the Shareholders resulting in the need for an alternative resolution framework to be developed.

A resolution framework including the possible unbundling of the contentious assets remains a possibility. Should that be the preferred route this could lead to considerations to account for the contentious assets in terms of International Financial Reporting Standard ("IFRS") 5 - Non-current Assets Held for Sale and Discontinued Operations. Through a series of technical consultations, management are satisfied that as at the reporting date, any proposed means of resolving the matter had not triggered the requirements of IFRS 5 hence the financial results of IHL and its subsidiaries were fully consolidated in the Group's financial results up to and at 31 December 2019.

19. EARNINGS PER SHARE

Basic and fully diluted earnings / (loss) per share (Zw cents)
The Inflation adjusted calculation of basic and fully diluted profit / (loss) per share for the year ended 31 December 2019 of ZW189 cents (2018: loss of ZW60 cents) is based on the attributable profit / (loss) after tax of ZW\$298 403 687 (2018: loss of ZW\$93 739 853) and weighted average number of shares of 157 522 902 (2018: 157 522 902).

The historical cost calculation of basic and fully diluted profit per share for the year ended 31 December 2019 of ZW345 cents (2018: ZW13 cents) is based on the attributable profit after tax of ZW\$543 967 157 (2018: ZW\$19 717 014) and weighted average number of shares of 157 522 902 (2018: 157 522 902).

20. RISK MANAGEMENT

20.1 Capital risk management

The Group's capital consists of equity attributable to the shareholders of the parent Company, comprising the issued share capital, reserves, retained income and debt, which includes direct loans plus the residual funding from deposit taking activities after deducting the associated liquid or near-liquid assets.

The Group's target is to maintain operating assets at a level that is lower than the available operating funds at all times in order to restrict the demand on shareholders' equity for operational funding. This objective was met during the course of the period under review. Gearing was maintained at above 18% and this is due to the borrowing made in 2015 with a maturity value of ZW\$20 million in 2025.

The banking and insurance operations in the Group are subject to prescribed minimum regulatory capital requirements and minimum capital adequacy and solvency ratios as prescribed from time to time.

Management of the Group monitors the level of capital adequacy on a continual basis, employing techniques adopted from the guidelines developed by the Basel Committee and contained in the Basel II capital accord as implemented by the supervisory authorities for each of the affected entities. For the life assurance business, regular actuarial reviews are undertaken to establish the solvency of the business.

An Internal Capital Adequacy Assessment Plan (ICAAP) has been developed for banking operations and defines capital targets which are generally set above regulatory levels, stress test scenarios and risk appetite across different lines of operations.



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

20.2 Financial risk management

The Group maintains active trading positions in a variety of non-derivative financial instruments in anticipation of customer demand. The Group manages its trading activities by the type of risk involved and on the basis of the categories of trading instruments held. Regular feedback on risk related matters is provided to the Board through the Board Governance, Risk and Compliance Committee.

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is not a reasonable approximation of fair value.

20.2.1 Classification and measurement of financial assets and liabilities

Inflation adjusted 2019

31 December 2019	Note	CARRYING AMOUNT			FAIR VALUE				
		Designated at FVTPL	Designated at AMCO	Designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
		ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Financial assets measured at fair value									
Listed equity securities	9	67 902 718	-	-	67 902 718	67 902 718	-	-	67 902 718
Government public utility stock	9	25 999 261	-	-	25 999 261	-	25 999 261	25 999 261	-
Unit trusts	9	7 237 963	-	-	7 237 963	-	7 237 963	7 237 963	-
Unlisted equity investments	9	38 872 180	-	-	38 872 180	-	38 872 180	38 872 180	-
Treasury bills	7	62 896 699	-	111 906 738	174 803 437	-	62 896 699	111 906 738	174 803 437
Total		202 908 821	-	111 906 738	314 815 559				
Financial assets not measured at fair value									
Trade and other receivables	11	-	60 018 874	-	60 018 874	-	-	-	60 018 874
Cash and cash equivalents	5	-	960 702 956	-	960 702 956	-	-	-	960 702 956
Treasury bills	7	-	42 245 433	-	42 245 433	-	-	-	42 245 433
Total		202 908 821	1 062 967 263	111 906 738	1 377 782 822				
Financial liabilities									
Deposit and other accounts	17	-	(1 372 115 021)	-	(1 372 115 021)	-	-	-	(1 372 115 021)
Trade and other payables	18	-	(203 109 391)	-	(203 109 391)	-	-	-	(203 109 391)
Total		-	(1 575 224 412)	-	(1 575 224 412)				

Inflation adjusted 2018

31 December 2018	Note	CARRYING AMOUNT			FAIR VALUE				
		Designated at FVTPL	Designated at AMCO	Designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
		ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Financial assets measured at fair value									
Listed equity securities	9	144 822 142	-	-	144 822 142	144 822 142	-	-	144 822 142
Government public utility stock	9	154 145 392	-	-	154 145 392	-	154 145 392	154 145 392	-
Unit trusts	9	3 373 774	-	-	3 373 774	-	3 373 774	3 373 774	-
Unlisted equity investments	9	48 693 675	-	-	48 693 675	-	48 693 675	48 693 675	-
Treasury bills	7	141 298 768	-	837 121 963	978 420 731	-	141 298 768	837 121 963	978 420 731
Total		492 333 751	-	837 121 963	1 329 455 714				
Financial assets not measured at fair value									
Trade and other receivables	11	-	74 860 608	-	74 860 608	-	-	-	74 860 608
Cash and cash equivalents	5	-	893 651 588	-	893 651 588	-	-	-	893 651 588
Treasury bills	7	-	228 778 298	-	228 778 298	-	-	-	228 778 298
Total		492 333 751	1 197 290 494	837 121 963	2 526 746 208				
Financial liabilities									
Deposit and other accounts	17	-	(2 689 643 172)	-	(2 689 643 172)	-	-	-	(2 689 643 172)
Trade and other payables	18	-	(257 662 151)	-	(257 662 151)	-	-	-	(257 662 151)
Total		-	(2 947 305 323)	-	(2 947 305 323)				

Historical cost 2019

31 December 2019	Note	CARRYING AMOUNT			FAIR VALUE				
		Designated at FVTPL	Designated at AMCO	Designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
		ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Financial assets measured at fair value									
Listed equity securities	9	67 902 718	-	-	67 902 718	67 902 718	-	-	67 902 718
Government public utility stock	9	25 999 261	-	-	25 999 261	-	25 999 261	25 999 261	-
Unit trusts	9	7 237 963	-	-	7 237 963	-	7 237 963	7 237 963	-
Unlisted equity investments	9	38 872 180	-	-	38 872 180	-	38 872 180	38 872 180	-
Treasury bills	7	62 896 699	-	111 906 738	174 803 437	-	62 896 699	111 906 738	174 803 437
Total		202 908 821	-	111 906 738	314 815 559				
Financial assets not measured at fair value									
Trade and other receivables	11	-	46 081 440	-	46 081 440	-	-	-	46 081 440
Cash and cash equivalents	5	-	960 702 956	-	960 702 956	-	-	-	960 702 956
Treasury bills	7	-	42 245 433	-	42 245 433	-	-	-	42 245 433
Total		202 908 821	1 049 029 829	111 906 738	1 363 845 388				
Financial liabilities									
Deposit and other accounts	17	-	(1 372 115 021)	-	(1 372 115 021)	-	-	-	(1 372 115 021)
Trade and other payables	18	-	(203 109 391)	-	(203 109 391)	-	-	-	(203 109 391)
Total		-	(1 575 224 412)	-	(1 575 224 412)				

Historical cost 2018

31 December 2018	Note	CARRYING AMOUNT			FAIR VALUE				
		Designated at FVTPL	Designated at AMCO	Designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
		ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Financial assets measured at fair value									
Listed equity securities	9	23 314 962	-	-	23 314 962	23 314 962	-	-	23 314 962
Government public utility stock	9	21 361 580	-	-	21 361 580	-	21 361 580	21 361 580	-
Unit trusts	9	543 145	-	-	543 145	-	543 145	543 145	-
Unlisted equity investments	9	7 839 210	-	-	7 839 210	-	7 839 210	7 839 210	-
Treasury bills	7	22 747 733	-	134 768 528	157 516 261	-	22 747 733	134 768 528	157 516 261
Total		75 806 630	-	134 768 528	210 575 158				
Financial assets not measured at fair value									
Trade and other receivables	11	-	2 510 497	-	2 510 497	-	-	-	2 510 497
Cash and cash equivalents	5	-	143 869 250	-	143 869 250	-	-	-	143 869 250
Treasury bills	7	-	36 831 090	-	36 831 090	-	-	-	36 831 090
Total		75 806 630	183 210 837	134 768 528	393 785 995				
Financial liabilities									
Deposit and other accounts	17	-	(433 006 499)	-	(433 006 499)	-	-	-	(433 006 499)
Trade and other payables	18	-	(13 904 205)	-	(13 904 205)	-	-	-	(13 904 205)
Total		-	(446 910 704)	-	(446 910 704)				

Definition of financial risk

The Group defines financial risk collectively to include liquidity risk, market risk and credit risk.

20.2.2 Liquidity risk

Definition

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes the risk of being unable to fund liabilities at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Identification techniques

This risk is identified through gap and maturity analysis.

Measurement methods

Liquidity risk is measured using the gap analysis techniques and the term structure of assets and liabilities.

The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities.

Liquidity gap analysis as at 31 December 2019

Inflation adjusted

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Gross nominal	
					inflow/ (outflow)	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	759 643 196	43 802 208	144 405 357	-	947 850 761	960 702 956
Money market investments	27 034 835	6 637 686	-	-	33 672 521	32 002 494
Treasury bills	11 430 817	26 952 521	86 312 516	115 855 444	240 551 298	217 048 870
Mortgages and other advances	45 312 335	104 639 211	86 781 787	276 257 960	512 991 293	450 580 815
Investment securities	-	-	-	178 719 675	178 719 675	140 012 122
Total	843 421 183	182 031 626	317 499 660	570 833 079	1 913 785 548	1 800 347 257
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(1 329 191 767)	(26 398 720)	(7 432 189)	(102 782 080)	(1 465 804 756)	(1 372 115 021)
Trade and other payables	(87 952 086)	(35 452 488)	(21 949 727)	(57 755 090)	(203 109 391)	(203 109 391)
Long term loan	-	-	-	(20 000 000)	(20 000 000)	(15 372 037)
Offshore borrowings	-	(17 030 102)	(17 030 102)	(48 465 855)	(82 526 059)	(74 817 920)
Current tax liabilities	(5 152 672)	-	-	-	(5 152 672)	(5 152 672)
Lease payments	-	-	-	(4 048 358)	(4 048 358)	(4 048 358)
Total	(1 422 296 525)	(78 881 310)	(46 412 018)	(233 051 383)	(1 780 641 236)	(1 674 615 399)
Period gap	(578 875 342)	103 150 316	271 087 642	337 781 696	133 144 312	125 731 858
Cumulative gap	(578 875 342)	(475 725 026)	(204 637 384)	133 144 312	-	-

Liquidity gap analysis as at 31 December 2018

Inflation adjusted

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Gross nominal	
					inflow/ (outflow)	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	381 628 413	231 354 844	284 415 335	-	897 398 592	893 651 588
Money market investments	65 034 260	310 578	-	1 242 311	66 587 149	66 556 090
Treasury bills	12 426 512	286 824 411	266 095 835	782 239 918	1 347 586 676	1 207 199 029
Mortgages and other advances	150 320 981	69 293 448	54 109 249	533 245 677	806 969 355	757 234 115
Investment securities	-	-	-	351 034 983	351 034 983	351 034 983
Total	609 410 166	587 783 281	604 620 419	1 667 762 889	3 469 576 754	3 275 675 805
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(2 222 503 225)	(398 551 878)	(24 428 656)	(49 438 422)	(2 694 922 181)	(2 689 643 172)
Trade and other payables	(101 646 618)	(49 126 167)	(9 566 451)	(97 321 076)	(257 660 843)	(257 662 151)
Long term loan	-	-	-	(124 231 076)	(124 231 076)	(90 937 368)
Offshore borrowings	-	-	-	(46 383 567)	(46 383 567)	(36 942 265)
Current tax liabilities	(836 143)	-	-	-	(836 143)	(836 143)
Lease payments	-	-				



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

20.2.3 Market risk

Market arises from adverse movements in the market place which cause interest rate, foreign exchange and equity price fluctuations in the market in which the Group operates.

20.2.3.1 Interest rate risk

Interest rate gap analysis as at 31 December 2019

Inflation adjusted

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	960 702 956	-	-	-	960 702 956
Money market investments	32 002 494	-	-	-	32 002 494
Treasury bills	11 404 015	24 444 016	84 307 420	96 893 419	217 048 870
Advances and other accounts	52 123 844	73 991 952	83 653 524	240 811 495	450 580 815
	1 056 233 309	98 435 968	167 960 944	337 704 914	1 660 335 135
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(1 345 966 748)	(6 151 668)	(12 393 678)	(7 602 927)	(1 372 115 021)
Long term borrowings	-	-	-	(15 372 037)	(15 372 037)
Offshore borrowings	-	(17 030 102)	(9 321 963)	(48 465 855)	(74 817 920)
	(1 345 966 748)	(23 181 770)	(21 715 641)	(71 440 819)	(1 462 304 978)
Period gap	(289 733 439)	75 254 198	146 245 303	266 264 095	198 030 157
Cumulative gap	(289 733 439)	(214 479 241)	(68 233 938)	198 030 157	-

Interest rate gap analysis as at 31 December 2018

Inflation adjusted

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	893 651 588	-	-	-	893 651 588
Money market investments	66 245 513	310 577	-	-	66 556 090
Mortgages and other advances	12 423 108	284 753 179	254 375 608	655 647 134	1 207 199 029
Treasury bills	150 292 283	67 678 711	51 964 785	487 298 335	757 234 115
	1 122 612 492	352 742 467	306 340 393	1 142 945 470	2 924 640 821
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(2 258 193 186)	(395 766 152)	(24 246 831)	(11 437 003)	(2 689 643 172)
Long term borrowings	-	-	-	(90 937 368)	(90 937 368)
Offshore borrowings	-	-	-	(36 942 265)	(36 942 265)
	(2 258 193 186)	(395 766 152)	(24 246 831)	(139 316 636)	(2 817 522 805)
Period gap	(1 135 580 694)	(43 023 685)	282 093 561	1 003 628 834	107 118 016
Cumulative gap	(1 135 580 694)	(1 178 604 379)	(896 510 817)	107 118 016	-

Interest rate gap analysis as at 31 December 2019

Historical cost

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	960 702 956	-	-	-	960 702 956
Money market investments	32 002 494	-	-	-	32 002 494
Treasury bills	11 404 015	24 444 016	84 307 420	96 893 419	217 048 870
Advances and other accounts	52 123 844	73 991 952	83 653 524	240 811 495	450 580 815
	1 056 233 309	98 435 968	167 960 944	337 704 914	1 660 335 135
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(1 345 966 748)	(6 151 668)	(12 393 678)	(7 602 927)	(1 372 115 021)
Long term borrowings	-	-	-	(15 372 037)	(15 372 037)
Offshore borrowings	-	(17 030 102)	(9 321 963)	(48 465 855)	(74 817 920)
	(1 345 966 748)	(23 181 770)	(21 715 641)	(71 440 819)	(1 462 304 978)
Period gap	(289 733 439)	75 254 198	146 245 303	266 264 095	198 030 157
Cumulative gap	(289 733 439)	(214 479 241)	(68 233 938)	198 030 157	-

Interest rate gap analysis as at 31 December 2018

Historical cost

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	143 869 250	-	-	-	143 869 250
Money market investments	10 664 886	50 000	-	-	10 714 886
Mortgages and other advances	24 195 602	10 895 617	8 365 827	78 450 312	121 907 358
Treasury bills	2 000 000	45 842 504	40 952 009	105 552 838	194 347 351
	180 729 738	56 788 121	49 317 836	184 003 150	470 838 845
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(363 547 230)	(63 714 517)	(3 903 505)	(1 841 247)	(433 006 499)
Long term borrowings	-	-	-	(14 640 035)	(14 640 035)
Offshore borrowings	-	-	-	(5 947 347)	(5 947 347)
	(363 547 230)	(63 714 517)	(3 903 505)	(22 428 629)	(453 593 881)
Period gap	(182 817 492)	(6 926 396)	45 414 331	161 574 521	17 244 964
Cumulative gap	(182 817 492)	(189 743 888)	(144 329 557)	17 244 964	-

20.2.3.2 Foreign exchange risk

Foreign currency position
The carrying amount of the Group's non United States dollar monetary assets and liabilities as at 31 December 2019 were as follows:

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
Botswana pula	71 694 288	534 746	71 694 288	86 089
British pound	553 878 653	916 117	553 878 653	147 486
Malawian kwacha	7 823	2 944	7 823	474
Euro	266 068 406	4 295 153	266 068 406	691 478
South African rand	1 242 496 725	6 350 612	1 242 496 725	1 022 387
Zambian kwacha	4 320 177	1 882	4 320 177	303
USD	25 019 658	-	25 019 658	-
Total assets	2 138 466 072	12 101 454	2 138 466 072	1 948 217
Botswana pula	(71 034 058)	(1 407 259)	(71 034 058)	(226 555)
British pound	(271 590 933)	(200 416)	(271 590 933)	(32 265)
Euro	(254 088 698)	(294 900)	(254 088 698)	(47 476)
South African rand	(1 248 026 474)	(8 102 463)	(1 248 026 474)	(1 304 418)
Total liabilities	(2 789 778 857)	(2 096 416)	(2 789 778 857)	(337 503)

The Group's main exposure to foreign currency risk arises from the commitments for licence and support fees for information technology platforms that were sourced from foreign suppliers.

20.2.4 Credit risk

The table below shows the credit quality and the maximum exposure for credit risk based on the Bank's internal credit rating system and period-end stage classification.

Internal rating grade

	Inflation adjusted 2019				Inflation adjusted 2018			
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Total loans and advances	451 906 701	20 029 074	3 677 918	475 613 693	744 241 035	24 922 090	35 853 821	805 016 946
Guarantees	141 807 400	-	-	141 807 400	99 621 062	-	-	99 621 062
Loan commitments	100 353 711	-	-	100 353 711	142 597 768	-	-	142 597 768
Letters of credit	64 981 111	-	-	64 981 111	-	-	-	-
Treasury bills	217 048 870	-	-	217 048 870	1 207 199 029	-	-	1 207 199 029
Insurance debtors	29 499 099	-	12 430 855	41 929 954	33 145 516	-	7 831 005	40 976 521
Other financial assets	11 095 143	861 716	-	11 956 859	152 101 387	-	5 183 206	157 284 593
Total financial assets	1 016 692 035	20 890 790	16 108 773	1 053 691 598	2 378 905 797	24 922 090	48 868 032	2 452 695 919
Total loans and advances	451 906 701	20 029 074	3 677 918	475 613 693	744 241 035	24 922 090	35 853 821	805 016 946
Performing	451 906 701	202 490	79 291	452 188 482	742 388 290	721 771	971 965	744 082 026
Special Mention (BB+ to CCC-)	-	19 826 584	9 649	19 836 233	1 852 745	24 200 319	46 375	26 099 439
Non performing (CC TO D)	-	-	3 588 978	3 588 978	-	-	34 835 481	34 835 481
Total loans and advances	451 906 701	20 029 074	3 677 918	475 613 693	744 241 035	24 922 090	35 853 821	805 016 946
Corporate Lending	312 422 061	-	-	312 422 061	342 060 399	-	-	342 060 399
Good (AAA to BBB-)	312 422 061	-	-	312 422 061	342 060 399	-	-	342 060 399
Special Mention (BB+ to CCC-)	-	19 033 094	-	19 033 094	-	10 957 280	-	10 957 280
Non performing (CC TO D)	-	-	2 390 544	2 390 544	-	-	25 006 020	25 006 020
Total corporate lending	312 422 061	19 033 094	2 390 544	333 845 699	342 060 399	10 957 280	25 006 020	378 023 699
Small business lending	6 351 238	11	44	6 351 293	6 320 554	10 939	-	6 331 493
Good (AAA to BBB-)	6 351 238	11	44	6 351 293	6 320 554	10 939	-	6 331 493
Special Mention (BB+ to CCC-)	1 779	243 959	-	245 738	-	745 772	-	745 772
Non performing (CC TO D)	-	-	158 255	158 255	-	-	565 966	565 966
Total small business lending	6 353 017	243 970	158 299	6 755 286	6 320 554	756 711	565 966	7 643 231
Consumer Lending	105 459 474	77 492	25 175	105 562 141	270 231 307	546 530	130 882	270 908 719
Good (AAA to BBB-)	105 459 474	77 492	25 175	105 562 141	270 231 307	546 530	130 882	270 908 719
Special Mention (BB+ to CCC-)	219 198	502 841	6 515	728 554	-	10 612 185	25 579	10 637 764
Non performing (CC TO D)	-	-	719 351	719 351	-	-	5 604 039	5 604 039
Total consumer lending	105 678 672	580 333	751 041	107 010 046	270 231 307	11 158 715	5 760 500	287 150 522
Mortgage Lending	27 673 928	124 987	54 072	27 852 987	123 776 030	164 302	841 083	124 781 415
Good (AAA to BBB-)	27 673 928	124 987	54 072	27 852 987	123 776 030	164 302	841 083	124 781 415
Special Mention (BB+ to CCC-)	102 763	46 690	3 134	152 587	1 852 745	1 885 082	20 796	3 758 623
Non performing (CC TO D)	-	-	320 828	320 828	-	-	3 659 456	3 659 456
Total mortgage lending	27 776 691	171 677	378 034	28 326 402	125 628 775	2 049 384	4 521 335	132 199 494
Guarantees	141 807 400	-	-	141 807 400	99 621 062	-	-	99 621 062
Good (AAA to BBB-)	141 807 400	-	-	141 807 400	99 621 062	-	-	99 621 062
Special Mention (BB+ to CCC-)	-	-	-	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-	-	-	-
Total guarantees	141 807 400	-	-	141 807 400	99 621 062	-	-	99 621 062
Loan commitments	100 353 711	-	-	100 353 711	142 597 768	-	-	142 597 768
Good (AAA to BBB-)	100 353 711	-	-	100 353				



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

20.2.4 Credit risk (continued)

	Inflation adjusted 2019				Inflation adjusted 2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances								
Good (AAA to BBB-)	49 493 008	67 015	31 830	49 591 853	75 204 059	66 625	332 119	75 602 803
Special Mention (BB+ to CCC-)	55 355	2 133 962	4 833	2 194 150	344 002	2 854 235	8 908	3 207 145
Non performing (CC TO D)	-	-	2 745 974	2 745 974	-	-	2 118 400	2 118 400
	49 548 363	2 200 977	2 782 637	54 531 977	75 548 061	2 920 860	2 459 427	80 928 348
Impairment allowance for loans and advances by lending category:								
Corporate Lending								
Good (AAA to BBB-)	33 784 674	-	-	33 784 674	43 558 956	-	-	43 558 956
Special Mention (BB+ to CCC-)	-	1 953 379	-	1 953 379	-	2 093 760	-	2 093 760
Non performing (CC TO D)	-	-	2 304 445	2 304 445	-	-	17 249	17 249
Impairment allowance for corporate lending	33 784 674	1 953 379	2 304 445	38 042 498	43 558 956	2 093 760	17 249	45 669 965
Small business Lending								
Good (AAA to BBB-)	629 354	11	10	629 375	606 906	814	-	607 720
Special Mention (BB+ to CCC-)	2 338	21 983	557	24 878	-	100 056	-	100 056
Non performing (CC TO D)	-	-	47 715	47 715	-	-	230 647	230 647
Impairment allowance for small business lending	631 692	21 994	48 282	701 968	606 906	100 869	230 647	938 423
Consumer lending								
Good (AAA to BBB-)	11 615 536	22 333	8 618	11 646 487	12 704 193	22 678	32 722	12 759 593
Special Mention (BB+ to CCC-)	37 733	139 254	2 967	179 954	72 520	151 730	2 572	226 822
Non performing (CC TO D)	-	-	245 024	245 024	-	-	759 189	759 189
Impairment allowance for consumer lending	11 653 269	161 587	256 609	12 071 465	12 776 713	174 408	794 483	13 745 604
Mortgage Lending								
Good (AAA to BBB-)	3 463 444	44 671	23 202	3 531 317	18 334 004	43 133	299 397	18 676 534
Special Mention (BB+ to CCC-)	15 284	19 346	1 309	35 939	271 482	508 689	6 336	786 507
Non performing (CC TO D)	-	-	148 790	148 790	-	-	1 111 315	1 111 315
Impairment allowance for mortgage lending	3 478 728	64 017	173 301	3 716 046	18 605 486	551 822	1 417 048	20 574 356
Impairment allowances on guarantees and loan commitments included in provisions under other liabilities								
Guarantees								
Good (AAA to BBB-)	139 817	-	-	139 817	1 437 149	-	-	1 437 149
Special Mention (BB+ to CCC-)	-	-	-	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-	-	-	-
Impairment allowances for guarantees	139 817	-	-	139 817	1 437 149	-	-	1 437 149
Loan commitments								
Good (AAA to BBB-)	744 517	-	-	744 517	3 198 745	-	-	3 198 745
Special Mention (BB+ to CCC-)	-	-	-	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-	-	-	-
Impairment allowances for loan commitments	744 517	-	-	744 517	3 198 745	-	-	3 198 745
Other financial assets								
Debtntures								
Non performing (CC TO D)	759	-	-	759	-	-	455 096	455 096
Bonds								
Good (AAA to BBB-)	-	90 539	-	90 539	269 948	-	-	269 948
Impairment allowances for other financial assets	759	90 539	-	91 298	269 948	-	455 096	725 044

	Historical cost 2019				Historical cost 2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances								
Insurance debtors	49 548 363	2 200 977	2 782 637	54 531 977	12 162 506	470 230	395 944	13 028 680
Other financial assets	-	-	12 430 855	12 430 855	-	-	1 260 716	1 260 716
Total impairment allowances	49 548 363	2 200 977	15 213 492	66 962 832	12 162 506	470 230	1 656 660	14 289 396
In respect of guarantees	139 817	-	-	139 817	231 367	-	-	231 367
In respect of loan commitments	744 517	-	-	744 517	514 967	-	-	514 967
In respect of other financial assets	759	90 539	-	91 298	43 459	-	73 266	1176 725
Total	50 433 456	2 291 516	15 213 492	67 938 464	12 952 299	470 230	1 729 926	15 152 455

Treasury bills were assessed for impairment at 31 December 2019 and, having been considered to carry low credit risk, no IFRS 9 impairment charge was raised. There was no objective evidence to suggest that future cash flows on the treasury bills could end up being less than those anticipated at the point of initial recognition.

	Historical cost 2019				Historical cost 2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances								
Good (AAA to BBB-)	49 493 008	67 015	31 830	49 591 853	12 107 125	10 726	53 468	12 171 319
Special Mention (BB+ to CCC-)	55 355	2 133 962	4 833	2 194 150	55 381	459 504	1 434	516 319
Non performing (CC TO D)	-	-	2 745 974	2 745 974	-	-	341 042	341 042
	49 548 363	2 200 977	2 782 637	54 531 977	12 162 506	470 230	395 944	13 028 680
Impairment allowance for loans and advances by lending category:								
Corporate Lending								
Good (AAA to BBB-)	33 784 674	-	-	33 784 674	7 012 570	-	-	7 012 570
Special Mention (BB+ to CCC-)	-	1 953 379	-	1 953 379	-	337 075	-	337 075
Non performing (CC TO D)	-	-	2 304 445	2 304 445	-	-	2 777	2 777
Impairment allowance for corporate lending	33 784 674	1 953 379	2 304 445	38 042 498	7 012 570	337 075	2 777	7 352 422
Small business Lending								
Good (AAA to BBB-)	629 354	11	10	629 375	97 706	131	-	97 837
Special Mention (BB+ to CCC-)	2 338	21 983	557	24 878	-	16 108	-	16 108
Non performing (CC TO D)	-	-	47 715	47 715	-	-	37 132	37 132
Impairment allowance for small business lending	631 692	21 994	48 282	701 968	97 706	16 239	37 132	151 077
Consumer lending								
Good (AAA to BBB-)	11 615 536	22 333	8 618	11 646 487	2 045 252	3 651	5 268	2 054 171
Special Mention (BB+ to CCC-)	37 733	139 254	2 967	179 954	11 675	24 427	416	36 516
Non performing (CC TO D)	-	-	245 024	245 024	-	-	122 222	122 222
Impairment allowance for consumer lending	11 653 269	161 587	256 609	12 071 465	2 056 927	28 078	127 904	2 212 909
Mortgage Lending								
Good (AAA to BBB-)	3 463 444	44 671	23 202	3 531 317	2 951 597	6 944	48 200	3 006 741
Special Mention (BB+ to CCC-)	15 284	19 346	1 309	35 939	43 706	81 894	1 020	126 620
Non performing (CC TO D)	-	-	148 790	148 790	-	-	178 911	178 911
Impairment allowance for mortgage lending	3 478 728	64 017	173 301	3 716 046	2 995 303	88 838	228 131	3 312 272
Impairment allowances on guarantees and loan commitments included in provisions under other liabilities								
Guarantees								
Good (AAA to BBB-)	139 817	-	-	139 817	231 367	-	-	231 367
Impairment allowances for guarantees	139 817	-	-	139 817	231 367	-	-	231 367
Loan commitments								
Good (AAA to BBB-)	744 517	-	-	744 517	514 967	-	-	514 967
Impairment allowances for loan commitments	744 517	-	-	744 517	514 967	-	-	514 967
Other financial assets								
Debtntures								
Non performing (CC TO D)	759	-	-	759	-	-	73 266	73 266
Bonds								
Good (AAA to BBB-)	-	90 539	-	90 539	43 459	-	-	43 459
Impairment allowances for other financial assets	759	90 539	-	91 298	43 459	-	73 266	116 725

20.2.4 Credit risk (continued)

An analysis of changes in the gross carrying amount are as follows:

	Inflation adjusted 2019				Inflation adjusted 2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total financial assets								
Total loans and advances	451 906 701	20 029 074	3 677 918	475 613 693	744 241 035	24 922 090	35 853 821	805 016 946
Guarantees	141 807 400	-	-	141 807 400	99 621 062	-	-	99 621 062
Loan commitments	100 353 711	-	-	100 353 711	142 597 768	-	-	142 597 768
Letters fo credit	64 981 111	-	-	64 981 111	-	-	-	-
Treasury bills	217 048 870	-	-	217 048 870	1 207 199 029	-	-	1 207 199 029
Insurance debtors	29 499 099	-	12 430 855	41 929 954	33 145 516	-	7 831 005	40 976 521
Other financial assets	11 095 143	861 716	-	11 956 859	152 101 387	-	5 183 206	157 284 593
Total financial assets	1 016 692 035	20 890 790	16 108 773	1 053 691 598	2 378 905 797	24 922 090	48 868 032	2 452 695 919
Balance at 31 December 2018	2 378 905 797	24 922 090	48 868 032	2 452 695 919	1 419 316 711	357 988 624	90 808 848	1 868 114 183
Effects of inflation adjustments	(1 989 354 717)	(20 909 874)	(47 571 042)	(2 057 835 633)	-	-	-	-
New assets	881 365 359	29 826 217	8 699 650	919 891 226	956 372 059	70 110 654	16 122 708	1 042 605 421
Repayments	(248 921 865)	(7 538 917)	(2 086 312)	(258 547 094)	(218 222 097)	(164 976 925)	(50 483 621)	(433 682 643)
Stage reassignments								
Stage 1	-	(148 817)	5 451 356	5 302 539	-	(235 977 309)	14 538 185	(221 439 124)
Stage 2	148 817	-	5 259 909	5 408 726	235 977 309	-	2 222 954	238 200 263
Stage 3	(5 451 356)	(5 259 909)	-	(10 711 265)	(14 538 185)	(2 222 954)	-	(16 761 139)
Write-offs	-	-	(2 512 820)	(2 512 820)	-	-	(24 341 042	



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

20.3 Other business risks

- Other business risks faced by the Group are;
- Operational risk
 - Legal, reputational and compliance risks
 - Technological risks
 - Solvency risk
 - Underwriting risks

The Group has put in place a framework for the management of the above risks. Regular reviews are undertaken to evaluate the adequacy of risk management processes against a changing operating environment.

20.4 Risk rating

20.4.1 Regulatory risk rating

The Reserve Bank of Zimbabwe conducts regular offsite and onsite examinations of the institutions that it regulates. The last on-site examination of the banking operations was concluded on 9 December 2014 using data as at 30 September 2014.

ZB Bank Limited and ZB Building Society were assessed using the Risk Assessment System (RAS) and the CAMELS rating model. The individual components of the rating systems were rated as follows

CAMELS Component	Latest Rating	
	ZB Bank Limited	ZB Building Society
Capital Adequacy	4	4
Asset Quality	4	2
Management	3	3
Earnings	4	3
Liquidity and Funds Under Management	2	2
Sensitivity to Market Risk	2	2
Composite rating	4	3

Key: 1 = Strong; 2 = Satisfactory; 3 = Fair; 4 = Weak; 5 = Critical

Summary of Risk Assessment

RAS Component	Latest Rating	
	ZB Bank Limited	ZB Building Society
Aggregate inherent risk	High	Moderate
Quality of aggregate risk management systems	Acceptable	Acceptable
Overall composite risk	High	Moderate
Direction of overall composite risk	Increasing	Stable

Overall Risk Matrix – ZB Bank Limited

Type of Risk	Level of Aggregate Inherent Risk	Adequacy of Aggregate Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit Risk	High	Inadequate	High	Increasing
Liquidity Risk	Moderate	Acceptable	Moderate	Stable
Interest Rate Risk	Moderate	Acceptable	Moderate	Stable
Foreign Exchange Risk	Low	Acceptable	Low	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Increasing
Operational Risk	High	Acceptable	Moderate	Stable
Legal & Compliance Risk	High	Inadequate	High	Increasing
Reputational Risk	High	Acceptable	High	Stable
Overall Risk	High	Acceptable	High	Increasing

Overall Risk Matrix – ZB Building Society

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

20.4.2 External credit ratings

Some of the Group's significant trading companies subscribe to an internationally recognised rating agency, Global Credit Rating Group (GCR). The ratings for the last three (3) years were as follows:
Long-term debt rating scale:

Entity	2019	2018	2017
ZB Bank Limited	BB	BB	BB-
ZB Building Society	B-	BB-	BB
ZB Reinsurance Company	BBB	A-	A-

Ratings for ZB Bank Limited and ZB Building Society expire in September 2020 whilst the rating for ZB Reinsurance Company will expire in May 2021.

21. COMPLIANCE WITH REGULATIONS

21.1 Regulatory capital requirements

Commercial banks and building societies in Zimbabwe were required to maintain a minimum capital level of ZW\$25 million and ZW\$20 million respectively as at 31 December 2019. ZB Bank Limited and ZB Building Society (ZBBS) met these requirements as at 31 December 2019.

21.2 Other compliance issues

The directors are not aware of any other material cases of non-compliance with regulations governing the operations of all companies within the Group.

22. SUBSEQUENT EVENTS

The Monetary Policy Committee of the Reserve Bank of Zimbabwe, at its meeting of 17 January 2020, revised minimum capital requirements for banking institutions with effect from 31 December 2020. The revised limit for Tier 1 Banks is the ZW\$ equivalent of US\$30m, reckoned with reference to the exchange rate ruling at that time.

The Group currently has two active banking licenses under ZB Bank Limited and ZB Building Society. Intermarket Banking Corporation Limited is currently inactive. The Group intends to merge its banking entities as part of its capital management plan which also envisages organic growth and the retention of reserves as other ways through which future capital requirements will be met.

The continued devaluation of the Zimbabwe Dollar and performance risks related to COVID-19 may have a negative impact on the Group's capital plan. The impact of COVID-19 was not yet known as at the reporting date and will not have an adjusting effect on the financial statements as at 31 December 2019 as this only occurred after the reporting period. The Group is unable to reliably estimate the impact of COVID-19 on the future results of the Group.

The Board undertakes regular rigorous assessment of whether the Group is a going concern in the light of current economic conditions and all available information about future risks and uncertainties.

The projections for the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. These analyses have been updated to include the ongoing developments related to the COVID-19 pandemic which has been declared a global health and societal emergency by the World Health Organisation and a state of national disaster by the Government of Zimbabwe.

In response to the virus pandemic, the Government of Zimbabwe, through Statutory Instrument (SI) 83 of 2020 (Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) Order, 2020) implemented a nationwide lockdown for an initial period of 21 days from 30 March, 2020 to 19 April 2020. Periodic reviews of the lockdown and trade restrictions have been undertaken with formal commercial and industrial sectors having been allowed to resume operations from 4 May, 2020 subject to them meeting prescribed minimum safety and health conditions.

The future impact of the virus pandemic on the Group's operations will depend on the extent to which its partners and customers have been affected.

Whilst the full COVID-19 impact is yet to unravel, risks in the following areas have been assessed as having increased:

- Credit Risk – changed operating models and market dynamics may affect the ability of borrowers to service their obligations. The Group may consider loan forbearance to mitigate against the risk of loss. Probability of default computations done by the Group may need to be recalibrated in order to take account of new credit performance patterns. This is likely to affect computed expected credit losses in the future;
- Liquidity Risk – mismatches may arise between assets and liabilities due to changed business models for the suppliers of critical funding. The Group is forced to maintain a significant liquidity buffer in the short-term and this may affect asset creation activities;
- Insurance Risk – the valuation of equity investments may increase beyond normal levels as a result of COVID-19-related deaths. Current claims levels have been in line with expected trends.
- Market risk – the valuation of equity investments may be affected through an unfavourable underlying performance fundamentals as a result of COVID-19. This may have an effect of reducing the carrying value for investments designated as fair value instruments. The Group does not hold any derivative instruments which may be exposed to secondary risks related to COVID-19. Additionally, there may be a market wide requirement to re-price instruments which may affect the Group's investment portfolio of interest rate sensitive instruments. This may result in a repricing gap between assets and liabilities. The Group's interest sensitive liabilities were higher than interest sensitive assets as at 31 December 2019. A market wide increase in interest rates is likely to reduce the Group's net interest earnings in the short-term.

23. BOARD ATTENDANCE DURING THE YEAR

ENTITY	ZBFH	ZBBL	ZBBS	ZBRE	ZBLA
TOTAL MEETINGS	5	4	4	4	4
PROF C MANYERUKE*****	4	X	X	X	X
R MUTANDAGAYI	5	3	3	2	4
O AKERELE	4	X	X	X	X
T S BVURERE	5	X	X	X	X
P CHIROMO	4	X	X	X	X
F KAPANJE	5	X	X	X	X
A Z MANGWIRO	4	X	X	X	X
J MUTEVEDZI	3	X	X	X	X
B P NYONI	5	X	X	X	X
A MAKAMURE	5	X	X	X	X
K MAUKAZUVA	5	X	X	X	X
T SIBANDA	5	X	X	X	X
S A SIBANDA****	X	3	2	X	X
P M MATUPIRE	X	3	X	X	X
C MANDIZVIDZA*****	X	4	X	X	4
G N MAHLANGU	X	3	X	X	X
G CHIKOMO	X	4	X	X	X
G NHEWEYEMBWA***	X	3	X	X	X
F NYAMBIRI****	X	3	X	X	X
K J LANGLEY*	X	2	X	X	X
P MURENA**	X	-	X	X	X
C SANDURA*****	X	X	3	X	X
S K CHIGANZE	X	X	3	X	X
C MAKONI*****	X	X	3	X	4
M T SACHAK*****	X	X	1	X	X
T KAPUMHA****	X	X	4	X	X
J KATSIDZIRA****	X	X	4	X	X
O MANDIMIKA****	X	X	4	X	X
F B CHIRIMUUTA	X	X	X	4	X
P MURAMBINDA	X	X	X	4	X
A G CHINEMBIRI*****	X	X	X	X	1
E T Z CHIDZONGA	X	X	X	X	4
M MKUSHI*****	X	X	X	X	2
L MAWIRE	X	X	X	X	4
B SHUMBA	X	X	X	4	X

*K J Langley was appointed on 1 July 2019.

**P Murena was appointed on 22 July 2019.

***G Nheveyembwa resigned from the Board with effect from 1 September 2019.

****T Kapfumha, J Katsidzira, O Mandimika and F Nyambiri were appointed to the Board with effect from 1 May 2019.

*****C Makoni, M T Sachak, C Sandura and S A Sibanda resigned from the Board on 13 June 2019.

*****M Mkushi resigned from the Board on 30 June 2019.

*****Prof C Manyeruke resigned from the Board on 1 September 2019.

*****C Mandizvidza resigned from the ZB Life Board on 19 November 2019.

*****A G Chinembiri resigned from the ZB Life Board on 31 July 2019.

KEY

- ZBFH - ZB Financial Holdings Limited Board
- ZBBL - ZB Bank Limited Board
- ZBBS - ZB Building Society Board
- ZBRE - ZB Reinsurance Company Board
- ZBLA - ZB Life Assurance Board



Receive cash from diaspora with ZB Bank.

- Convenient
- Cash guaranteed
- Access your money
- Secure
- Fast
- Cost effective



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019



AUDITED FINANCIAL RESULTS for the year ended 31 December 2019

STATEMENTS OF FINANCIAL POSITION As at 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
ASSETS				
Cash and cash equivalents	919 331 624	774 955 176	919 331 624	124 760 277
Money market investments	10 000 000	62 115 538	10 000 000	10 000 000
Treasury bills	217 048 870	1 207 199 029	217 048 870	194 347 351
Advances and other accounts	407 699 259	705 613 993	407 699 259	113 597 018
Inventories, trade and other receivables	48 874 160	109 879 621	38 563 716	17 482 860
Investment securities	99 809 886	158 055 205	99 809 886	25 500 817
Investment in subsidiary company	355 488 871	142 248 562	347 762 808	22 636 583
Right of use assets	13 250 979	36 968 921	13 250 979	5 951 638
Intangible assets	86 293 664	63 516 941	86 293 664	10 225 612
Property and equipment	201 682 048	82 984 254	201 682 048	13 359 664
Deferred tax assets	-	5 057 683	-	442 069
Total assets	2 359 479 361	3 348 594 923	2 341 442 854	538 303 889
LIABILITIES				
Deposits from customers	1 345 052 006	2 641 912 886	1 345 052 006	425 322 385
Offshore borrowings	74 817 920	36 942 265	74 817 920	5 947 347
Trade and other payables	162 014 435	187 527 934	162 014 435	30 190 183
Lease liabilities	13 250 979	37 425 325	13 250 979	6 025 115
Current tax liabilities	3 593 620	-	3 593 620	-
Deferred tax liabilities	27 267 305	-	27 237 952	-
Total liabilities	1 625 996 265	2 903 808 410	1 625 966 912	467 485 030
EQUITY AND RESERVES				
Share capital	16 750 283	16 750 283	1 810 402	1 810 402
Share premium	304 935 853	304 935 853	32 958 032	32 958 032
Functional currency translation reserve	-	-	57 470 363	-
Property revaluation reserves	129 765 660	9 453 558	163 630 780	4 190 026
Other reserves	19 849 055	25 686 567	(2 987 053)	2 850 459
Retained income	262 182 245	87 960 252	462 593 418	29 009 940
Total equity	733 483 096	444 786 513	715 475 942	70 818 859
Total equity and liabilities	2 359 479 361	3 348 594 923	2 341 442 854	538 303 889

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Interest and related income	173 874 953	232 178 635	76 340 859	28 077 895
Interest and related expenses	(40 939 041)	(52 921 388)	(14 939 299)	(6 539 842)
Net interest and related income	132 935 912	179 257 247	61 401 560	21 538 053
Loan impairment charges, net of recoveries	(54 214 395)	(33 801 215)	(37 765 701)	(4 907 256)
Net income from lending activities	78 721 517	145 456 032	23 635 859	16 630 797
Commission and fee income	255 568 219	302 003 814	119 122 747	36 404 398
Other income	119 363 774	27 226 795	113 004 803	3 874 612
Fair value adjustments	253 054 247	(74 374 144)	349 807 006	(66 839)
Total income	706 707 757	400 312 497	605 570 415	56 842 968
Operating expenses	(370 068 539)	(392 016 166)	(167 548 282)	(43 237 557)
Operating profit before taxation	336 639 218	8 296 331	438 022 133	13 605 411
Income tax (expense) / credit	(38 048 879)	(10 199 056)	2 213 218	(301 665)
Net monetary loss	(83 048 878)	(39 168 971)	-	-
Profit / (loss) for the year	215 540 461	(41 071 696)	440 235 351	13 303 746
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Gain on revaluation on property and equipment	123 677 206	-	162 679 400	1 862 841
Gain on revaluation – intangible assets	35 560 775	5 429 382	35 853 903	3 009 949
Items that may be reclassified to profit or loss				
Fair value (loss) / gains on FVTOCI financial assets	(7 806 926)	3 698 588	(7 806 926)	595 437
Related tax	(36 956 465)	(2 350 454)	(37 123 135)	(1 408 068)
Other comprehensive income net of tax	114 474 590	6 777 516	153 603 242	4 060 159
Total comprehensive income / (loss) for the year	330 015 051	(34 294 180)	593 838 593	17 363 905
Earnings / (loss) per share (ZWS cents)				
Basic earnings / (loss) per share (ZWS)	1.19	(0.23)	2.43	0.07

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2019

	Share capital ZWS	Share premium ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVTOCI reserve ZWS	Retained income ZWS	Total ZWS
Inflation adjusted						
Restated balance at 1 January 2018	16 750 283	304 935 853	7 034 626	22 940 367	171 510 181	523 171 310
Profit or loss						
Profit for the year	-	-	-	-	(41 071 696)	(41 071 696)
Other comprehensive income, net of tax						
Fair value gains on FVTOCI financial assets	-	-	-	2 746 200	-	2 746 200
Revaluation of property	-	-	4 031 316	-	-	4 031 316
Distributions						
Dividend to shareholders	-	-	-	-	(44 090 617)	(44 090 617)
Other movements						
Transfer to retained income	-	-	(1 612 384)	-	1 612 384	-
Balance as at 31 December 2018	16 750 283	304 935 853	9 453 558	25 686 567	87 960 252	444 786 513
Profit or loss						
Profit for the year	-	-	-	-	215 540 461	215 540 461
Other comprehensive income, net of tax						
Fair value gains on FVTOCI financial assets	-	-	-	(5 837 512)	-	(5 837 512)
Revaluation of property	-	-	120 312 102	-	-	120 312 102
Distributions						
Dividend to shareholders	-	-	-	-	(41 318 468)	(41 318 468)
Balance as at 31 December 2019	16 750 283	304 935 853	129 765 660	19 849 055	262 182 245	733 483 096

STATEMENT OF CHANGES IN EQUITY (continued) For the year ended 31 December 2019

	Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVTOCI reserve ZWS	Retained income ZWS	Total ZWS
Historical Cost*							
Restated balance at 1 January 2018	1 810 402	32 958 032	-	754 668	2 408 347	20 519 132	58 450 581
Profit or loss							
Profit for the year	-	-	-	-	-	13 303 746	13 303 746
Other comprehensive income, net of tax							
Fair value gains on FVTOCI financial assets	-	-	-	3 618 047	442 112	-	442 112
Revaluation of property	-	-	-	-	-	-	3 618 047
Distributions							
Dividend to shareholders	-	-	-	-	-	(4 995 627)	(4 995 627)
Other movements							
Transfer to retained income	-	-	-	(182 689)	-	182 689	-
Balance as at 1 January 2019	1 810 402	32 958 032	-	4 190 026	2 850 459	29 009 940	70 818 859
Functional currency translation reserve	-	-	57 470 363	-	-	-	57 470 363
Profit or loss							
Profit for the year	-	-	-	-	-	440 235 351	440 235 351
Other comprehensive income, net of tax							
Fair value gains on FVTOCI financial assets	-	-	-	-	(5 837 512)	-	(5 837 512)
Revaluation of property	-	-	-	159 440 754	-	-	159 440 754
Distributions							
Dividend to shareholders	-	-	-	-	-	(6 651 873)	(6 651 873)
Balance as at 31 December 2019	1 810 402	32 958 032	57 470 363	163 630 780	(2 987 053)	462 593 418	715 475 942

STATEMENT OF CASH FLOWS For the year ended 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Cash generated from operating activities	36 419 269	81 750 410	688 370 178	47 104 346
Interest and related income	173 874 953	232 178 635	76 340 859	28 077 895
Interest and related expenses	(40 939 041)	(52 921 388)	(14 939 299)	(6 539 842)
Income taxes paid	(39 087 737)	(4 664 218)	(10 105 509)	(1 005 623)
Net cash generated from operating activities	130 267 444	256 343 439	739 666 229	67 636 776
Cash flows from investing activities				
Dividends received	7 462 906	11 053 520	4 643 044	1 408 341
Proceeds on disposal of property and equipment	31 748	118 439	31 748	19 068
Purchase of property and equipment	(26 796 529)	(45 054 872)	(18 239 419)	(5 288 577)
Purchase of intangible assets	(14 032 583)	(26 804 922)	(12 826 707)	(3 037 095)
Net cash used in investing activities	(33 334 458)	(60 687 835)	(26 391 334)	(6 898 263)
Cash flows from financing activities				
Lease liability payments	(8 650 920)	(27 720 345)	(2 636 467)	(4 462 706)
Dividend paid	(41 318 468)	(44 090 617)	(6 651 873)	(4 995 627)
Net cash used in financing activities	(49 969 388)	(71 810 962)	(9 288 340)	(9 458 333)
Net increase in cash and cash equivalents	46 963 598	123 844 642	703 986 555	51 280 179
Cash and cash equivalents at the beginning of the year	774 955 176	648 383 804	124 760 277	73 464 239
Effect of exchange rate fluctuations on cash and cash equivalents held	97 412 850	2 726 730	90 584 792	15 859
Cash and cash equivalents at end of the year	919 331 624	774 955 176	919 331 624	124 760 277
- Cash on hand	158 211 207	61 024 106	158 211 207	9 824 290
- Local bank accounts	566 607 457	697 679 724	566 607 457	112 319 678
- Foreign bank accounts	194 512 960	16 251 346	194 512 960	2 616 309
	919 331 624	774 955 176	919 331 624	124 760 277

*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies and IAS 21: The Effect of Changes in Foreign Exchange Rates. As a result the auditors have not expressed an opinion on the historic financial information.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
1. CASH AND CASH EQUIVALENTS				
Balances with the Reserve Bank of Zimbabwe	566 607 457	697 679 724	566 607 457	112 319 678
Balances with other banks and cash	352 724 167	77 275 452	352 724 167	12 440 599
	919 331 624	774 955 176	919 331 624	124 760 277
2. MONEY MARKET INVESTMENTS				
Placements with other banks	10 000 000	62 115 538	10 000 000	10 000 000
	10 000 000	62 115 538	10 000 000	10 000 000

The Bank invested in money market placements which had maturities ranging from 2 days to 36 days (2018: 8 days to 270 days) and had average interest rates ranging from 4.65% to 9.1% (2018: 3% to 7.5%).

3. TREASURY BILLS



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

3.1 Reported in the statements of financial position (continued)

- The Bank invested in treasury bills issued by the RBZ over a period ranging from 6 months to 24 months which were at rates ranging from 14.02% p.a. to 14.48% p.a. (December 2018: 7% p.a. to 10% p.a.).
- The Bank purchased treasury bills from the secondary market. These treasury bills have coupon rates of 8% p.a. (December 2018: 0% p.a. to 5% p.a.) with maturity periods ranging from 2 years to 15 years.
- The Bank received treasury bills as substitution for debt instruments from the Zimbabwe Asset Management Company (ZAMCO). The treasury bills have a coupon rate of 5% p.a. (December 2018: 5% p.a.) and maturity periods ranging from 2 to 14 years (December 2018: 2 to 15 years).
- Capitalisation Treasury Bills (CTBs) with a face value of ZW\$20 000 000 were acquired on 26/05/2015 from the Government of Zimbabwe by the holding company, ZB Financial Holdings Limited (ZBFH). The CTBs were then used to recapitalize ZB Bank Limited, a 100% owned subsidiary of ZBFH. The CTBs mature on 26/05/2025 and carry a coupon of 1% p.a. which is payable on maturity. The CTBs are carried at amortised cost, which cost having been established at fair value at initial recognition using a Discounted Cash Flow valuation technique in which an assessed discount rate of 5% p.a. was applied as a proxy for trade on similar instruments.

Treasury bills amounting to ZW\$115 million (December 2018: ZW\$7 million) were used as security for the Bank to access fixed deposits.

3.2 Impairment assessment

The treasury bills carried at amortised cost are assessed for impairment annually. There was no objective evidence at 31 December 2019 to suggest that future cash flows on the AMCO Treasury Bill portfolio could end up being less than anticipated at the point of initial recognition. Consequently, no impairment adjustment arose from the assessment.

3.3 Contingent assets

The Bank previously held balances in respect of foreign currency amounts that were surrendered to the RBZ for parastatals, corporates and tobacco farmers. These balances were expunged through issuance of treasury bills in terms of the Reserve Bank of Zimbabwe (Debt assumption) Act, 2015. The Bank received treasury bills amounting to ZW\$6.8 million with tenures ranging from 3 to 5 years at interest rates ranging from 2% p.a. to 3.5% p.a. ZW\$6.8 million (2018: ZW\$6.76 million) of these treasury bills had been passed on to customers as at 31 December 2019.

These treasury bills have been accounted for contingent assets as at 31 December 2019 as the Bank is holding them on behalf of customers.

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
In respect of treasury bills held in trust on behalf of customers	-	239 737	-	38 595
4. ADVANCES AND OTHER ACCOUNTS				
4.1. At amortised cost				
Loans, overdrafts and other accounts	413 022 583	622 889 439	413 022 583	100 279 166
Mortgage loans	23 351 105	104 341 711	23 351 105	16 798 005
Finance leases	10 548 374	43 989 914	10 548 374	7 081 950
Bills discounted	13 288 171	7 308 345	13 288 171	1 176 573
Gross advances	460 210 233	778 529 409	460 210 233	125 335 694
Off balance sheet exposures				
In respect of guarantees	141 807 400	99 621 060	141 807 400	16 038 026
In respect of letters of credit	64 981 111	-	64 981 111	-
In respect of loan commitments	100 353 711	142 597 768	100 353 711	22 956 859
Gross credit exposure	767 352 455	1 020 748 237	767 352 455	164 330 579
Gross advances	460 210 233	778 529 409	460 210 233	125 335 694
Less: Allowance for loan impairment	(52 510 974)	(72 915 416)	(52 510 974)	(11 738 676)
Net advances	407 699 259	705 613 993	407 699 259	113 597 018
4.2 Maturity analysis				
- On demand	36 603 519	105 723 844	36 603 519	17 020 523
- Within 1 month	5 497 400	11 422 876	5 497 400	1 838 972
- Between 1 and 6 months	68 834 908	67 502 673	68 834 908	10 867 268
- Between 6 and 12 months	78 089 714	56 959 250	78 089 714	9 169 888
- After 12 months	578 326 914	779 139 594	578 326 914	125 433 928
	767 352 455	1 020 748 237	767 352 455	164 330 579
4.3 Loans and advances to customers by business line:				
Corporate lending	672 668 410	661 222 164	672 668 410	106 449 862
Small business lending	6 566 393	6 483 916	6 566 393	1 043 840
Consumer lending	64 766 547	248 700 446	64 766 547	40 038 872
Mortgage lending	23 351 105	104 341 711	23 351 105	16 798 005
	767 352 455	1 020 748 237	767 352 455	164 330 579
4.4 Mortgage loans				
Mortgage advances were spread as follows:				
Type of property:				
High density	1 234 671	6 983 940	1 234 671	1 124 347
Medium density	1 573 810	8 717 323	1 573 810	1 403 405
Low density	12 403 055	52 825 093	12 403 055	8 504 328
Commercial	8 139 569	35 815 355	8 139 569	5 765 925
	23 351 105	104 341 711	23 351 105	16 798 005
4.5 Finance lease receivables				
Gross advances include the following finance lease receivables for leases of certain equipment where the Bank is the lessor.				

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Gross investment in finance leases:				
Less than 1 year	2 082 872	3 086 484	2 082 872	496 894
Between 1 and 5 years	12 406 145	48 145 420	12 406 145	7 750 946
Gross investment in finance leases	14 489 017	51 231 904	14 489 017	8 247 840
Unearned finance charges	(3 940 643)	(7 241 990)	(3 940 643)	(1 165 890)
Net investment in finance leases	10 548 374	43 989 914	10 548 374	7 081 950
Less than 1 year	1 889 116	2 928 788	1 889 116	471 507
Between 1 and 5 years	8 659 258	41 061 126	8 659 258	6 610 443
	10 548 374	43 989 914	10 548 374	7 081 950

	Inflation Adjusted		Inflation Adjusted		Historical Cost		Historical Cost	
	31 Dec 2019 ZWS	Contribution	31 Dec 2018 ZWS	Contribution	31 Dec 2019 ZWS	Contribution	31 Dec 2018 ZWS	Contribution
4.6 Sectoral analysis of advances								
Private	103 658 077	22.52%	346 583 075	44.52%	103 658 077	22.52%	55 796 518	44.52%
Agriculture	96 997 499	21.08%	75 537 642	9.70%	96 997 499	21.08%	12 160 829	9.70%
Mining	87 290 799	18.97%	38 973 704	5.01%	87 290 799	18.97%	6 274 389	5.01%
Manufacturing	14 702 057	3.19%	30 648 473	3.94%	14 702 057	3.19%	4 934 107	3.94%
Distribution	44 747 950	9.72%	40 109 970	5.15%	44 747 950	9.72%	6 457 317	5.15%
Construction	8 165 653	1.77%	29 677 913	3.81%	8 165 653	1.77%	4 777 856	3.81%
Transport	7 175 312	1.56%	21 410 347	2.75%	7 175 312	1.56%	3 446 859	2.75%
Communication	720 664	0.17%	126 602 178	16.26%	720 664	0.17%	278 025	0.22%
Services	59 707 501	12.97%	67 259 141	8.64%	59 707 501	12.97%	20 381 724	16.26%
Financial	37 044 721	8.05%	1 726 966	0.22%	37 044 721	8.05%	10 828 070	8.64%
	460 210 233	100%	778 529 409	100%	460 210 233	100%	125 335 694	100%
4.7 Sectoral analysis of guarantees								
Private	140 875 600	99.34%	74 003 210	74%	140 875 600	99.34%	11 913 800	74.28%
Distribution	48 300	0.03%	340 865	-	48 300	0.03%	54 876	0.34%
Construction	-	-	2 662 800	3%	-	-	428 685	2.67%
Transport	-	-	81 371	-	-	-	13 100	0.33%
Communications	-	-	18 479 265	19%	-	-	2 974 983	18.55%
Services	468 500	0.33%	4 053 549	4%	468 500	0.33%	652 582	4.08%
Financial	415 000	0.30%	-	-	415 000	0.30%	-	-
	141 807 400	100%	99 621 060	100%	141 807 400	100%	16 038 026	100%
4.8 Sectoral analysis of letters of credit								
Manufacturing	64 981 111	100%	-	-	64 981 111	100%	-	-
	64 981 111	100%	-	-	64 981 111	100%	-	-
4.9 Sectoral analysis of loan commitments								
Private	3 840 211	3.83%	1 680 925	1.18%	3 840 211	3.83%	270 613	1.18%
Agriculture	15 748 597	15.69%	35 736 930	25.06%	15 748 597	15.69%	5 753 300	25.06%
Mining	35 723	0.04%	8 447 208	5.92%	35 723	0.04%	1 359 919	5.92%
Manufacturing	38 289 691	38.15%	2 158 951	1.51%	38 289 691	38.15%	347 570	1.51%
Distribution	13 247 307	13.20%	2 392 058	1.68%	13 247 307	13.20%	385 098	1.68%
Construction	129 813	0.13%	3 529 826	2.48%	129 813	0.13%	568 269	2.48%
Transport	2 695 143	2.69%	696 737	0.49%	2 695 143	2.69%	112 167	0.49%
Communication	313 563	0.31%	-	-	313 563	0.31%	-	-
Services	21 129 762	21.06%	87 955 133	61.68%	21 129 762	21.06%	14 159 924	61.68%
Financial Services	4 923 901	3.91%	-	-	4 923 901	3.91%	-	-
	100 353 711	100%	142 597 768	100%	100 353 711	100%	22 956 859	100%

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
4.10 Non-performing debt				
Non-performing loans and advances	3 004 678	38 570 270	3 004 678	6 209 440
Less: Allowance for loan impairment	(2 566 670)	(980 389)	(2 566 670)	(157 832)
Value to be received from security held	438 008	37 589 881	438 008	6 051 608

For the secured non-performing loans, security exists in the form of liens registered over funded accounts, bonds registered over landed property and guarantees in various forms. The Group discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees. The internally discounted value of security held in respect of the non-performing book amounted to ZW\$1 024 217 as at 31 December 2019 (2018: ZW\$6 750 809).

Non-performing loans with an inflation adjusted net carrying value of ZW\$57 650 444 (historical net carrying amount of ZW\$9 599 374) were transferred to a Special Purpose Vehicle called Credsave (Private) Limited (Credsave) on 31 December 2016, in a transaction that did not meet conditions of a "clean sale". Resultantly, these assets are still recognised in the statement of financial position of the Bank.

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
4.11 Loan impairment movement				
Balance at beginning of the year	72 915 416	47 120 102	11 738 676	5 338 878
Impact of initial application of IFRS9	-	37 019 580	-	4 202 307
Adjustment through FCTR	-	-	1 389 132	-
Charge to statement of profit or loss	39 440 201	33 801 215	39 440 201	5 683 036
Write offs charged to provision	(57 035)	(30 705 375)	(57 035)	(3 485 545)
Effect of monetary adjustments	(59 787 608)	(14 320 106)	-	-
Balance at end of the year	52 510 974	72 915 416	52 510 974	11 738 676

4.12 Internal rating grade:

Loans and advances are carried at amortised cost using the effective interest rate.

4.12.1 Total loans and advances

	ECL STAGE CLASSIFICATION							
	2019				2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Inflation adjusted								
Good (AAA - A)	351 646 857	-	-	351 646 857	716 523 489	-	-	716 523 022
Special mention (BBB+ - CCC-)	-	105 558 698	-	105 558 698	-	23 435 649	-	23 435 830
Non performing (CC - D)	-	-	3 004 678	3 004 678	-	-	38 570 557	38 570 557
Total	351 646 857	105 558 698	3 004 678	460 210 233	716 523 489	23 435 649	38 570 557	778 529 409
Corporate lending								
Good (AAA - A)	258 360 562	-	-	258 360 562	375 205 916	-	-	375 205 916
Special mention (BBB+ - CCC-)	-	104 775 082	-	104 775 082	-	10 957 276	-	10 957 276
Non performing (CC - D)	-	-	2 390 544	2				



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

4.13 Impairment allowance for loans and advances

4.13.1 Total loans and advances

	ECL STAGE CLASSIFICATION							
	2019				2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Inflation adjusted								
Good (AAA to A-)	34 083 966	-	-	34 083 966	69 231 991	-	-	69 231 991
Special Mention (BBB+ to CCC-)	-	15 860 338	-	15 860 338	-	2 703 042	-	2 703 042
Non performing (CC TO D)	-	-	2 566 670	2 566 670	-	-	980 383	980 383
TOTAL	34 083 966	15 860 338	2 566 670	52 510 974	69 231 991	2 703 042	980 383	72 915 416
Corporate Lending								
Good (AAA to A-)	23 949 667	-	-	23 949 667	43 558 857	-	-	43 558 857
Special Mention (BBB+ to CCC-)	-	15 682 076	-	15 682 076	-	2 093 756	-	2 093 756
Non performing (CC TO D)	-	-	2 304 445	2 304 445	-	-	17 251	17 251
TOTAL	23 949 667	15 682 076	2 304 445	41 936 188	43 558 857	2 093 756	17 251	45 669 964
Small business Lending								
Good (AAA to A-)	621 780	-	-	621 780	592 592	-	-	592 592
Special Mention (BBB+ to CCC-)	-	20 583	-	20 583	-	100 054	-	100 054
Non performing (CC TO D)	-	-	7 327	7 327	-	-	22 377	22 377
TOTAL	621 780	20 583	7 327	649 690	592 592	100 054	22 377	715 023
Consumer Lending								
Good (AAA to A-)	6 737 559	-	-	6 737 559	9 954 391	-	-	9 954 391
Special Mention (BBB+ to CCC-)	-	138 332	-	138 332	-	151 731	-	151 731
Non performing (CC TO D)	-	-	190 277	190 277	-	-	599 066	599 066
TOTAL	6 737 559	138 332	190 277	7 066 168	9 954 391	151 731	599 066	10 705 188
Mortgage Lending								
Good (AAA to A-)	2 774 961	-	-	2 774 961	15 126 051	-	-	15 126 051
Special Mention (BBB+ to CCC-)	-	19 346	-	19 346	-	357 501	-	357 501
Non performing (CC TO D)	-	-	64 621	64 621	-	-	341 689	341 689
TOTAL	2 774 961	19 346	64 621	2 858 928	15 126 051	357 501	341 689	15 825 241
Historical cost								
Good (AAA to A-)	34 083 966	-	-	34 083 966	11 145 680	-	-	11 145 680
Special Mention (BBB+ to CCC-)	-	15 860 338	-	15 860 338	-	435 164	-	435 164
Non performing (CC TO D)	-	-	2 566 670	2 566 670	-	-	157 832	157 832
TOTAL	34 083 966	15 860 338	2 566 670	52 510 974	11 145 680	435 164	157 832	11 738 676
Corporate Lending								
Good (AAA to A-)	23 949 667	-	-	23 949 667	7 012 570	-	-	7 012 570
Special Mention (BBB+ to CCC-)	-	15 682 076	-	15 682 076	-	337 075	-	337 075
Non performing (CC TO D)	-	-	2 304 445	2 304 445	-	-	2 777	2 777
TOTAL	23 949 667	15 682 076	2 304 445	41 936 188	7 012 570	337 075	2 777	7 352 422
Small business Lending								
Good (AAA to A-)	621 780	-	-	621 780	95 402	-	-	95 402
Special Mention (BBB+ to CCC-)	-	20 583	-	20 583	-	16 108	-	16 108
Non performing (CC TO D)	-	-	7 327	7 327	-	-	3 602	3 602
TOTAL	621 780	20 583	7 327	649 690	95 402	16 108	3 602	115 112
Consumer Lending								
Good (AAA to A-)	6 737 559	-	-	6 737 559	1 602 560	-	-	1 602 560
Special Mention (BBB+ to CCC-)	-	138 332	-	138 332	-	24 427	-	24 427
Non performing (CC TO D)	-	-	190 277	190 277	-	-	96 444	96 444
TOTAL	6 737 559	138 332	190 277	7 066 168	1 602 560	24 427	96 444	1 723 431
Mortgage Lending								
Good (AAA to A-)	2 774 961	-	-	2 774 961	2 435 148	-	-	2 435 148
Special Mention (BBB+ to CCC-)	-	19 346	-	19 346	-	57 554	-	57 554
Non performing (CC TO D)	-	-	64 621	64 621	-	-	55 009	55 009
TOTAL	2 774 961	19 346	64 621	2 858 928	2 435 148	57 554	55 009	2 547 711

4.13.2 Financial guarantees and loan commitments

	ECL STAGE CLASSIFICATION							
	2019				2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Inflation adjusted								
Guarantees								
Good (AAA to A-)	139 817	-	-	139 817	1 437 146	-	-	1 437 146
TOTAL	139 817	-	-	139 817	1 437 146	-	-	1 437 146
Loan commitments								
Good (AAA to A-)	744 516	-	-	744 516	3 198 742	-	-	3 198 742
TOTAL	744 516	-	-	744 516	3 198 742	-	-	3 198 742
Historical Cost								
Guarantees								
Good (AAA to A-)	139 817	-	-	139 817	231 367	-	-	231 367
TOTAL	139 817	-	-	139 817	231 367	-	-	231 367
Loan commitments								
Good (AAA to A-)	744 516	-	-	744 516	514 967	-	-	514 967
TOTAL	744 516	-	-	744 516	514 967	-	-	514 967

4.13.3 Other financial assets

	ECL STAGE CLASSIFICATION							
	2019				2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2019 TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2018 TOTAL ZWS
Inflation adjusted								
Debtentures								
Special mention (BB+ - CCC-)	-	90 539	-	90 539	455 096	-	-	455 096
Bonds	759	-	-	759	-	269 947	-	269 947
TOTAL	759	90 539	-	91 298	455 096	269 947	-	725 043
Historical Cost								
Debtentures								
Special mention (BB+ - CCC-)	-	90 539	-	90 539	-	73 266	-	73 266
Bonds	759	-	-	759	-	43 459	-	43 459
TOTAL	759	90 539	-	91 298	-	73 266	-	116 725

5. INVENTORIES, TRADE AND OTHER RECEIVABLES

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Inventories	11 636 869	5 867 918	3 641 281	793 443
Accrued interest	796 368	4 188 155	796 368	608 151
Remittances in transit	558 629	38 457 026	558 629	6 191 209
Advance payments and sundry assets	33 121 244	54 547 134	30 806 388	8 792 202
Amounts clearing from other banks	2 761 050	6 819 388	2 761 050	1 097 855
TOTAL	48 874 160	109 879 621	38 563 716	17 482 860

6. INVESTMENT SECURITIES

6.1 Carrying amounts

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Designated as at "Fair value through profit or loss"				
Unlisted equities	6 139 566	6 788 559	6 139 566	1 092 892
Listed equity investments	72 270 928	31 807 997	72 270 928	5 120 778
TOTAL	78 410 494	38 596 556	78 410 494	6 213 670
Held at amortised cost				
Bank balances	9 442 533	3 495 078	9 442 533	562 674
Debtentures	861 716	5 195 026	861 716	834 446
Bonds	11 095 143	110 768 545	11 095 143	17 890 027
TOTAL	99 809 886	158 055 205	99 809 886	25 500 817

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
6.2 Movement of investment securities				
Balance at 31 December 2018	158 055 205	172 557 124	25 500 817	19 620 751
Movements during the year				
- on bonds	(6 791 667)	63 227 656	(6 791 667)	9 879 167
- on bank balances	-	(33 550 477)	-	(3 801 391)
TOTAL	151 263 538	202 234 303	18 709 150	25 698 527
Fair value adjustments on investments				
- on listed equity investments	40 462 931	(11 982 530)	54 388 567	159 154
- on unlisted equity investments	(648 993)	(4 666 067)	5 011 354	(204 854)
TOTAL	191 077 476	185 585 706	78 109 071	25 652 827
Accrued interest on debtentures and bonds				
- current period	64 729	410 596	64 729	66 102
- prior year received in current period	(66 102)	(636 858)	(66 102)	(102 528)
TOTAL	191 076 103	185 359 444	78 107 698	25 616 401
Impairment charges				
- on debtentures	(56 677)	(685 103)	(17 273)	(73 266)
- on bonds	140 110	-	42 700	(43 459)
TOTAL	191 159 536	184 674 341	78 133 125	25 499 676
Exchange gains/(losses)				
- On bank balances	8 879 860	7 740	8 879 860	1 246
- On unlisted equity investments	35 320	(652)	35 320	(105)
- On listed equity investments	12 761 581	-	12 761 581	-
TOTAL	212 836 297	184 681 429	99 809 886	25 500 817
Effects of monetary adjustments				
- On bank balances	(2 932 404)	(1 467 731)	-	-
- On debtentures	(10 333 086)	(5 551 327)	-	-
- On bonds	(99 760 921)	(19 607 166)	-	-
Balance at 31 December 2019	99 809 886	158 055 205	99 809 886	25 500 817
6.3 Impairment movement on Debtentures and Bonds				
Balance at 31 December 2018	725 043	-	116 725	-
Initial adoption of IFRS 9	-	39 940	-	6 430
Charge to statement of profit or loss (note 17)	(83 433)	685 103	(25 427)	110 295
Balance at 31 December 2019	641 610	725 043	91 298	116 725

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Investment in Barcelona Investments Limited				



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

9.1 Capital work in progress (CWIP)

Capital work in progress refers to the Bank's investment in various IT Projects that are still under development, and will be completed in 2020.

9.2 Impairment of intangible assets

A review of the carrying amounts of intangible assets was done as at 31 December 2019, and there was no indication of any impairment.

10. PROPERTY AND EQUIPMENT

	Freehold properties ZWS	Leasehold improvements ZWS	Equipment furniture & fittings ZWS	Computer equipment ZWS	Motor vehicles ZWS	Capital work in progress ZWS	Total ZWS
Inflation Adjusted							
2019							
Cost							
Balance at 1 January 2019	-	59 741 545	39 028 254	89 541 344	47 296 123	3 559 640	239 166 906
Additions	2 355 774	1 230 950	4 686 869	2 049 573	10 444 132	6 029 231	26 796 529
Gain on revaluation	1 885 226	24 292 871	15 917 159	47 841 155	33 740 795	-	123 677 206
Disposals	-	-	(91 232)	(194 589)	(2 762 589)	-	(3 048 410)
Balance at 31 December 2019	4 241 000	85 265 366	59 541 050	139 237 483	88 718 461	9 588 871	386 592 231
Accumulated depreciation							
Balance at 1 January 2019	-	42 166 320	27 506 950	55 582 194	30 927 188	-	156 182 652
Charge to statement of profit or loss (note 21)	-	3 781 127	3 192 431	14 232 824	4 627 392	-	25 833 774
Disposals	-	-	(33 987)	(148 290)	(428 655)	-	(610 932)
Impairment	-	-	-	-	-	3 504 689	3 504 689
Balance at 31 December 2019	-	45 947 447	30 665 394	69 666 728	35 125 925	3 504 689	184 910 183
Net book value at 31 December 2019	4 241 000	39 317 919	28 875 656	69 570 755	53 592 536	6 084 182	201 682 048

	Leasehold improvements ZWS	Equipment furniture & fittings ZWS	Computer equipment ZWS	Motor vehicles ZWS	Capital work in progress ZWS	Total ZWS
Inflation Adjusted						
2018						
Cost						
Balance at 1 January 2018	56 735 039	38 399 539	74 394 377	28 433 884	1 969 962	199 932 801
Additions	753 480	1 242 756	17 000 441	19 797 625	6 260 570	45 054 872
Disposals	-	(1 328 328)	(1 903 496)	(935 386)	-	(4 167 210)
Transfer between categories	2 253 026	714 287	50 022	-	(3 017 335)	-
Balance at 31 December 2018	59 741 545	39 028 254	89 541 344	47 296 123	5 213 197	240 820 463
Accumulated depreciation						
Balance at 1 January 2018	29 060 611	20 539 291	46 259 715	22 625 132	-	118 484 749
Charge to statement of profit or loss (note 21)	4 381 347	2 560 528	10 866 825	2 340 949	-	20 149 649
Disposals	-	(1 328 328)	(1 687 777)	(841 847)	-	(3 857 952)
Impairment	8 724 362	5 735 459	143 431	6 802 954	1 653 557	23 059 763
Balance at 31 December 2018	42 166 320	27 506 950	55 582 194	30 927 188	1 653 557	157 836 209
Net book value at 31 December 2018	17 575 225	11 521 304	33 959 150	16 368 935	3 559 640	82 984 254

	Freehold properties ZWS	Leasehold improvements ZWS	Equipment furniture & fittings ZWS	Computer equipment ZWS	Motor vehicles ZWS	Capital work in progress ZWS	Total ZWS
Historical Cost							
2019							
Cost							
Balance at 1 January 2019	-	6 929 136	4 466 670	12 118 558	5 773 988	573 067	29 861 419
Base currency change adjustment	-	4 244 164	2 782 222	8 200 643	3 952 860	-	19 179 889
Additions	2 021 175	971 719	2 256 723	932 507	6 546 180	5 511 115	18 239 419
Gain on revaluation	2 219 825	32 927 692	23 392 579	61 220 764	42 918 540	-	162 679 400
Disposals	-	-	(14 687)	(31 327)	(444 750)	-	(490 764)
Balance at 31 December 2019	4 241 000	45 072 711	32 883 507	82 441 145	58 746 818	6 084 182	229 469 363
Accumulated depreciation							
Balance at 1 January 2019	-	4 099 696	2 611 850	6 651 463	3 138 746	-	16 501 755
Charge to statement of profit or loss (note 21)	-	1 655 096	1 401 473	6 242 800	2 084 545	-	11 383 914
Disposals	-	-	(5 472)	(23 873)	(69 009)	-	(98 354)
Balance at 31 December 2019	-	5 754 792	4 007 851	12 870 390	5 154 282	-	27 787 315
Net book value at 31 December 2019	4 241 000	39 317 919	28 875 656	69 570 755	53 592 536	6 084 182	201 682 048
2018							
Cost							
Balance at 1 January 2018	-	6 532 543	4 405 468	8 729 383	3 546 250	215 748	23 429 392
Additions	-	87 296	148 018	2 012 775	2 331 143	709 345	5 288 577
Gain on revaluation	-	48 269	100 902	1 675 469	38 201	-	1 862 841
Disposals	-	-	(272 792)	(304 993)	(141 606)	-	(719 391)
Transfer between categories	-	261 028	85 075	5 923	-	(352 026)	-
Balance at 31 December 2018	-	6 929 136	4 466 671	12 118 557	5 773 988	573 067	29 861 419
Accumulated depreciation							
Balance at 1 January 2018	-	3 501 673	2 449 432	5 432 360	2 910 080	-	14 293 545
Charge to statement of profit or loss (note 21)	-	598 023	371 597	1 489 484	356 111	-	2 815 215
Disposals	-	-	(209 179)	(270 381)	(127 445)	-	(607 005)
Balance at 31 December 2018	-	4 099 696	2 611 850	6 651 463	3 138 746	-	16 501 755
Net book value at 31 December 2018	-	2 829 440	1 854 821	5 467 094	2 635 242	573 067	13 359 664

11. DEFERRED TAX ASSETS / (LIABILITIES)

	Balance at 1 January ZWS	Recognised in profit or loss ZWS	Recognised in OCI affecting equity ¹ ZWS	Other movements affecting equity ¹ ZWS	Balance at 31 December ZWS
Inflation Adjusted					
2019					
Property and equipment	(13 033 462)	9 055 494	(38 925 879)	-	(42 903 847)
Provisions and deferred income	24 596 496	(9 633 847)	-	-	14 962 649
Unrealised exchange losses	(25 534)	25 534	-	-	-
Fair value adjustments on investment securities	(339 428)	32 450	-	-	(306 978)
Fair value adjustments on FVTOCI financial assets	(6 140 389)	5 151 846	1 969 414	-	980 871
Balance at 31 December 2019	5 057 683	4 631 477	(36 956 465)	-	(27 267 305)
2018					
Property and equipment	(11 178 642)	(456 754)	(1 398 066)	-	(13 033 462)
Provisions and deferred income	19 226 501	(7 396 754)	-	12 766 749	24 596 496
Unrealised exchange losses	72 601	(98 135)	-	-	(25 534)
Fair value adjustments on investment securities	(572 731)	233 303	-	-	(339 428)
Fair value adjustments on FVTOCI financial assets	(7 371 503)	2 183 502	(952 388)	-	(6 140 389)
Balance at 31 December 2018	176 226	(5 534 838)	(2 350 454)	12 766 749	5 057 683

¹This arises from initial application of IFRS 9

11. DEFERRED TAX ASSETS / (LIABILITIES) (continued)

	Balance at 1 January ZWS	Recognised in profit or loss ZWS	Recognised in OCI affecting equity ZWS	Other movements affecting equity ZWS	Balance at 31 December ZWS
Historical Cost					
2019					
Property and equipment	(2 470 430)	5 253 393	(39 092 549)	-	(36 309 586)
Provisions and deferred income	3 959 978	12 083 677	-	-	16 043 475
Unrealised exchange losses	(4 111)	4 111	-	-	-
Fair value adjustments on investment securities	(54 645)	(252 333)	-	-	(306 978)
Fair value adjustments on FVTOCI financial assets	(988 543)	-	1 969 414	-	980 871
FCTR adjustment	-	-	-	-	-
Arising from changes in functional currency	-	-	-	(7 645 734)	(7 645 734)
Balance at 31 December 2019	442 069	17 088 848	(37 123 135)	(7 645 734)	(27 237 952)
2018					
Property and equipment	(1 190 933)	(24 754)	(1 254 743)	-	(2 470 430)
Provisions and deferred income	2 178 432	334 847	-	1 446 519	3 959 798
Unrealised exchange losses	8 226	(12 337)	-	-	(4 111)
Fair value adjustments on investment securities	(64 893)	10 248	-	-	(54 645)
Fair value adjustments on FVTOCI financial assets	(835 218)	-	(153 325)	-	(988 543)
Balance at 31 December 2018	95 614	308 004	(1 408 068)	1 446 519	442 069

12. DEPOSITS FROM CUSTOMERS

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Current accounts	418 123 193	91 821 289	418 123 193	83 328 068
Savings and call accounts	776 350 852	517 596 779	776 350 852	210 791 058
Term deposits	135 141 632	1 309 334 647	135 141 632	116 420 921
Bank deposits	15 436 329	723 160 171	15 436 329	14 782 338
Balance at 31 December 2019	1 345 052 006	2 641 912 886	1 345 052 006	425 322 385
Maturity analysis of deposits				
On demand	979 424 438	1 826 931 426	979 424 438	294 118 264
Within 1 month	336 708 125	393 260 557	336 708 125	63 311 141
Between 1 and 6 months	26 104 920	395 766 153	26 104 920	63 714 517
Between 6 and 12 months	2 789 154	25 769 465	2 789 154	4 148 634
After 12 months	25 369	185 285	25 369	29 829
Balance at 31 December 2019	1 345 052 006	2 641 912 886	1 345 052 006	425 322 385
Secured and unsecured deposits analysis				
Secured deposits	57 461 457	338 617 859	57 461 457	54 514 195
Unsecured deposits	1 287 590 549	2 303 295 027	1 287 590 549	370 808 190
Balance at 31 December 2019	1 345 052 006	2 641 912 886	1 345 052 006	425 322 385

	Inflation Adjusted		Inflation Adjusted		Historical Cost		Historical Cost	
	31 Dec 2019 ZWS	Contribution %	31 Dec 2018 ZWS	Contribution %	31 Dec 2019 ZWS	Contribution %	31 Dec 2018 ZWS	Contribution %
Sectoral analysis of deposits								
Private	175 065 913	13%	352 125 286	13%	175 065 913	13%	56 688 760	13%
Agriculture	72 639 338	5%	178 761 153	7%	72 639 338	5%	28 778 814	7%
Mining	75 583 068	6%	14 243 378	1%	75 583 068	6%	2 293 046	1%
Manufacturing	111 023 580	8%	272 543 872	10%	111 023 580	8%	43 876 924	10%
Distribution	36 766 706	3%	50 609 098	2%	36 766 706	3%	8 147 575	2%
Construction	15 700 334	1%	29 556 767	1%	15 700 334	1%	4 758 353	1%
Transport	12 305 956	1%	24 494 605	1%	12 305 956	1%	3 943 394	1%
Services	508 189 821	38%	942 131 128	36%	508 189 821	38%	151 673 986	36%
Financial	157 382 990	12%	429 649 508	16%	157 382 990	12%	69 169 409	16%
Communication	180 394 300	13%	347 798 091	13%	180 394 300	13%	55 992 124	13%
Balance at 31 December 2019	1 345 052 006	100%	2 641 912 886	100%	1 345 052 006	100%	425 322 385	100%

13 OFFSHORE BORROWINGS

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS		



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

16. NET INTEREST AND RELATED INCOME

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
16.1 Interest and related income				
Interest and related income comprises interest on:				
-Advances	83 207 883	64 925 006	39 110 811	6 131 870
-Overdrafts	6 369 548	6 132 894	3 206 180	739 869
Establishment fees	11 457 915	7 662 724	5 509 604	1 884 867
Placements with other banks	295 669	7 752 552	67 571	886 250
Treasury bills	64 661 212	120 958 251	25 533 390	15 462 679
Other interest receivable categories	7 882 726	24 747 208	2 913 303	2 972 360
Total interest and related income	173 874 953	232 178 635	76 340 859	28 077 895
16.2 Interest and related expenses				
Interest and related expenses comprise interest on:				
Customer deposits	27 379 167	46 291 815	9 806 275	5 598 594
Placements from other banks	1 196 723	2 905 895	303 298	354 916
Other interest expense categories	12 363 151	3 723 678	4 829 726	586 332
Total interest and related expenses	40 939 041	52 921 388	14 939 299	6 539 842
Net interest and related income	132 935 912	179 257 247	61 401 560	21 538 053
17. ANALYSIS OF LOAN IMPAIRMENT CHARGES / (RECOVERIES) TO STATEMENT OF PROFIT OR LOSS				
Impairment charges on loans and overdrafts (note 4.11)	39 440 201	35 300 485	39 440 201	5 683 036
Impairment (reversal) / charges on other financial assets (note 6.3)	(83 433)	685 103	(25 427)	110 295
Impairment charges / (reversal) on guarantees and undrawn facilities (note 23.1.4)	452 813	(4 115 030)	138 000	(662 480)
Recoveries during the year	(1 787 073)	(4 063 071)	(1 787 073)	(223 595)
Effects of changes in inflation	16 191 887	5 993 728	-	-
	54 214 395	33 801 215	37 765 701	4 907 256
18. COMMISSION AND FEE INCOME COMPRISES INCOME FROM:				
Digital channels	105 863 009	134 850 854	49 343 743	16 255 305
Management and service fees	129 282 052	127 499 064	60 259 579	15 369 099
Other commissions	20 423 158	39 653 896	9 519 425	4 779 994
	255 568 219	302 003 814	119 122 747	36 404 398
19. OTHER INCOME				
Exchange income	104 027 627	4 286 533	104 027 626	690 090
Dividends from other investments	7 462 906	11 053 520	4 643 044	1 408 341
Rentals and recoveries	8 455 019	7 262 847	3 712 158	1 531 032
Loss on sale of equipment	(2 405 728)	(190 818)	(360 662)	(216)
Sundry	1 823 950	4 814 713	982 637	245 365
	119 363 774	27 226 795	113 004 803	3 874 612
20. FAIR VALUE ADJUSTMENTS				
Arising from fair value through profit or loss instruments				
Investment securities	39 813 938	(16 648 597)	59 399 921	(45 700)
Investment in subsidiary company	213 240 309	(57 725 547)	290 407 085	(21 139)
	253 054 247	(74 374 144)	349 807 006	(66 839)
21. OPERATING EXPENSES				
Staff expenses	107 267 101	135 840 766	49 289 454	16 270 533
Communication expenses	17 473 289	8 053 080	10 959 461	946 293
Computer and information technology	44 597 444	34 663 437	23 299 406	4 240 991
Occupation expenses	11 679 788	17 199 440	5 007 397	1 532 304
Transport expenses	3 298 117	2 884 266	1 864 741	351 171
Travelling expenses	3 615 130	2 786 877	2 104 513	344 522
Administration expenses	182 137 670	190 588 300	75 023 310	19 551 743
	370 068 539	392 016 166	167 548 282	43 237 557
Included in administration expenses are the following:				
Depreciation charges on property and equipment	25 833 774	20 149 649	11 383 914	2 815 215
Amortisation of intangible assets	26 816 635	15 915 467	12 691 024	1 918 867
Depreciation charges on right of use asset	4 200 160	20 421 429	1 860 229	3 287 652
Finance cost for lease liabilities	2 250 334	11 019 342	473 092	1 248 531
Scrapping expense on assets	-	-	-	93 101
Auditors' remuneration	1 964 842	1 092 083	895 564	139 215
22. INCOME TAX EXPENSE				
Current income tax expense	42 681 356	4 664 218	14 875 630	609 669
Deferred taxation (credit)	(4 631 477)	5 534 838	(17 088 848)	(308 004)
	38 049 879	10 199 056	(2 213 218)	301 665

23. CONTINGENT LIABILITIES

23.1 Impairment of financial guarantees and other commitments

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment in relation to financial guarantees and commitments is as follows:

23.1.1 Treasury bills

The table below shows the credit quality and the maximum exposure for credit risk based on the Bank's internal credit rating system and period-end stage classification.

	STAGE 1	STAGE 2	STAGE 3	2019 TOTAL	STAGE1	STAGE 2	STAGE 3	2018 TOTAL
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Inflation adjusted								
Good (AAA - A-)	-	-	-	-	239 735	-	-	239 735
Total	-	-	-	-	239 735	-	-	239 735
Historical Cost								
Good (AAA - A-)	-	-	-	-	38 595	-	-	38 595
Total	-	-	-	-	38 595	-	-	38 595

23.1.2 Financial guarantees

The table below shows the credit quality and the maximum exposure for credit risk based on the Bank's internal credit rating system and period-end stage classification.

	STAGE 1	STAGE 2	STAGE 3	2019 TOTAL	STAGE1	STAGE 2	STAGE 3	2018 TOTAL
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Inflation adjusted								
Good (AAA - A-)	141 807 400	-	-	141 807 400	99 621 060	-	-	99 621 060
Total	141 807 400	-	-	141 807 400	99 621 060	-	-	99 621 060
Historical Cost								
Good (AAA - A-)	141 807 400	-	-	141 807 400	16 038 026	-	-	16 038 026
Total	141 807 400	-	-	141 807 400	16 038 026	-	-	16 038 026

23.1.2 Financial guarantees (continued)

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to financial guarantees is as follows:

	STAGE 1	STAGE 2	STAGE 3	2019 TOTAL	STAGE1	STAGE 2	STAGE 3	2018 TOTAL
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Inflation adjusted								
Good (AAA - BBB-)	139 817	-	-	139 817	1 437 146	-	-	1 437 146
Total	139 817	-	-	139 817	1 437 146	-	-	1 437 146
Historical Cost								
Good (AAA - BBB-)	139 817	-	-	139 817	231 367	-	-	231 367
Special mention (BBB+ - CCC-)	-	-	-	-	-	-	-	-
Total	139 817	-	-	139 817	231 367	-	-	231 367

23.1.3 Other undrawn commitments

The table below shows the credit quality and the maximum exposure for credit risk based on the Bank's internal credit rating system and period-end stage classification.

	STAGE 1	STAGE 2	STAGE 3	2019 TOTAL	STAGE1	STAGE 2	STAGE 3	2018 TOTAL
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Inflation adjusted								
Good (AAA - BBB-)	100 353 711	-	-	100 353 711	142 597 768	-	-	142 597 768
Total	100 353 711	-	-	100 353 711	142 597 768	-	-	142 597 768
Historical Cost								
Good (AAA - BBB-)	100 353 711	-	-	100 353 711	22 956 859	-	-	22 956 859
Total	100 353 711	-	-	100 353 711	22 956 859	-	-	22 956 859

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to other undrawn commitments is as follows:

	STAGE 1	STAGE 2	STAGE 3	2019 TOTAL	STAGE1	STAGE 2	STAGE 3	2018 TOTAL
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Inflation adjusted								
Good (AAA - BBB-)	744 516	-	-	744 516	3 198 742	-	-	3 198 742
Total	744 516	-	-	744 516	3 198 742	-	-	3 198 742
Historical Cost								
Good (AAA - BBB-)	744 516	-	-	744 516	514 967	-	-	514 967
Total	744 516	-	-	744 516	514 967	-	-	514 967

23.1.4 Impairment movement on guarantees and undrawn commitments

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Opening balance	-	-	4 635 888	746 333
Initial adoption of IFRS 9	-	8 750 918	-	-
Charge / credit to profit or loss (note 17)	452 813	(4 115 030)	138 000	(662 480)
Effects of monetary adjustment	(4 204 368)	-	-	-
	884 333	4 635 888	884 333	746 333

24 CAPITAL ADEQUACY

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Ordinary share capital	16 750 283	16 750 283	1 810 402	1 810 402
Share premium	304 935 853	304 935 853	32 958 032	32 958 032
Reserves	411 796 960	123 100 377	680 707 508	36 050 425
IFRS capital	733 483 096	444 786 513	715 475 942	70 818 859
Add / (less) Regulatory adjustments:				
Fair value adjustment on capitalization treasury bills	3 090 759	24 199 972	3 090 759	3 895 961
Interest in reserve	(1 401 509)	(14 428 152)	(1 401 509)	(2 322 793)
Loans to group equities	(1 079 786)	(4 336 175)	(1 079 786)	(698 082)
Revaluation reserve	(129 765 660)	(9 453 558)	(221 101 143)	(4 190 026)
Tier 1 capital	604 326 900	440 768 600	494 984 263	67 503 919
Revaluation reserve	129 765 660	9 453 558	163 630 780	4 190 026
Effect of change in functional currency	-	-	57 470 363	-
Tier 2 capital	129 765 660	9 453 558	221 101 143	4 190 026
Total capital base	734 092 560	450 222 158	716 085 406	71 693 945
Credit risk weighted assets	1 238 026 119	1 122 145 824	1 219 989 616	180 654 608
Operational risk equivalent assets	905 087 197	514 685 820	475 214 067	82 859 432
Market risk equivalent assets	234 319 928	101 202 213	234 319 928	16 292 576
Total risk weighted assets	2 377 433 244	1 738 033 857	1 929 523 611	279 806 616
Tier 1 capital ratio	25.42%	25.36%	25.65%	24.13%
Tier 2 capital ratio	5.46%	0.54%	11.46%	1.50%
Capital adequacy ratio	30.88%	25.90%	37.11%	25.62%

25 RISK MANAGEMENT

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

25.1 Fair values and risk management - accounting classification and fair values (continued)

Note	CARRYING AMOUNT					FAIR VALUE			
	Designated at Fair Value P/L	Designated at AMCO	Designated at FVTOCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Inflation Adjusted									
31 December 2019									
Financial assets measured at fair value									
6	78 410 494	-	-	-	78 410 494	72 270 928	-	6 139 566	78 410 494
3	62 896 699	-	111 906 738	-	174 803 437	-	62 896 699	111 906 738	174 803 437
2	10 000 000	-	-	-	10 000 000	-	10 000 000	-	10 000 000
7	355 488 871	-	-	-	355 488 871	-	355 488 871	-	355 488 871
Total	506 796 064	-	111 906 738	-	618 702 802	72 270 928	72 896 699	473 535 175	618 702 802
Financial assets not measured at fair value									
1	-	919 331 624	-	-	919 331 624	-	-	-	919 331 624
3	-	42 245 433	-	-	42 245 433	-	-	-	42 245 433
4	-	407 699 259	-	-	407 699 259	-	-	-	407 699 259
5	-	46 113 106	-	-	46 113 106	-	-	-	46 113 106
6	-	21 399 392	-	-	21 399 392	-	-	-	21 399 392
8	-	13 250 979	-	-	13 250 979	-	-	-	13 250 979
6	-	2 761 050	-	-	2 761 050	-	-	-	2 761 050
Total	-	1 452 800 843	-	-	1 452 800 843	-	-	-	1 452 800 843
Financial liabilities									
12	-	(1 345 052 006)	-	-	(1 345 052 006)	-	-	-	(1 345 052 006)
13	-	-	-	(74 817 920)	(74 817 920)	-	-	-	(74 817 920)
14	-	-	-	(143 174 428)	(143 174 428)	-	-	-	(143 174 428)
15	-	(13 250 979)	-	-	(13 250 979)	-	-	-	(13 250 979)
14	-	(18 840 007)	-	-	(18 840 007)	-	-	-	(18 840 007)
Total	-	(1 377 142 992)	-	(217 992 345)	(1 595 135 337)	-	-	-	(1 595 135 337)
31 December 2018									
Financial assets measured at fair value									
6	38 596 556	-	-	-	38 596 556	31 807 997	-	6 788 559	38 596 556
3	141 290 767	-	837 121 965	-	978 412 732	-	141 298 767	837 121 965	978 412 732
2	62 115 538	-	-	-	62 115 538	-	62 115 538	-	62 115 538
7	142 248 562	-	-	-	142 248 562	-	142 248 562	-	142 248 562
Total	384 259 423	-	837 121 965	-	1 221 381 388	31 807 997	203 414 305	986 159 086	1 221 381 388
Financial assets not measured at fair value									
1	-	774 955 176	-	-	774 955 176	-	-	-	774 955 176
3	-	228 778 296	-	-	228 778 296	-	-	-	228 778 296
4	-	705 613 993	-	-	705 613 993	-	-	-	705 613 993
5	-	103 126 339	-	-	103 126 339	-	-	-	103 126 339
6	-	119 458 648	-	-	119 458 648	-	-	-	119 458 648
8	-	52 528 221	-	-	52 528 221	-	-	-	52 528 221
5	-	6 819 388	-	-	6 819 388	-	-	-	6 819 388
Total	-	1 991 280 061	-	-	1 991 280 061	-	-	-	1 991 280 061
Financial liabilities									
12	-	(2 641 912 887)	-	-	(2 641 912 887)	-	-	-	(2 641 912 887)
15	-	-	-	(36 942 265)	(36 942 265)	-	-	-	(36 942 265)
14	-	-	-	(181 138 516)	(181 138 516)	-	-	-	(181 138 516)
15	-	-	-	(37 425 325)	(37 425 325)	-	-	-	(37 425 325)
14	-	(6 389 418)	-	-	(6 389 418)	-	-	-	(6 389 418)
Total	-	(2 648 302 305)	-	(255 506 106)	(2 903 808 411)	-	-	-	(2 903 808 411)

Note	CARRYING AMOUNT					FAIR VALUE			
	Designated at Fair Value P/L	Designated at AMCO	Designated at FVTOCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Historical Cost									
31 December 2019									
Financial assets measured at fair value									
6	78 410 494	-	-	-	78 410 494	72 270 928	-	6 139 566	78 410 494
3	62 896 699	-	111 906 738	-	174 803 437	-	62 896 699	111 906 738	174 803 437
2	10 000 000	-	-	-	10 000 000	-	10 000 000	-	10 000 000
7	347 762 808	-	-	-	347 762 808	-	347 762 808	-	347 762 808
Total	499 070 001	-	111 906 738	-	610 976 739	72 270 928	72 896 699	465 809 112	610 976 739
Financial assets not measured at fair value									
1	-	919 331 624	-	-	919 331 624	-	-	-	919 331 624
3	-	42 245 433	-	-	42 245 433	-	-	-	42 245 433
4	-	407 699 259	-	-	407 699 259	-	-	-	407 699 259
5	-	35 802 663	-	-	35 802 663	-	-	-	35 802 663
6	-	21 399 392	-	-	21 399 392	-	-	-	21 399 392
8	-	13 250 979	-	-	13 250 979	-	-	-	13 250 979
5	-	2 761 050	-	-	2 761 050	-	-	-	2 761 050
Total	-	1 442 490 400	-	-	1 442 490 400	-	-	-	1 442 490 400
Financial liabilities									
12	-	(1 345 052 006)	-	-	(1 345 052 006)	-	-	-	(1 345 052 006)
13	-	-	-	(74 817 920)	(74 817 920)	-	-	-	(74 817 920)
14	-	-	-	(143 174 428)	(143 174 428)	-	-	-	(143 174 428)
15	-	(13 250 979)	-	-	(13 250 979)	-	-	-	(13 250 979)
14	-	(18 840 007)	-	-	(18 840 007)	-	-	-	(18 840 007)
Total	-	(1 377 142 992)	-	(217 992 348)	(1 595 135 340)	-	-	-	(1 595 135 340)
31 December 2018									
Financial assets measured at fair value									
6	6 213 670	-	-	-	6 213 670	5 120 778	-	1 092 892	6 213 670
3	22 747 733	-	134 768 528	-	157 516 261	-	22 747 733	134 768 528	157 516 261
2	10 000 000	-	-	-	10 000 000	-	10 000 000	-	10 000 000
7	22 638 583	-	-	-	22 638 583	-	22 638 583	-	22 638 583
Total	61 599 986	-	134 768 528	-	196 368 514	5 120 778	32 747 733	158 500 003	196 368 514
Financial assets not measured at fair value									
1	-	124 760 277	-	-	124 760 277	-	-	-	124 760 277
3	-	36 831 090	-	-	36 831 090	-	-	-	36 831 090
4	-	113 597 018	-	-	113 597 018	-	-	-	113 597 018
5	-	16 385 005	-	-	16 385 005	-	-	-	16 385 005
6	-	19 287 147	-	-	19 287 147	-	-	-	19 287 147
8	-	5 951 638	-	-	5 951 638	-	-	-	5 951 638
8	-	1 097 855	-	-	1 097 855	-	-	-	1 097 855
Total	-	317 910 030	-	-	317 910 030	-	-	-	317 910 030
Financial liabilities									
12	-	(425 322 385)	-	-	(425 322 385)	-	-	-	(425 322 385)
13	-	-	-	(5 947 347)	(5 947 347)	-	-	-	(5 947 347)
14	-	-	-	(4 775 604)	(4 775 604)	-	-	-	(4 775 604)
15	-	-	-	(6 025 115)	(6 025 115)	-	-	-	(6 025 115)
14	-	(1 028 634)	-	-	(1 028 634)	-	-	-	(1 028 634)
Total	-	(426 351 019)	-	(16 748 066)	(443 099 085)	-	-	-	(443 099 085)

25.2 Interest rate risk

Inflation adjusted

Interest rate gap analysis	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Carrying amount ZWS
As at 31 December 2019					
ASSETS					
Cash and short term funds	194 512 961	-	100 000 000	-	294 512 961
Money market investments	10 000 000	-	-	-	10 000 000
Treasury bills	11 404 015	24 444 016	84 307 420	96 893 419	217 048 870
Advances and other accounts	42 100 919	68 834 908	78 089 714	218 673 718	407 699 259
Investment securities	-	-	-	99 809 886	99 809 886
Total	258 017 895	93 278 924	262 397 134	415 377 023	1 029 070 976
LIABILITIES					
Deposits and other accounts	1 316 132 562	26 104 920	2 789 154	25 370	1 345 052 006
Offshore borrowings	-	15 576 619	15 576 619	43 664 682	74 817 920
Lease liability	-	-	-	13 250 979	13 250 979
Total	1 316 132 562	41 681 539	18 365 773	56 941 031	1 433 120 905
Period gap	(1 058 114 667)	51 597 385	244 031 361	358 435 992	(404 049 929)
Cumulative gap	(1 058 114 667)	(1 006 517 282)	(762 485 921)	(404 049 929)	-
As at 31 December 2018					
ASSETS					
Cash and short term funds	16 251 346	-	155 288 846	-	171 540 192
Money market investments	62 115 538	-	-	-	62 115 538
Treasury bills	12 423 108	284 753 180	254 375 606	655 647 135	1 207 199 029
Advances and other accounts	117 146 770	67 502 623	56 959 250	464 005 350	705 613 993
Investment securities	-	-	-	158 055 205	158 055 205
Total	207 936 762	352 255 803	466 623 702	1 277 707 690	2 304 523 957
LIABILITIES					
Deposits and other accounts	2 220 191 984	395 766 153	25 769 465	185 284	2 641 912 886



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019



AUDITED FINANCIAL RESULTS for the year ended 31 December 2019

STATEMENTS OF FINANCIAL POSITION As at 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
ASSETS				
Cash and cash equivalents	11 977 982	112 251 980	11 977 982	18 071 482
Money market investments	2 003 562	-	2 003 562	-
Loans and other advances	13 925 967	63 015 086	13 925 967	10 144 819
Inventories, trade and other receivables	17 575 617	5 275 427	17 446 958	797 829
Investment securities	687 187	749 998	687 187	120 742
Right of use assets	143 471	577 299	143 471	92 940
Investment properties	104 421 716	46 887 914	104 421 716	7 548 500
Investments in subsidiaries	65 174 472	34 475 637	65 174 750	5 527 766
Property and equipment	16 541 331	6 575 928	16 541 331	1 058 661
Total assets	232 451 305	269 809 269	232 322 924	43 362 739
LIABILITIES				
Deposits from customers	38 731 407	129 420 487	38 731 407	20 835 445
Trade and other payables	2 921 916	19 608 311	2 921 916	3 156 749
Lease liabilities	143 471	577 903	143 471	93 037
Deferred tax liabilities	5 759 446	9 300 827	5 759 446	417 925
Total liabilities	47 556 240	158 907 528	47 556 240	24 503 156
EQUITY				
Share capital	8 834 175	8 834 175	954 814	954 814
Share premium	82 316 806	82 316 806	8 896 953	8 896 953
Reserves	93 744 084	19 750 760	174 914 917	9 007 816
Total equity	184 895 065	110 901 741	184 766 684	18 859 583
Total equity and liabilities	232 451 305	269 809 269	232 322 924	43 362 739

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Interest and related income	11 635 295	14 484 967	4 170 679	1 784 291
Interest and related expense	(1 243 354)	(2 974 669)	(389 898)	(360 144)
Net interest income	10 391 941	11 510 298	3 780 781	1 424 147
Allowance for loan impairment	(730 998)	(2 534 637)	(730 998)	(408 052)
Net income from lending activities	9 660 943	8 975 661	3 049 783	1 016 095
Trading and other income	21 852 149	29 890 504	10 137 453	3 671 643
Fair value adjustments	88 169 826	(23 648 405)	139 823 175	1 222 839
Total income	119 682 918	15 217 760	153 010 411	5 910 577
Total operating expenses	(33 301 494)	(46 149 870)	(14 407 210)	(5 438 075)
Operating profit / (loss)	86 381 424	(30 932 110)	138 603 201	472 502
Net monetary loss	(26 715 760)	(14 091 661)	-	-
Profit / (loss) before taxation	59 665 664	(45 023 771)	138 603 201	472 502
Income tax credit / (expense)	3 847 141	(6 086 215)	(4 274 470)	(45 997)
Profit / (loss) for the year	63 512 805	(51 109 986)	134 328 731	426 505
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Gains on property and equipment revaluation	11 581 047	254 575	14 084 921	207 051
Related tax	(305 760)	(12 729)	(440 164)	(10 353)
Other comprehensive income for the year, net of tax	11 275 287	241 846	13 644 757	196 698
Total comprehensive income / (loss) for the year	74 788 092	(50 868 140)	147 973 488	623 203
Earnings / (loss) per share				
Basic and fully diluted earnings / (loss) per share (ZW cents)	66.26	(53.53)	140.69	0.45

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2019

	Ordinary shares ZWS	Share premium ZWS	General reserve ZWS	Revaluation reserve ZWS	Retained income/(loss) ZWS	Total ZWS
Inflation Adjusted						
Balance at 1 January 2018	8 834 175	82 316 806	242 503	272 396	72 072 881	163 738 761
Changes in accounting policy						
Changes on initial application of IFRS 9	-	-	-	-	(302 811)	(302 811)
Changes on initial application of IFRS 16	-	-	-	-	(13 429)	(13 429)
Restated balance at 1 January 2018	8 834 175	82 316 806	242 503	272 396	71 756 641	163 422 521
Changes in equity for 2018						
Profit or loss						
Loss for the year	-	-	-	-	(51 109 986)	(51 109 986)
Other comprehensive income, net of tax						
Revaluation of property	-	-	-	241 846	-	241 846
Transactions with owners of the Society:						
Dividends paid	-	-	-	-	(1 652 640)	(1 652 640)
Other movements						
Regulatory reserve in respect of doubtful debts	-	-	(242 503)	-	242 503	-
Balance at 1 January 2019	8 834 175	82 316 806	-	514 242	19 236 518	110 901 741
Changes in equity for 2019						
Profit or loss						
Profit for the year	-	-	-	-	63 512 805	63 512 805
Other comprehensive income, net of tax						
Revaluation of property	-	-	-	11 275 287	-	11 275 287
Transactions with owners of the Society:						
Dividends paid	-	-	-	-	(794 768)	(794 768)
Balance at 31 December 2019	8 834 175	82 316 806	-	11 789 529	81 954 555	184 895 065

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2019

	Ordinary shares ZWS	Share premium ZWS	Functional currency translation reserve ZWS	General reserve ZWS	Revaluation reserve ZWS	Retained income/(loss) ZWS	Total ZWS
Historical Cost*							
Balance at 1 January 2018	954 814	8 896 953	-	26 559	26 250	8 554 886	18 459 462
Changes in accounting policy							
Changes on initial application of IFRS 9	-	-	-	-	-	(34 310)	(34 310)
Changes on initial application of IFRS 16	-	-	-	-	-	(1 522)	(1 522)
Restated balance at 1 January 2018	954 814	8 896 953	-	26 559	26 250	8 519 054	18 423 630
Changes in equity for 2018							
Profit or loss							
Profit for the year	-	-	-	-	-	426 505	426 505
Other comprehensive income, net of tax							
Revaluation of property	-	-	-	-	196 698	-	196 698
Transactions with owners of the Society:							
Dividends paid	-	-	-	-	-	(187 250)	(187 250)
Other movements							
Regulatory reserve in respect of doubtful debts	-	-	-	(26 559)	-	26 559	-
Balance at 1 January 2019	954 814	8 896 953	-	-	222 948	8 784 868	18 859 583
Effects of change in reporting currency	-	-	18 061 563	-	-	-	18 061 563
Changes in equity for 2019							
Profit or loss							
Profit for the year	-	-	-	-	-	134 328 731	134 328 731
Other comprehensive income, net of tax							
Revaluation of property	-	-	-	-	13 644 757	-	13 644 757
Transactions with owners of the Society:							
Dividends paid	-	-	-	-	-	(127 950)	(127 950)
Balance at 31 December 2019	954 814	8 896 953	18 061 563	-	13 867 705	142 985 649	184 766 684

STATEMENT OF CASH FLOWS For the year ended 31 December 2019

	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Cash (used in) / generated from operating activities				
Interest received	(109 922 484)	76 394 859	(10 274 552)	13 863 806
Interest paid	11 635 295	14 484 967	4 170 679	1 784 291
Interest received	(1 243 354)	(2 974 669)	(389 898)	(360 144)
Net cash (used in) / generated from operating activities	(99 530 543)	87 905 157	(6 493 771)	15 287 953
Cash flows from investing activities				
Proceeds from disposal of property and equipment	-	34 510	-	5 556
Purchase of property and equipment	(190 695)	(222 271)	(30 700)	(25 184)
Dividends received	776 691	1 375 902	564 138	179 194
Net cash used in investing activities	585 996	1 188 141	533 438	159 566
Cash flows from financing activities				
Dividend paid	(794 768)	(1 652 640)	(127 950)	(187 250)
Interest expense on operating lease liabilities	(534 683)	(74 648)	(5 217)	(8 458)
Net cash used in financing activities	(1 329 451)	(1 727 288)	(133 167)	(195 708)
Net (decrease) / increase in cash and cash equivalents				
Cash and cash equivalents at beginning of year	(100 273 998)	87 366 010	(6 093 500)	15 251 811
Cash and cash equivalents at end of year	112 251 980	24 885 970	18 071 482	2 819 671

*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies and IAS 21: The Effect of Changes in Foreign Exchange Rates. As a result the auditors have not expressed an opinion on the historic financial information.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
1. CASH AND CASH EQUIVALENTS				
Cash on hand	1 002 420	1 176 614	1 002 420	189 423
Local bank accounts	9 351 683	3 770 887	9 351 683	607 077
Balances at the RBZ	1 623 879	107 304 479	1 623 879	17 274 982
Total	11 977 982	112 251 980	11 977 982	18 071 482
2. MONEY MARKET INVESTMENTS				
Fixed deposits	2 003 562	-	2 003 562	-
Fixed deposits are investments in money market instruments on an unsecured basis. Fixed deposits on average run for 30 days on an average interest rate of 5.5% per annum (2018: 2%).				
These money market investments are short term in nature and the carrying amount approximates the fair value, thus these have been classified as level 2 financial instruments in the fair value hierarchy.				
3. LOANS AND ADVANCES				
3.1 Categories of loans and advances				
Mortgages loans				
Residential properties	4 890 687	27 325 835	4 890 687	4 399 195
Commercial properties	84 610	531 945	84 610	85 638
Total	4 975 297	27 857 780	4 975 297	4 484 833
Other loans and advances				
Loans and overdrafts	10 971 673	43 170 239	10 971 673	6 949 991
Gross loans and advances	15 946 970	71 028 019	15 946 970	11 434 824
Less: Allowance for loan impairment	(2 021 003)	(8 012 933)	(2 021 003)	(1 290 005)
Net advances	13 925 967	63 015 086	13 925 967	10 144 819
3.2 Maturity analysis				
Within 1 month	3 171 990	9 094 789	3 171 990	1 464 174
Between 2 – 6 months	192 285	2 181 475	192 285	351 196
Between 7 – 12 months	1 148 534	5 661 592	1 148 534	911 462
After 12 months	11 434 161	54 090 163	11 434 161	8 707 992
Total	15 946 970	71 028 019	15 946 970	11 434 824
3.3 Loans and advances to customers by business line				
Mortgage lending	4 975 297	27 857 780	4 975 297	4 484 833
Consumer lending	10 782 780	42 010 888	10 782 780	6 763 346
Small business lending	188 893	1 159 351	188 893	186 645
Total	15 946 970	71 028 019	15 946 970	11 434 824
3.4 Mortgage loans spread				
Residential high density	1 119 273	2 116 098	1 119 273	340 672
Residential medium density	1 312 452	8 998 474	1 312 452	1 448 667
Residential low density	2 458 962	16 211 263	2 458 962	2 609 856
Commercial	84 610	531 945	84 610	85 638
Total	4 975 297	27 857 780	4 975 297	4 484 833
3.5 Non-performing debt				
Non-performing loans and advances	486 545	4 604 957	486 545	741 353
Less: Allowance for loan impairment	(263 469)</			



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
3.6 Sectoral analysis				
Private	15 758 077	69 868 669	15 758 077	11 248 180
Manufacturing	-	74 887	-	12 056
Services	188 893	1 084 463	188 893	174 588
Total	15 946 970	71 028 019	15 946 970	11 434 824

3.7 Internal rating scale of advances and other accounts

The table below shows the credit quality and the maximum exposure for credit risk based on the Society's internal credit rating system and period end stage classification.

	Inflation Adjusted 2019				Inflation Adjusted 2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances								
Good (AAA to BBB-)	14 737 626	202 491	79 292	15 019 409	62 574 286	721 448	972 289	64 268 023
Special mention (BB+ to CCC-)	323 740	9 873	9 649	343 262	1 852 745	764 673	46 375	2 663 793
Non-performing (CC+ to D)	-	-	584 299	584 299	-	-	4 096 203	4 096 203
Total	15 061 366	212 364	673 240	15 946 970	64 427 031	1 486 121	5 114 867	71 028 019
Mortgage lending								
Good (AAA to BBB-)	4 516 004	124 987	54 072	4 695 063	22 115 987	164 302	841 082	23 121 371
Special mention (BB+ to CCC-)	102 763	-	3 134	105 897	1 852 745	717 975	20 796	2 591 516
Non-performing (CC+ to D)	-	-	174 337	174 337	-	-	2 144 893	2 144 893
Total	4 618 767	124 987	231 543	4 975 297	23 968 732	882 277	3 006 771	27 857 780
Consumer lending								
Good (AAA to BBB-)	10 179 600	77 492	25 175	10 282 267	39 817 054	546 530	130 884	40 494 468
Special mention (BB+ to CCC-)	219 198	637	6 515	226 350	-	46 698	25 579	72 277
Non-performing (CC+ to D)	-	-	274 163	274 163	-	-	1 444 143	1 444 143
Total	10 398 798	78 129	305 853	10 782 780	39 817 054	593 228	1 600 606	42 010 888
Small business lending								
Good (AAA to BBB-)	42 022	11	45	42 078	641 245	10 616	323	652 184
Special mention (BB+ to CCC-)	1 779	9 237	-	11 016	-	-	-	-
Non-performing (CC+ to D)	-	-	135 799	135 799	-	-	507 167	507 167
Total	43 801	9 248	135 844	188 893	641 245	10 616	507 490	1 159 351

	Historical Cost 2019				Historical Cost 2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances								
Good (AAA to BBB-)	14 737 626	202 491	79 292	15 019 409	10 073 855	116 146	156 530	10 346 531
Special mention (BB+ to CCC-)	323 740	9 873	9 649	343 262	298 274	123 105	7 466	428 845
Non-performing (CC+ to D)	-	-	584 299	584 299	-	-	659 448	659 448
Total	15 061 366	212 364	673 240	15 946 970	10 372 129	239 251	823 444	11 434 824
Mortgage lending								
Good (AAA to BBB-)	4 516 004	124 987	54 072	4 695 063	3 560 460	26 451	135 406	3 722 317
Special mention (BB+ to CCC-)	102 763	-	3 134	105 897	298 274	115 587	3 348	417 209
Non-performing (CC+ to D)	-	-	174 337	174 337	-	-	345 307	345 307
Total	4 618 767	124 987	231 543	4 975 297	3 858 734	142 038	484 061	4 484 833
Consumer lending								
Good (AAA to BBB-)	10 179 600	77 492	25 175	10 282 267	6 410 161	87 986	21 071	6 519 218
Special mention (BB+ to CCC-)	219 198	637	6 515	226 350	-	7 518	4 118	11 636
Non-performing (CC+ to D)	-	-	274 163	274 163	-	-	232 492	232 492
Total	10 398 798	78 129	305 855	10 782 780	6 410 161	95 504	257 681	6 763 346
Small business lending								
Good (AAA to BBB-)	42 022	11	45	42 078	103 234	1 709	53	104 996
Special mention (BB+ to CCC-)	1 779	9 237	-	11 016	-	-	-	-
Non-performing (CC+ to D)	-	-	135 799	135 799	-	-	81 649	81 649
Total	43 801	9 248	135 844	188 893	103 234	1 709	81 702	186 645

An analysis of changes in ECL in relation to loans and advances are as follows

	Inflation Adjusted 2019				Inflation Adjusted 2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total ECL for loans and advances								
Good (AAA to BBB-)	1 680 346	67 015	31 829	1 779 190	5 972 071	66 488	332 256	6 370 815
Special mention (BB+ to CCC-)	55 354	2 322	4 833	62 509	343 996	151 189	8 908	504 093
Non-performing (CC+ to D)	-	-	179 304	179 304	-	-	1 138 025	1 138 025
Total	1 735 700	69 337	215 966	2 021 003	6 316 067	217 677	1 479 189	8 012 933
ECL for mortgage lending								
Good (AAA to BBB-)	688 483	44 671	23 202	756 356	3 207 951	43 133	299 397	3 550 481
Special mention (BB+ to CCC-)	15 284	-	1 309	16 593	271 482	151 189	6 336	429 007
Non-performing (CC+ to D)	-	-	84 169	84 169	-	-	769 624	769 624
Total	703 767	44 671	108 680	857 118	3 479 433	194 322	1 075 357	4 749 112
ECL for consumer lending								
Good (AAA to BBB-)	984 288	22 333	8 618	1 015 239	2 749 809	22 678	32 722	2 805 209
Special mention (BB+ to CCC-)	37 733	922	2 967	41 622	72 514	-	2 572	75 086
Non-performing (CC+ to D)	-	-	54 747	54 747	-	-	160 003	160 003
Total	1 022 021	23 255	66 332	1 111 608	2 822 323	22 678	195 297	3 040 298
ECL for small business lending								
Good (AAA to BBB-)	7 574	11	9	7 594	14 311	677	137	15 125
Special mention (BB+ to CCC-)	2 338	1 400	557	4 295	-	-	-	-
Non-performing (CC+ to D)	-	-	40 388	40 388	-	-	208 398	208 398
Total	9 912	1 411	40 954	52 277	14 311	677	208 535	223 523

	Historical Cost 2019				Historical Cost 2018			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total ECL for loans and advances								
Good (AAA to BBB-)	1 680 346	67 015	31 829	1 779 190	961 446	10 704	53 490	1 025 640
Special mention (BB+ to CCC-)	55 354	2 322	4 833	62 509	55 380	24 340	1 434	81 154
Non-performing (CC+ to D)	-	-	179 304	179 304	-	-	183 211	183 211
Total	1 735 700	69 337	215 966	2 021 003	1 016 826	35 044	238 135	1 290 005
ECL for mortgage lending								
Good (AAA to BBB-)	688 483	44 671	23 202	756 356	516 449	6 944	48 200	571 593
Special mention (BB+ to CCC-)	15 284	-	1 309	16 593	43 706	24 340	1 020	69 066
Non-performing (CC+ to D)	-	-	84 169	84 169	-	-	123 902	123 902
Total	703 767	44 671	108 680	857 118	560 155	31 284	173 122	764 561
ECL for consumer lending								
Good (AAA to BBB-)	984 288	22 333	8 618	1 015 239	442 693	3 651	5 268	451 612
Special mention (BB+ to CCC-)	37 733	922	2 967	41 622	11 674	-	414	12 088
Non-performing (CC+ to D)	-	-	54 747	54 747	-	-	25 759	25 759
Total	1 022 021	23 255	66 332	1 111 608	454 367	3 651	31 441	489 459
ECL for small business lending								
Good (AAA to BBB-)	7 574	11	9	7 594	2 304	109	22	2 435
Special mention (BB+ to CCC-)	2 338	1 400	557	4 295	-	-	-	-
Non-performing (CC+ to D)	-	-	40 388	40 388	-	-	33 550	33 550
Total	9 912	1 411	40 954	52 277	2 304	109	33 572	35 985

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
4. INVENTORIES, TRADE AND OTHER RECEIVABLES				
Interest receivable	-	10 274	-	1 654
Sundry debtors and other accounts	6 020 200	2 263 241	6 020 200	364 360
Inventories	803 661	1 996 788	675 000	270 000
Intercompany balances	348 240	10 928	348 240	1 759
Prepayments	10 403 516	994 196	10 403 516	160 056
Total	17 575 617	5 275 427	17 446 958	797 829

5. INVESTMENT SECURITIES

5.1 Assets at fair value through profit or loss

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Unlisted share investments				
Balance at beginning of year	749 998	846 368	120 742	95 897
Fair value (loss) / gain	(62 811)	(96 370)	566 445	24 845
Balance at end of year	687 187	749 998	687 187	120 742
5.2 Measurement of fair value				
The fair value of investment securities has been categorised into Level 3 of the fair value hierarchy				

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
6. RIGHT OF USE ASSETS				
Balance at beginning of year	577 299	-	92 940	-
Initial adoption of IFRS 16	-	769 732	-	123 920
Arising from lease reassessments	81 511	-	8	



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
13 DEFERRED TAX LIABILITIES				
Deferred tax movement				
Balance at beginning of year	9 300 827	3 201 883	417 925	361 575
Effects of change in functional currency	-	-	626 887	-
Charge to statement of profit or loss	(3 847 141)	6 086 215	4 274 470	45 997
From revaluation of property	305 760	12 729	440 164	10 353
	<u>5 759 446</u>	<u>9 300 827</u>	<u>5 759 446</u>	<u>417 925</u>
Deferred tax comprises				
Property and equipment	538 360	357 447	538 360	40 500
Investment property	5 221 086	8 943 380	5 221 086	377 425
	<u>5 759 446</u>	<u>9 300 827</u>	<u>5 759 446</u>	<u>417 925</u>
14 EQUITY AND RESERVES				
14.1 Share capital				
Authorised				
100 000 000 ordinary shares of ZW\$0.01 each	1 000 000	1 000 000	1 000 000	1 000 000
Issued and fully paid				
95 481 425 ordinary shares of ZW\$0.01 each	8 834 175	8 834 175	954 814	954 814
Share premium	82 316 806	82 316 806	8 896 953	8 896 953
14.2 Reserves				
Functional currency translation reserve				
Revaluation reserves	11 789 529	514 242	13 867 705	222 948
Retained income	81 954 555	19 236 518	142 985 649	8 784 868
Total reserves	<u>93 744 084</u>	<u>19 750 760</u>	<u>174 914 917</u>	<u>9 007 816</u>
14.3 Capital adequacy				
Share capital	8 834 175	8 834 175	954 814	954 814
Share premium	82 316 806	82 316 806	8 896 953	8 896 953
Retained earnings	81 954 555	19 236 518	142 985 650	8 784 868
Tier 1 Capital	<u>173 105 536</u>	<u>110 387 499</u>	<u>152 837 417</u>	<u>18 636 635</u>
Functional currency translation reserve				
Revaluation reserves	11 789 529	514 242	13 867 705	222 948
Tier 2 Capital	<u>11 789 529</u>	<u>514 242</u>	<u>31 929 268</u>	<u>222 948</u>
Total capital base	<u>184 895 065</u>	<u>110 901 741</u>	<u>184 766 685</u>	<u>18 859 583</u>
Credit risk weighted assets				
Operational risk equivalent assets	220 030 133	137 705 986	220 030 133	22 169 330
Total risk weighted assets	<u>302 221 148</u>	<u>191 211 535</u>	<u>302 221 148</u>	<u>30 783 205</u>
Tier 1 ratio	57.28%	57.73%	50.57%	60.54%
Tier 2 ratio	3.90%	0.27%	10.56%	0.72%
Capital adequacy ratio	61.18%	58.00%	61.13%	61.26%
15 NET INTEREST AND RELATED INCOME				
15.1 Interest and related income				
Mortgage advances	1 372 559	3 611 310	443 056	434 612
Consumer loans	8 913 139	5 276 463	2 378 027	661 662
Short term funds and securities	1 322 423	4 418 706	1 322 423	667 001
Other	27 174	1 178 488	27 173	21 016
	<u>11 635 295</u>	<u>14 484 967</u>	<u>4 170 679</u>	<u>1 784 291</u>
15.2 Interest and related expense				
Fixed deposits	601 403	2 335 443	289 091	282 802
Savings accounts	641 951	639 226	100 807	77 342
	<u>1 243 354</u>	<u>2 974 669</u>	<u>389 898</u>	<u>360 144</u>
Net interest and related income	<u>10 391 941</u>	<u>11 510 298</u>	<u>3 780 781</u>	<u>1 424 147</u>
16 LOAN IMPAIRMENT ALLOWANCE MOVEMENT				
Balance at beginning of year	8 012 933	3 865 234	1 290 005	622 266
Initial adoption of IFRS 9	-	1 613 062	-	259 687
Effect of changes in the general price level	(6 722 928)	-	-	-
Charge to statement of profit or loss	730 998	2 534 637	730 998	408 052
Balance at end of year	<u>2 021 003</u>	<u>8 012 933</u>	<u>2 021 003</u>	<u>1 290 005</u>
17 TRADING AND OTHER INCOME				
Commissions and fees	18 458 249	25 415 491	7 802 527	3 094 044
Operating lease rental income	1 330 681	2 175 426	601 816	271 318
Exchange gains	1 103 377	338 570	1 103 377	54 506
Loss on disposal of equipment	-	(15 098)	-	(65)
Dividend income	776 691	1 375 902	564 138	179 194
Other	181 151	600 213	65 595	72 646
	<u>21 852 149</u>	<u>29 890 504</u>	<u>10 137 453</u>	<u>3 671 643</u>
18 FAIR VALUE ADJUSTMENT				
Fair value adjustment on:				
Investment securities	(62 811)	(96 370)	566 445	24 845
Investment properties	57 533 802	(10 758 077)	85 550 466	1 017 000
Investments in subsidiaries	30 698 835	(12 793 958)	53 706 264	180 994
	<u>88 169 826</u>	<u>(23 648 405)</u>	<u>139 823 175</u>	<u>1 222 839</u>
19 OPERATING EXPENSES				
Operating expenses comprise of the following:				
Staff cost	5 023 314	8 566 208	1 753 523	1 059 622
Communication expenses	126 270	138 512	65 916	16 851
Computer and information technology	5 601 653	5 315 987	2 598 102	646 038
Occupation expenses	814 767	1 616 800	364 242	195 697
Transport costs	150 399	168 394	72 633	20 920
Security	535 526	748 855	215 776	91 200
Administration expenses	21 049 565	29 595 114	9 337 018	3 407 747
	<u>33 301 494</u>	<u>46 149 870</u>	<u>14 407 210</u>	<u>5 438 075</u>
Audit fees	1 128 094	648 690	343 800	74 414
Directors fees	143 739	234 723	43 806	28 384
Depreciation of property and equipment	1 806 338	650 415	290 804	73 694
Depreciation charge on right of use assets	71 608	192 433	30 980	30 890
Operating lease liabilities finance cost	534 683	74 648	5 217	8 458
Impairment of assets	-	2 035 231	-	61 786
20 INCOME TAX EXPENSE				
Deferred tax expense	(3 847 141)	6 086 215	4 274 470	45 997
Total tax expense recognised in statement of profit or loss	<u>(3 847 141)</u>	<u>6 086 215</u>	<u>4 274 470</u>	<u>45 997</u>

21 RISK MANAGEMENT

21.1 Financial assets and financial liabilities classification and fair value

The following table shows the carrying amounts and the fair value of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	CARRYING AMOUNT				FAIR VALUE			
	Designated at fair value ZWS	Amortised cost ZWS	Financial liabilities ZWS	Total ZWS	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Total ZWS
Inflation Adjusted								
As at 31 December 2019								
Financial assets measured at fair value								
Investment securities	687 187	-	-	687 187	-	-	687 187	687 187
Financial assets not measured at fair value								
Trade and other receivables	-	16 771 958	-	16 771 958	-	-	-	16 771 958
Loans and advances	-	13 925 967	-	13 925 967	-	-	-	13 925 967
Money market investments	-	2 003 562	-	2 003 562	-	-	-	2 003 562
Cash and cash equivalents	-	11 977 982	-	11 977 982	-	-	-	11 977 982
	-	<u>44 679 469</u>	-	<u>44 679 469</u>	-	-	-	<u>44 679 469</u>
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(2 921 916)	(2 921 916)	-	-	-	(2 921 916)
Deposits from customers	-	-	(38 731 407)	(38 731 407)	-	-	-	(38 731 407)
	-	-	<u>(41 653 323)</u>	<u>(41 653 323)</u>	-	-	-	<u>(41 653 323)</u>
As at 31 December 2018								
Financial assets measured at fair value								
Investment securities	749 998	-	-	749 998	-	-	749 998	749 998
Financial assets not measured at fair value								
Trade and other receivables	-	3 278 639	-	3 278 639	-	-	-	3 278 639
Loans and advances	-	63 015 086	-	63 015 086	-	-	-	63 015 086
Cash and cash equivalents	-	112 251 980	-	112 251 980	-	-	-	112 251 980
	-	<u>178 545 705</u>	-	<u>178 545 705</u>	-	-	-	<u>178 545 705</u>
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(19 608 311)	(19 608 311)	-	-	-	(19 608 311)
Deposits from customers	-	-	(129 420 487)	(129 420 487)	-	-	-	(129 420 487)
	-	-	<u>(149 028 798)</u>	<u>(149 028 798)</u>	-	-	-	<u>(149 028 798)</u>

	CARRYING AMOUNT				FAIR VALUE			
	Designated at fair value ZWS	Amortised cost ZWS	Financial liabilities ZWS	Total ZWS	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Total ZWS
Historical cost								
As at 31 December 2019								
Financial assets measured at fair value								
Investment securities	687 187	-	-	687 187	-	-	687 187	687 187
Financial assets not measured at fair value								
Trade and other receivables	-	16 771 958	-	16 771 958	-	-	-	16 771 958
Loans and advances	-	13 925 967	-	13 925 967	-	-	-	13 925 967
Money market investments	-	2 003 562	-	2 003 562	-	-	-	2 003 562
Cash and cash equivalents	-	11 977 982	-	11 977 982	-	-	-	11 977 982
	-	<u>44 679 469</u>	-	<u>44 679 469</u>	-	-	-	<u>44 679 469</u>
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(2 921 916)	(2 921 916)	-	-	-	(2 921 916)
Deposits from customers	-	-	(38 731 407)	(38 731 407)	-	-	-	(38 731 407)
	-	-	<u>(41 653 323)</u>	<u>(41 653 323)</u>	-	-	-	<u>(41 653 323)</u>
As at 31 December 2018								
Financial assets measured at fair value								
Investment securities	120 742	-	-	120 742	-	-	120 742	120 742
Financial assets not measured at fair value								
Trade and other receivables	-	527 829	-	527 829	-	-	-	527 829
Loans and advances	-	10 144 819	-	10 144 819	-	-	-	10 144 819
Cash and cash equivalents	-	18 071 482	-	18 071 482	-	-	-	18 071 482
	-	<u>28 744 130</u>	-	<u>28 744 130</u>	-	-	-	<u>28 744 130</u>
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(3 156 749)	(3 156 749)	-	-	-	(3 156 749)
Deposits from customers	-	-	(20 835 445)	(20 835 445)	-	-	-	(20 835 445)
	-	-	<u>(23 992 194)</u>	<u>(23 992 194)</u>	-	-	-	<u>(23 992 194)</u>

21.2 Interest rate risk

21.2.1 Interest rate gap analysis

	1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Carrying amount ZWS
Inflation adjusted					
As at 31 December 2019					
Financial assets by type					
Local bank accounts	9 351 682	-	-	-	9 351 682
Money market investments	2 003 562	-	-	-	2 003 562
Loans and other advances	2 659 855	157			



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

21.2.1 Interest rate gap analysis (continued)

	1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Carrying amount ZWS
Historical cost					
As at 31 December 2019					
Financial assets by type					
Local bank accounts	9 351 682	-	-	-	9 351 682
Money market investments	2 003 562	-	-	-	2 003 562
Loans and other advances	2 659 855	157 044	1 107 320	10 001 748	13 925 967
	14 015 099	157 044	1 107 320	10 001 748	25 281 211
Financial liabilities by type					
Deposits from customers	29 834 186	46 748	4 667 451	4 183 022	38 731 407
Sensitivity gap	(15 819 087)	110 296	(3 560 131)	5 818 726	(13 450 196)
Cumulative gap	(15 819 087)	(15 708 791)	(19 268 922)	(13 450 196)	-
As at 31 December 2018					
Financial assets by type					
Local bank accounts	16 953 240	-	-	-	16 953 240
Loans and other advances	1 464 174	751 196	931 462	6 997 987	10 144 819
	18 417 414	751 196	931 462	6 997 987	27 098 059
Financial liabilities by type					
Deposits from customers	16 397 514	21 843	81 126	4 334 962	20 835 445
Sensitivity gap	2 019 900	729 353	850 336	2 663 025	6 262 614
Cumulative gap	2 019 900	2 749 253	3 599 589	6 262 614	-

21.3 Liquidity risk

21.3.1 Liquidity gap analysis

	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Gross nominal inflow/ (outflow) ZWS	Carrying amount ZWS
Inflation adjusted						
As at 31 December 2019						
Financial assets by type						
Cash and cash equivalents	11 977 982	-	-	-	11 977 982	11 977 982
Money market investments	2 012 974	-	-	-	2 012 974	2 003 562
Loans and other advances	3 184 111	243 499	1 211 655	17 575 375	22 214 640	13 925 967
Investment securities	-	-	-	687 187	687 187	687 187
	17 175 067	243 499	1 211 655	18 262 562	36 892 783	28 594 698
Financial liabilities by type						
Deposits from customers	29 834 186	48 172	4 679 872	5 397 133	39 959 363	38 731 407
Trade and other payables	-	2 921 916	-	-	2 921 916	2 921 916
	29 834 186	2 970 088	4 679 872	5 397 133	42 881 279	41 653 323
Sensitivity gap	(12 659 119)	(2 726 589)	(3 468 217)	12 865 429	(5 988 496)	(13 058 625)
Cumulative gap	(12 659 119)	(15 385 708)	(18 853 925)	(5 988 496)	-	-
As at 31 December 2018						
Financial assets by type						
Cash and cash equivalents	112 251 980	-	-	-	112 251 980	112 251 980
Loans and other advances	9 094 791	2 181 475	5 661 592	128 715 797	145 653 655	63 015 086
Investment securities	-	-	-	749 998	749 998	749 998
	121 346 771	2 181 475	5 661 592	129 465 795	258 655 633	176 017 064
Financial liabilities by type						
Deposits from customers	95 021 333	135 679	503 919	41 469 412	137 130 343	129 420 487
Trade and other payables	-	19 608 311	-	-	19 608 311	19 608 311
	95 021 333	19 743 990	503 919	41 469 412	156 738 654	149 028 798
Sensitivity gap	26 325 438	(17 562 515)	5 157 673	87 996 383	101 916 979	26 988 266
Cumulative gap	26 325 438	8 762 923	13 920 596	101 916 979	-	-

21.3.1 Liquidity gap analysis (continued)

	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Gross nominal inflow/ (outflow) ZWS	Carrying amount ZWS
Historical cost						
As at 31 December 2019						
Financial assets by type						
Cash and cash equivalents	11 977 982	-	-	-	11 977 982	11 977 982
Money market investments	2 012 974	-	-	-	2 012 974	2 003 562
Loans and other advances	3 184 111	243 499	1 211 655	17 575 375	22 214 640	13 925 967
Investment securities	-	-	-	687 187	687 187	687 187
	17 175 067	243 499	1 211 655	18 262 562	36 892 783	28 594 698
Financial liabilities by type						
Deposits from customers	29 834 186	48 172	4 679 872	5 397 133	39 959 363	38 731 407
Trade and other payables	-	2 921 916	-	-	2 921 916	2 921 916
	29 834 186	2 970 089	4 679 872	5 397 133	42 881 280	41 653 324
Sensitivity gap	(12 659 119)	(2 726 589)	(3 468 217)	12 865 429	(5 988 496)	(13 058 625)
Cumulative gap	(12 659 119)	(15 385 708)	(18 853 925)	(5 988 496)	-	-
As at 31 December 2018						
Financial assets by type						
Cash and cash equivalents	18 071 482	-	-	-	18 071 482	18 071 482
Loans and other advances	1 464 173	351 196	911 462	20 721 997	23 448 828	10 144 819
Investment securities	-	-	-	120 742	120 742	120 742
	19 535 655	351 196	911 462	20 842 739	41 641 052	28 337 043
Financial liabilities by type						
Deposits from customers	15 297 514	21 843	81 126	6 676 174	22 076 657	20 835 445
Trade and other payables	-	3 156 749	-	-	3 156 749	3 156 749
	15 297 514	3 178 592	81 126	6 676 174	25 233 406	23 992 194
Sensitivity gap	4 238 141	(2 827 396)	830 336	14 166 565	16 407 646	4 344 849
Cumulative gap	4 238 141	1 410 745	2 241 081	16 407 646	-	-

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
21.3.2 Liquidity ratios				
Total liquid assets	13 981 544	112 251 980	13 981 544	18 071 482
Deposits from customers	38 731 407	129 420 487	38 731 407	20 835 445
Liquidity ratio	36%	87%	36%	87%
Average for the year	56%	80%	56%	80%
Maximum for the year	93%	112%	93%	112%
Minimum for the year	35%	54%	35%	54%
Minimum statutory liquidity ratio	30%	30%	30%	30%



Realise your dream with a ZB mortgage.



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019



AUDITED FINANCIAL RESULTS for the year ended 31 December 2019

STATEMENTS OF FINANCIAL POSITION As at 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
ASSETS				
Non-current assets				
Cash and cash equivalents	172 638	81 451	172 638	13 113
Funds on deposit	2 468 553	17 159 020	2 468 553	2 762 436
Reinsurance claim receivable	217 453	31 058	217 453	5 000
Inventories trade and other receivables	1 711 281	6 209 368	1 711 281	999 646
Investment securities	103 628 544	119 583 673	103 628 544	19 251 813
Treasury Bills and Bonds	4 505 215	26 748 028	4 505 215	4 306 173
Investment properties	46 302 916	20 764 293	46 302 916	3 342 850
Right of use asset	1 083 460	3 922 118	1 083 460	631 423
Equity accounted investments	366 912 394	162 894 669	364 786 118	28 569 430
Intangible assets	32 078 478	6 646 980	32 078 478	736 468
Equipment	5 334 298	3 678 811	5 334 298	592 253
TOTAL ASSETS	564 415 230	367 719 469	562 288 954	61 210 605
LIABILITIES				
Life assurance funds	239 621 699	219 050 940	238 655 969	37 439 715
Operating lease liabilities	1 058 525	3 926 218	1 058 525	632 083
Deferred tax liability	24 074 890	8 926 988	11 831 124	986 149
Trade and other payables	6 495 984	16 516 840	6 495 984	2 659 051
Provisions	2 572 118	2 620 110	2 572 118	421 812
Reinsurance premium payable	172 513	599 062	172 513	96 443
Taxation	684 282	296 471	684 282	47 729
	274 680 011	251 936 629	261 470 515	42 282 982
EQUITY				
Share capital	2 147 857	2 147 857	231 908	231 908
Share premium	41 041 120	41 041 120	4 431 623	4 431 623
Investment reserve	117 351 328	-	117 351 328	9 217 528
Revaluation reserve	29 678 472	3 431 527	37 353 225	508 637
Foreign currency translation reserve	-	-	29 155 989	-
Retained earnings	99 516 442	69 162 336	112 294 366	4 537 927
Total equity	289 735 219	115 782 840	300 818 439	18 927 623
TOTAL EQUITY AND LIABILITIES	564 415 230	367 719 469	562 288 954	61 210 605

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
INCOME				
Gross premium income	56 987 915	112 723 787	21 939 086	13 750 160
Premiums ceded to reinsurers	(2 928 621)	(5 735 152)	(1 012 390)	(712 899)
Net premiums	54 059 294	106 988 635	20 926 696	13 037 261
Fair value adjustments on fair value through profit or loss financial instruments	(30 283 799)	(18 377 695)	75 117 355	3 092 676
Fair value adjustment on investment properties	25 538 623	(3 816 782)	37 945 791	557 725
Investment income	6 837 951	17 402 472	3 204 391	2 234 643
Profit on disposal of listed equity investments	3 592 340	4 611 126	2 417 274	614 850
Other income	(297 195)	1 380 577	118 241	182 187
Total income	59 447 214	108 188 333	139 729 748	19 719 342
Expenses and Policyholder Benefits				
Policyholders' benefits	(21 225 178)	(43 468 459)	(8 909 062)	(5 222 195)
Changes to policyholder liabilities	(20 570 759)	26 787 547	(179 186 906)	(5 628 388)
Operating expenses	(44 047 432)	(37 110 097)	(16 465 171)	(4 556 083)
Commissions	(9 045 960)	(16 197 826)	(3 537 680)	(1 956 630)
Profit share under bancassurance agreements	(833 619)	(911 973)	(507 910)	(118 953)
Total expenses and policyholder benefits	(95 722 948)	(70 900 808)	(208 606 729)	(17 482 249)
Operating (loss) / profit before taxation	(36 275 734)	37 287 525	(68 876 981)	2 237 093
Share of profit/ (loss) of equity accounted investee net of tax	202 363 438	(64 475 234)	294 770 110	531 074
Operating lease finance charge	(93 937)	(475 185)	(28 628)	-
Net monetary gain/ (loss)	1 931 251	(13 221 754)	-	-
Profit / (loss) before taxation	167 925 018	(40 884 648)	225 864 501	2 768 167
Income tax expense	(17 772 232)	(3 677 605)	(9 580 262)	(427 652)
Profit / (loss) for the year	150 152 786	(44 562 253)	216 284 239	2 340 515
Other comprehensive income				
Revaluation of Property and Equipment	24 592 658	867 186	34 723 950	185 365
Share of other comprehensive income of equity accounted investee net of tax	1 654 287	(644 945)	2 120 638	(24 103)
Other comprehensive income for the year	26 246 945	222 241	36 844 588	161 262
Total comprehensive income / (loss) for the year	176 399 731	(44 340 012)	253 128 826	2 501 777

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2019

	Share capital ZWS	Share premium ZWS	Revaluation reserve ZWS	Investment reserve ZWS	Retained earnings ZWS	FCTR equity ZWS	Total ZWS
Inflation adjusted							
Balance at 31 December 2017	2 147 857	41 041 120	3 209 285	-	115 878 095	-	162 276 357
Loss for the year	-	-	-	-	(44 562 253)	-	(44 562 253)
Revaluation of property	-	-	222 242	-	-	-	222 242
Dividend paid	-	-	-	-	(2 153 506)	-	(2 153 506)
Balance at 31 December 2018	2 147 857	41 041 120	3 431 527	-	69 162 336	-	115 782 840
Profit for the year	-	-	-	-	150 152 786	-	150 152 786
Revaluation of property	-	-	26 245 945	-	-	-	26 245 945
Dividend paid	-	-	-	-	(2 447 352)	-	(2 447 352)
Transfer to investment reserve	-	-	-	117 351 328	(117 351 328)	-	-
Balance at 31 December 2019	2 147 857	41 041 120	29 678 472	117 351 328	99 516 442	-	289 735 219

STATEMENT OF CHANGES IN EQUITY (continued) For the year ended 31 December 2019

	Share capital ZWS	Share premium ZWS	Revaluation reserve ZWS	Investment reserve ZWS	Retained earnings ZWS	FCTR equity ZWS	Total ZWS
Historical cost*							
Balance at 31 December 2017	231 908	4 431 623	347 375	9 020 442	2 648 835	-	16 680 183
Changes on early adoption of IFRS 16	-	-	-	-	(10 337)	-	(10 337)
Profit for the year	-	-	-	-	2 340 515	-	2 340 515
Revaluation of property	-	-	161 262	-	-	-	161 262
Dividend paid	-	-	-	-	(244 000)	-	(244 000)
Transfer to investment reserve	-	-	-	197 086	(197 086)	-	-
Balance at 31 December 2018	231 908	4 431 623	508 637	9 217 528	4 537 927	-	18 927 623
Profit for the year	-	-	-	-	216 284 239	-	216 284 239
Revaluation of property	-	-	36 844 588	-	-	-	36 844 588
Arising from change in currency	-	-	-	-	29 155 989	-	29 155 989
Dividend paid	-	-	-	-	(394 000)	-	(394 000)
Transfer to investment reserve	-	-	-	108 133 800	(108 133 800)	-	-
Balance at 31 December 2019	231 908	4 431 623	37 353 225	117 351 328	112 294 366	29 155 989	300 818 439

STATEMENT OF CASH FLOWS For the year ended 31 December 2019

	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Cash (used in) / generated from operating activities	(18 259 345)	7 383 831	(996 768)	2 926 860
Interest received	1 933 428	5 344 369	589 234	646 272
Dividends received	3 444 125	9 914 517	1 971 424	1 329 156
Taxation paid	(2 236 518)	(1 671 552)	(163 241)	(186 221)
Cash (used in) / generated from operating activities	(15 118 311)	20 971 165	1 400 649	4 716 067
Cash flows from investing activities				
Purchase of property and equipment	(418 470)	(2 211 072)	(172 137)	(252 358)
Purchase of intangible assets	(6 619 183)	(2 240 058)	(1 204 182)	(239 440)
Proceeds on disposal of equipment	45 137	58 276	45 137	3 392
Purchase of financial assets at amortised cost	(966 363)	(3 859 083)	(966 363)	(1 109 196)
Proceeds from maturity of financial assets at amortised cost	22 889 915	14 317 045	767 321	1 036 743
Purchase of equity investments	(16 771 299)	(27 955 382)	(3 451 466)	(3 747 541)
(Purchase) /maturity of funds on deposit	14 690 467	(632 495)	293 883	(889 919)
Proceeds on disposal of listed equity investments	6 354 230	6 590 253	4 089 829	873 428
Cash generated / (used in) from investing activities	19 204 434	(15 932 516)	(597 978)	(4 324 891)
Cash flows from financing activities				
Operating Lease payment	(1 547 585)	(4 070 651)	(249 146)	(277 613)
Dividends paid	(2 447 352)	(2 153 506)	(394 000)	(244 000)
Cash used in financing activities	(3 994 937)	(6 224 157)	(643 146)	(521 613)
Increase / (decrease) in cash and cash equivalents	91 187	(1 185 058)	159 525	(130 437)
Cash and cash equivalents at the beginning of the year	81 451	1 266 959	13 113	143 551
Cash and cash equivalents at the end of year	172 638	81 451	172 638	13 113

*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies and IAS 21: The Effect of Changes in Foreign Exchange Rates. As a result the auditors have not expressed an opinion on the historic financial information.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

1. FUNDS ON DEPOSIT	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Fixed deposits	2 468 553	17 159 020	2 468 553	2 762 436
These are money market placements with terms of not more than a year with interest rates ranging from 2% to 8% per annum.				
2. INVENTORIES TRADE AND OTHER RECEIVABLES	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Printing and stationery stock	25 887	98 537	25 887	15 860
Prepayments	33 866	79 761	33 866	12 841
Related party balances	38 036	165 950	38 036	26 716
Rent debtors	78 271	238 209	78 271	38 350
Sundry debtors	1 194 971	3 112 230	1 194 971	501 040
Advances for sales agents	451 466	2 902 103	451 466	467 210
Allowance for credit losses	(111 216)	(387 422)	(111 216)	(62 371)
Total	1 711 281	6 209 368	1 711 281	999 646
3. INVESTMENT SECURITIES	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Designated as fair value through profit and loss-				
Equity securities – Listed	28 736 727	79 262 116	28 736 727	12 760 433
Equity securities – Unlisted	69 279 772	37 705 652	69 279 772	6 070 245
Gold Fund	5 612 045	2 615 905	5 612 045	421 135
Total	103 628 544	119 583 673	103 628 544	19 251 813
At Amortised cost				
Bonds	905 726	10 392 230	905 726	1 673 048
Treasury bills	3 534 798	15 975 276	3 534 798	2 571 865
Debentures	20 769	123 336	20 769	19 856
Paid up Permanent shares	43 922	257 186	43 922	41 404
Total	4 505 215	26 748 028	4 505	



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

3.1 Reconciliation of carrying amount

	Equities listed ZWS	Equities unlisted ZWS	Gold fund ZWS	At amortised cost ZWS	Total ZWS
Inflation Adjusted 2019					
Opening Balance	79 262 121	37 705 652	2 615 905	26 748 032	146 331 710
Additions	16 771 299	-	-	966 363	17 737 662
Disposals	(2 761 895)	-	-	(767 309)	(3 529 204)
Fair value gains	(64 534 798)	31 574 120	2 996 140	(319 261)	(30 283 799)
Monetary adjustments	-	-	-	(22 122 610)	(22 122 610)
Closing balance	28 736 727	69 279 772	5 612 045	4 505 215	108 133 759
Inflation Adjusted 2018					
Opening Balance	56 006 537	51 874 251	3 944 151	37 366 164	149 191 103
Additions	27 955 382	-	-	3 859 083	31 814 465
Disposals	(1 979 122)	-	-	(14 317 041)	(16 296 163)
Fair value gains	(2 720 676)	(14 168 599)	(1 328 246)	(160 174)	(18 377 695)
Closing balance	79 262 121	37 705 652	2 615 905	26 748 032	146 331 710

	Equities listed ZWS	Equities unlisted ZWS	Gold fund ZWS	At amortised cost ZWS	Total ZWS
Historical Cost 2019					
Opening Balance	12 760 433	6 070 245	421 135	4 306 173	23 557 986
Additions	3 451 466	-	-	966 363	4 417 829
Disposals	(1 672 555)	-	-	(767 321)	(2 439 876)
Fair value gains	13 860 142	56 463 389	4 793 824	-	75 117 355
Foreign currency translation	337 241	6 746 138	397 086	-	7 480 465
Closing balance	28 736 727	69 279 772	5 612 045	4 505 215	108 133 759
Historical Cost 2018					
Opening Balance	6 345 744	5 877 541	446 889	4 233 722	16 903 896
Additions	3 747 541	-	-	1 109 196	4 856 737
Disposals	(258 578)	-	-	(1 036 745)	(1 295 323)
Fair value gains	2 925 726	192 704	(25 754)	-	3 092 676
Closing balance	12 760 433	6 070 245	421 135	4 306 173	23 557 986

	Inflation Adjusted 31 Dec 2019 ZWS	Inflation Adjusted 31 Dec 2018 ZWS	Historical Cost 31 Dec 2019 ZWS	Historical Cost 31 Dec 2018 ZWS
4. INVESTMENT PROPERTIES				
Reconciliation of carrying amount				
Opening balance as at 1 January	20 764 293	24 581 075	3 342 850	2 785 125
Fair value adjustment	25 538 623	(3 816 782)	37 945 791	557 725
Foreign currency translation	-	-	5 014 275	-
Closing balance as at 31 December	46 302 916	20 764 293	46 302 916	3 342 850
5. RIGHT OF USE ASSET				
Cost				
Balance at 1 January	6 536 859	-	841 897	-
Remeasurement of lease asset	622 025	6 536 859	622 025	841 897
Monetary adjustment	(2 404 796)	-	-	-
Balance at 31 December	4 754 088	6 536 859	1 463 922	841 897
Amortisation and impairment losses				
Balance as at 1 January	2 614 741	-	210 474	-
Amortisation	1 055 887	2 614 741	169 988	210 474
Balance as at 31 December	3 670 628	2 614 741	380 462	210 474
Net book value as at 31 December	1 083 460	3 922 118	1 083 460	631 423

6. EQUITY ACCOUNTED INVESTMENTS

	Associate ZWS	Subsidiary ZWS	Total ZWS
Inflation Adjusted 2019			
Balance at 1 January 2019	162 366 347	528 322	162 894 669
Share of profit/(loss) for the year	202 423 995	(60 557)	202 363 438
Share of other comprehensive income	-	1 654 287	1 654 287
Balance at 31 December 2019	364 790 342	2 122 052	366 912 394
Inflation Adjusted 2018			
Balance at 1 January 2018	226 839 036	1 175 812	228 014 848
Share of profit/(loss) for the year	(64 472 689)	(2 545)	(64 475 234)
Share of other comprehensive income	-	(644 945)	(644 945)
Balance at 31 December 2018	162 366 347	528 322	162 894 669

	Associate ZWS	Subsidiary ZWS	Total ZWS
Historical Cost 2019			
Balance at 1 January 2019	28 469 599	99 831	28 569 430
Share of profit/(loss) for the year	294 807 910	(37 800)	294 770 110
Share of other comprehensive income	-	2 120 638	2 120 638
Foreign currency translation reserve	39 178 163	147 777	39 325 940
Balance at 31 December 2019	362 455 672	2 330 446	364 786 118
Historical Cost 2018			
Balance at 1 January 2018	27 922 434	140 025	28 062 459
Share of profit/(loss) for the year	547 165	(16 091)	531 074
Share of other comprehensive income	-	(24 103)	(24 103)
Balance at 31 December 2018	28 469 599	99 831	28 569 430

	Inflation Adjusted 31 Dec 2019 ZWS	Inflation Adjusted 31 Dec 2018 ZWS	Historical Cost 31 Dec 2019 ZWS	Historical Cost 31 Dec 2018 ZWS
7. INTANGIBLE ASSETS				
Cost				
Balance at 1 January	9 942 678	7 702 620	1 104 983	865 543
Additions	6 619 183	2 240 058	1 204 182	239 440
Revaluation mvt	18 812 315	-	30 137 828	-
Write off	(3 925 698)	-	(368 515)	-
Balance at 31 December	32 078 478	9 942 678	32 078 478	1 104 983
Amortisation and impairment losses				
Balance as at 1 January	3 925 698	3 925 698	368 515	368 515
Amortisation	309 421	-	201 696	-
Write off	(3 925 698)	-	(368 515)	-
Revaluation	(309 421)	-	(201 696)	-
Balance as at 31 December	-	3 925 698	-	368 515
Net book value as at 31 December	32 078 478	6 016 980	32 078 478	736 468

8. EQUIPMENT

	Motor vehicles ZWS	Equipment furniture & fittings ZWS	Computers ZWS	Total ZWS
Inflation Adjusted 2019				
Cost or valuation				
At 1 January 2019	4 506 109	3 741 622	3 504 210	11 751 941
Additions	-	-	418 470	418 470
Disposals	(1 455 459)	(25 501)	(8 150)	(1 489 110)
Revaluation	(87 073)	(2 611 556)	(2 648 674)	(5 347 003)
At 31 December 2019	2 963 576	1 104 565	1 266 156	5 334 298
Accumulated depreciation and impairment				
Balance at 1 January 2019	2 684 992	2 583 732	2 804 406	8 073 130
Charge for the year	1 304 972	808 919	890 458	3 004 349
Disposal	(253 359)	(4 056)	(2 139)	(259 554)
Revaluation	(3 736 605)	(3 388 595)	(3 692 725)	(10 817 925)
Balance at 31 December 2019	-	-	-	-
Carrying amount	2 963 576	1 104 565	1 266 156	5 334 298
Balance at 31 December 2019	2 963 576	1 104 565	1 266 156	5 334 298
Balance at 31 December 2018	1 821 117	1 157 890	699 804	3 678 811
Inflation Adjusted 2018				
Cost or valuation				
At 1 January 2018	3 915 000	3 370 159	2 335 139	9 620 298
Additions	1 538 327	376 103	296 642	2 211 072
Revaluation	(15 083)	9 840	872 429	867 186
Disposals	(932 134)	(14 480)	-	(946 614)
At 31 December 2018	4 506 110	3 741 622	3 504 200	11 751 942
Accumulated depreciation and impairment				
Balance at 1 January 2018	2 943 920	2 321 385	1 983 593	7 248 898
Charge for the year	424 886	270 973	820 814	1 516 673
Disposal	(683 814)	(8 626)	-	(692 440)
Balance at 31 December 2018	2 684 992	2 583 732	2 804 407	8 073 131
Carrying amount	1 821 118	1 157 890	699 803	3 678 811
Balance at 31 December 2018	1 821 118	1 157 890	699 803	3 678 811
Balance at 31 December 2017	971 080	1 048 774	351 546	2 371 400

	Motor vehicles ZWS	Equipment furniture & fittings ZWS	Computers ZWS	Total ZWS
Historical Cost 2019				
Cost or valuation				
At 1 January 2019	473 718	440 144	322 255	1 236 117
Additions	-	-	172 137	172 137
Disposals	(259 505)	(4 547)	(1 452)	(265 504)
Currency conversion	439 773	279 614	168 993	888 380
Revaluation	2 309 590	389 355	604 223	3 303 168
At 31 December 2019	2 963 576	1 104 566	1 266 156	5 334 298
Accumulated depreciation and impairment				
Balance at 1 January 2019	180 536	253 734	209 594	643 864
Charge for the year	210 088	130 228	143 355	483 671
Disposal	(45 173)	(723)	(381)	(46 277)
Revaluation	(345 451)	(383 239)	(352 568)	(1 081 258)
Balance at 31 December 2019	-	-	-	-
Carrying amount	2 963 576	1 104 566	1 266 156	5 334 298
Balance at 31 December 2019	2 963 576	1 104 566	1 266 156	5 334 298
Balance at 31 December 2018	293 182	186 410	112 661	592 253
Historical Cost 2018				
Cost or valuation				
At 1 January 2018	344 077	340 003	233 393	917 473
Additions	175 546	43 057	33 755	252 358
Revaluation	72 451	57 808	55 107	185 366
Disposals	(118 356)	(724)	-	(119 080)
At 31 December 2018	473 718	440 144	322 255	1 236 117
Accumulated depreciation and impairment				
Balance at 1 January 2018	234 050	221 172	193 562	648 784
Charge for the year	53 006	32 875	16 032	101 913
Disposal	(106 520)	(313)	-	(106 833)
Balance at 31 December 2018	180 536	253 734	209 594	643 864
Carrying amount	293 182	186 410	112 661	592 253
Balance at 31 December 2018	293 182	186 410	112 661	592 253
Balance at 31 December 2017	110 027	118 831	39 831	268 689



Audited Financial Results for the year ended 31 December 2019

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZW\$	ZW\$	ZW\$	ZW\$
9. LIFE ASSURANCE FUNDS				
At 1 January	219 050 939	245 838 486	37 349 715	31 811 327
Transfer (to) / from profit or loss	9 671 307	(26 787 547)	168 287 454	5 628 388
Additional expense reserve	10 899 452	-	10 899 452	-
Foreign currency translation reserve	-	-	22 029 347	-
At 31 December	239 621 699	219 050 940	238 655 969	37 349 715
10. OPERATING LEASE LIABILITIES				
Balance as at 1 January	3 926 218	-	632 083	-
Remeasurement	646 960	7 521 683	646 960	852 234
Finance charge	177 827	475 186	28 628	57 462
Monetary adjustment	(2 144 895)	-	-	-
Lease payments	(1 547 585)	(4 070 651)	(249 146)	(277 613)
At 31 December	1 058 525	3 926 218	1 058 525	632 083
11. TRADE AND OTHER PAYABLES				
Policyholders claims intimated but not paid	483 758	2 683 512	483 758	432 019
Other liabilities	2 855 409	4 374 727	2 855 409	704 289
Related parties	904 485	5 408 769	904 485	870 759
Unearned Premium	2 252 332	4 049 832	2 252 332	651 984
TOTAL	6 495 984	16 516 840	6 495 984	2 659 051
12. GROSS PREMIUM INCOME				
Individual life	18 252 688	49 192 971	5 706 270	6 019 924
Group business	38 735 227	63 530 816	16 232 816	7 730 236
	56 987 915	112 723 787	21 939 086	13 750 160
13. PREMIUMS CEDED TO REINSURERS				
Individual life	(382 923)	(1 020 641)	(124 815)	(121 900)
Group business	(2 545 698)	(4 714 511)	(887 575)	(590 999)
	(2 928 621)	(5 735 152)	(1 012 390)	(712 899)
14. INVESTMENT INCOME				
Interest income on held to maturity financial instruments	1 933 428	5 344 369	589 234	646 272
Rentals from investment properties	3 444 125	2 143 586	643 733	259 215
Dividends from financial assets designated at fair value through profit or loss	1 460 398	9 914 517	1 971 424	1 329 156
	6 837 951	17 402 472	3 204 391	2 234 643
15. OTHER INCOME				
Loss on disposal of property and equipment	(1 184 419)	(195 898)	(174 090)	(8 855)
Sundry income	215 037	151 574	65 535	18 330
Reinsurance commission	534 472	1 196 156	177 833	144 646
Asset Management income	137 715	228 745	48 963	28 066
	(297 195)	1 380 577	118 241	182 187

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZW\$	ZW\$	ZW\$	ZW\$
16. POLICYHOLDERS' BENEFITS				
Claims during the year were as follows:-				
Death and disability benefits	9 040 311	18 503 115	2 984 614	2 248 838
Maturities	4 353 950	2 676 942	3 152 484	314 498
Annuities	547 257	1 353 265	187 441	162 706
Surrenders and pensions withdrawals	7 283 660	20 935 137	2 584 523	2 496 153
	21 225 178	43 468 459	8 909 062	5 222 195
17. OPERATING EXPENSES				
Staff expenses	12 721 437	18 032 911	5 505 942	2 180 643
Administration expenses	14 193 303	13 825 103	5 189 453	1 922 988
Amortization of software	309 421	-	201 696	-
Depreciation of property and equipment	3 004 349	1 516 673	483 671	101 913
Depreciation of right of use asset	1 055 887	2 614 741	169 988	210 474
Foreign exchange loss	10 928 684	(16 371)	3 752 562	-
Directors Fees	252 321	401 996	94 158	48 516
Audit Fees	1 582 030	735 044	1 067 701	91 549
	44 047 432	37 110 097	16 465 171	4 556 083
18 INCOME TAX CHARGE				
Current taxation	2 624 329	1 438 605	799 794	173 964
Deferred taxation	15 147 903	2 239 000	8 780 468	253 688
	17 772 232	3 677 605	9 580 262	427 652
19. RISK MANAGEMENT				
Liquidity risk gap analysis as at 31 December 2019				

	Up to 1 Month	2 to 12 Months	Above 12 Months	Total
	ZW\$	ZW\$	ZW\$	ZW\$
Assets				
Bank and cash	172 638	-	-	172 638
Funds on deposit	1 691 081	-	777 472	2 468 553
At Amortised cost	2 223	1 111 941	3 391 051	4 505 215
Investments-At Fair Value	-	34 348 772	69 279 772	103 628 544
Trade and other receivables	-	1 711 281	-	1 711 281
Reinsurance receivable	217 453	-	-	217 453
Total	2 083 395	37 171 994	73 448 295	112 703 684
Liabilities				
Taxation	-	684 282	-	684 282
Trade and other payables	-	6 495 984	-	6 495 984
Provisions	-	2 572 118	-	2 572 118
Reinsurance payable	172 513	-	-	172 513
Total	172 513	9 752 384	-	9 924 897
Period Gap	1 910 882	27 419 610	73 448 295	102 778 787
Cumulative Gap	1 910 882	29 330 492	102 778 787	-



Life goes on...



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019



AUDITED FINANCIAL RESULTS for the year ended 31 December 2019

ZB REINSURANCE LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
ASSETS				
Cash and cash equivalents	1	50 847 014	12 711 766	50 847 014
Investments	2	21 918 961	54 152 230	21 918 961
Balances receivable from				
Insurance companies	3	29 499 099	33 145 518	29 499 099
Other financial assets		-	567 586	-
Trade and other receivables		80 846	419 742	80 846
Investment properties	4	44 689 728	14 025 378	44 689 728
Rights of use assets	5	293 965	1 023 555	293 965
Equipment	6	3 859 030	2 135 807	3 859 030
Total assets		151 188 643	118 181 582	151 188 643
LIABILITIES				
Unearned premium reserve	7	15 560 193	8 065 448	15 560 193
Incurred but not reported claims reserve (IBNR)	8	12 113 789	14 616 488	12 113 789
Balances payable to insurance companies		5 672 958	5 661 850	5 672 958
Taxation		633 467	190 709	633 467
Trade and other payables	9	3 643 291	10 682 043	3 643 291
Deferred tax liabilities	10	14 549 374	2 647 713	14 549 374
Total liabilities		52 173 073	41 864 251	52 173 073
EQUITY				
Share capital	11	45 654	45 654	5 000
Share premium	11	22 781 471	22 781 471	2 495 000
Non-distributable reserves		1 092 930	161 835	122 400
Retained earnings		75 095 516	53 328 371	83 745 866
Total shareholders' equity		99 015 571	76 317 331	99 015 571
Total equity and liabilities		151 188 643	118 181 582	151 188 643

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

Notes	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Gross premium		216 809 334	158 438 690	110 317 171
Retrocession premium		(22 249 072)	(54 453 729)	(7 527 313)
Net premium income		194 560 262	103 984 961	102 789 858
Unearned premium		(31 688 183)	(4 789 598)	(14 261 734)
Net earned premium		162 872 079	99 195 363	88 528 124
Net claims	12	(53 438 160)	(51 425 697)	(25 603 184)
Net commission	13	(53 104 879)	(28 165 621)	(29 183 008)
Operating expenses	14	(40 485 927)	(23 486 468)	(19 440 928)
Underwriting result		15 843 114	(3 882 423)	14 301 004
Investment and other income	15	24 640 009	5 862 435	23 061 582
Fair value adjustment	16	14 455 004	(7 990 094)	52 641 302
Operating profit/(loss)		54 938 127	(6 010 082)	90 003 888
Net monetary loss		(15 346 347)	(10 842 229)	-
Profit / (loss) before taxation		39 591 780	(16 852 311)	90 003 888
Income tax expense	17	(14 328 158)	(49 591)	(15 127 811)
Profit / (loss) for the year		25 263 622	(16 901 902)	74 876 077
Other comprehensive income:				
Revaluation of Equipment		1 236 842	92 298	2 998 126
Income tax relating to components of other comprehensive income		(305 747)	(23 767)	(741 137)
Other comprehensive income for the year		931 095	68 531	2 256 989
Total comprehensive income / (loss) for the year		26 194 717	(16 833 371)	1 988 158
Earnings / (loss) per share				
Basic earnings / (loss) per share (ZW cents)		52.39	(33.67)	154.27

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital ZWS	Share premium ZWS	Non distributable reserve ZWS	Retained earnings ZWS	Total equity ZWS
Inflation Adjusted					
Balance at 1 January 2018	45 654	22 781 471	93 304	71 594 739	94 515 168
Changes on initial application of IFRS 16	-	-	-	(23 812)	(23 812)
Loss for the year	-	-	-	(16 901 902)	(16 901 902)
Revaluation of equipment	-	-	68 531	-	68 531
Dividend paid	-	-	-	(1 340 654)	(1 340 654)
Balance at 31 December 2018	45 654	22 781 471	161 835	53 328 371	76 317 331
Profit for the year	-	-	-	25 263 622	25 263 622
Revaluation of equipment	-	-	931 095	-	931 095
Dividend paid	-	-	-	(3 496 477)	(3 496 477)
Balance at 31 December 2019	45 654	27 781 471	1 092 930	75 095 516	99 015 571
Historical cost*					
Balance at 1 January 2018	5 000	2 495 000	10 572	7 710 957	10 221 529
Changes on initial application of IFRS 16	-	-	-	(2 698)	(2 698)
Profit for the year	-	-	-	1 876 330	1 876 330
Revaluation of equipment	-	-	111 828	-	111 828
Dividend paid	-	-	-	(151 901)	(151 901)
Balance at 31 December 2018	5 000	2 495 000	122 400	9 432 688	12 055 088
Translation gain	-	-	9 649 179	-	9 649 179
Profit for the year	-	-	-	74 876 077	74 876 077
Revaluation of equipment	-	-	2 998 126	-	2 998 126
Dividend paid	-	-	-	(562 899)	(562 899)
Balance at 31 December 2019	5 000	2 495 000	12 769 705	83 745 866	99 015 571

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Inflation Adjusted		Historical Cost*	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
Cash generated from operating activities	17 987 867	3 294 425	21 811 110	1 381 434
Income taxes paid	(556 606)	(76 804)	(633 192)	(12 364)
Interest received	1 002 323	1 939 321	414 845	233 948
Dividend received	(1 218 353)	(3 608 381)	(524 024)	(454 644)
Operating lease expense	(9 251)	(1 024 626)	(9 251)	(161 955)
Net cash generated from operating activities	17 205 980	523 935	21 059 488	986 419
Cash flows from investing activities				
Purchase of equipment	(1 269 827)	(88 253)	(234 775)	(10 023)
Decrease / (increase) of prescribed assets	2 590 652	(18 429 000)	815 459	(2 066 664)
Purchase of equity investments	-	(6 269 948)	-	(740 726)
Proceeds from disposal of equipment	17 049	-	3 226	-
Dividend received	1 218 353	3 608 381	524 024	113 918
Net cash generated from / (used in) investing activities	2 556 227	(21 178 820)	1 107 934	(2 703 495)
Cash flows from financing activities				
Dividend Paid	(3 496 477)	(1 340 654)	(562 899)	(151 901)
Lease liabilities paid	(72 449)	(450 019)	(72 449)	(72 449)
Interest expense	9 251	93 125	9 251	14 996
Net cash used in financing activities	(3 559 675)	(1 697 548)	(626 097)	(209 354)
Net decrease in cash and cash equivalents	16 202 531	(22 352 432)	21 541 325	(1 926 430)
Cash and cash equivalents at the beginning of the year	12 711 766	35 064 198	2 046 471	3 972 901
Effects in movement for exchange rates	21 932 717	-	27 259 218	-
Cash and cash equivalents at the end of the year	50 847 014	12 711 766	50 847 014	2 046 471

*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies and IAS 21: The Effect of Changes in Foreign Exchange Rates. As a result the auditors have not expressed an opinion on the historic financial information.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

	Inflation Adjusted		Historical Cost	
	31 Dec 2019 ZWS	31 Dec 2018 ZWS	31 Dec 2019 ZWS	31 Dec 2018 ZWS
1. CASH AND CASH EQUIVALENTS				
Local banks	27 795 206	8 364 085	27 795 206	1 666 197
Foreign banks	23 051 808	4 347 681	23 051 808	380 274
	50 847 014	12 711 766	50 847 014	2 046 471

2. INVESTMENTS

	Quoted Shares ZWS	Bonds & Bills ZWS	Unquoted investment ZWS	Total ZWS
	Inflation adjusted			
2019				
Opening balances	35 643 047	18 126 685	382 498	54 152 230
Fair value adjustments	(16 346 183)	-	136 837	(16 209 346)
Effect of monetary movement	-	(13 433 271)	-	(13 433 271)
Additions	-	229 211	-	229 211
Maturities	-	(2 819 863)	-	(2 819 863)
Closing Balances	19 296 864	2 102 762	519 335	21 918 961
2018				
Opening balances	29 297 134	7 515 706	543 482	37 356 322
Fair value adjustments	75 965	-	-	75 965
Effect of monetary movement	-	(7 818 021)	(160 984)	(7 979 005)
Additions	6 269 948	21 059 101	-	27 329 049
Maturities	-	(2 630 101)	-	(2 630 101)
Closing Balances	35 634 047	18 126 685	382 498	54 152 230
Historical cost				
2019				
Opening balances	5 738 186	2 918 221	61 578	8 717 985
Translation gain	419 986	-	-	419 986
Fair value adjustments	13 138 692	-	457 757	13 596 449
Additions	-	2 076 202	-	2 076 202
Maturities	-	(2 891 661)	-	(2 891 661)
	19 296 864	2 102 762	519 335	21 918 961
2018				
Opening balances	3 319 472	851 557	61 578	4 232 607
Fair value adjustments	1 677 988	-	-	1 677 988
Additions	740 726	2 500 000	-	3 240 726
Maturities	-	(433 336)	-	(433 336)
	5 738 186	2 918 221	61 578	8 717 985

Fair value hierarchy

	Level 1 ZWS	Level 2 ZWS	Total fair Value ZWS	Total carrying amount ZWS
	Inflation adjusted			
2019				
Quoted shares	19 296 864	-	19 296 864	19 296 864
Unquoted shares	-	519 335	519 335	519 335
Bonds	-	2 102 762	2 102 762	2 102 762
Total financial assets measured at fair value	19 296 864	2 622 097	21 918 961	21 918 961
2018				
Quoted shares	35 643 047	-	35 643 047	35 643 047
Unquoted shares	-	382 498	382 498	382 498
Bonds	-	18 126 685	18 126 685	18 126 685
Total financial assets measured at fair value	35 643 047	18 509 183	54 152 230	54 152 230
Historical cost				
2019				
Quoted shares	19 296 864	-	19 296 864	19 296 864
Unquoted shares	-	519 335	519 335	519 335
Bonds	-	2 102 762	2 102 762	2 102 762
Total financial assets measured at fair value	19 296 864	2 622 097	21 918 961	21 918 961
2018				
Quoted shares	5 738 186	-	5 738 186	5 738 186
Unquoted shares	-	61 578	61 578	61 578
Bonds	-			



Structured finance



Investments



Asset finance



Insurance



Reinsurance



Secretarial services



Digital banking

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2019

3. BALANCES RECEIVABLE FROM INSURANCE COMPANIES

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
Balances receivable	41 929 954	40 976 521	41 929 954	6 596 823
Impairment allowance	(12 430 855)	(7 831 003)	(12 430 855)	(1 260 716)
	29 499 099	33 145 518	29 499 099	5 336 107

The Company has recognised an allowance for doubtful debts of 100% against all receivables over 120 days and a general allowance of 2% for receivables within 120 days.

4. INVESTMENT PROPERTIES

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
Reconciliation of carrying amount				
Balance at 1 January 2019	14 025 378	22 091 437	2 257 950	2 503 040
Translation gain	-	-	3 386 925	-
Fair value adjustment	30 664 350	(8 066 059)	39 044 853	(245 090)
Balance at end of year	44 689 728	14 025 378	44 689 728	2 257 950

Investment properties comprises of a number of residential properties that are leased out to third parties to earn rental income. The Company recognises this rental income in the statement of profit and loss.

Measurement of fair value

Fair value hierarchy

An external, independent property valuer, Southbay Real Estate determined the fair value of investment properties. Southbay Real Estate has appropriate professional qualifications and experience to undertake this valuation exercise.

The fair value of investment properties has been categorised under level 3 in the fair value hierarchy based on the inputs of the valuation technique used.

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
5. RIGHT OF USE ASSETS				
Balance at beginning of year	1 023 555	-	164 782	-
Initial adoption of IFRS 16	-	1 705 926	-	274 638
Arising from lease reassessment	184 111	-	184 111	-
Accumulated depreciation and impairments				
Depreciation	(180 233)	(682 370)	(54 928)	(109 856)
Impairment	(733 468)	-	-	-
Closing Balance	293 965	1 023 555	293 965	164 782

6. EQUIPMENT

	Office Equipment	Motor vehicles	Computer equipment	Total
	ZWS	ZWS	ZWS	ZWS
Inflation adjusted				
2019				
Cost /Valuation				
Balance as at 1 January 2019	479 051	4 803 873	12 097 062	17 379 986
Additions	-	1 219 213	50 614	1 269 827
Disposals	-	(155 250)	(11 489)	(166 739)
Impairment	(16 478)	-	-	(16 478)
Revaluation	-	1 154 358	82 484	1 236 842
Balance as at 31 December 2019	462 573	7 022 194	12 218 671	19 703 438
Accumulated depreciation and Impairment				
Balance as at 1 January 2019	248 050	2 984 535	12 011 594	15 244 179
Current year depreciation	27 456	673 149	37 841	738 446
Disposals	-	(130 410)	(7 807)	(138 217)
Balance as at 31 December 2019	275 506	3 527 274	12 041 628	15 844 408
Carrying amount as at 31 December 2019	187 067	3 494 920	177 043	3 859 030
2018				
Cost /Valuation				
Balance as at 1 January 2018	339 153	5 389 534	16 233 590	21 962 277
Additions	47 600	-	40 653	88 253
Impairment	-	(585 661)	(4 177 181)	(4 762 842)
Revaluation	92 298	-	-	92 298
Balance as at 31 December 2018	479 050	4 803 873	12 097 062	17 379 986
Accumulated depreciation and Impairment				
Balance as at 1 January 2018	221 664	2 419 396	11 973 304	14 614 364
Current year depreciation	26 386	565 139	38 290	629 815
Balance as at 31 December 2018	248 050	2 984 535	12 011 593	15 244 179
Carrying amount as at 31 December 2018	231 001	1 819 338	85 468	2 135 807
Historical cost				
2019				
Cost /Valuation				
Balance as at 1 January 2019	75 354	534 166	78 955	688 475
Translation gain	113 031	801 248	118 432	1 032 711
Additions	-	221 020	13 755	234 775
Disposals	-	(25 000)	(1 850)	(26 850)
Revaluation	220 827	5 689 899	845 529	6 756 255
Balance as at 31 December 2019	409 212	7 221 333	1 054 821	8 685 366
Accumulated depreciation and Impairment				
Balance as at 1 January 2019	38 165	241 270	65 195	344 630
Translation gain	57 247	361 904	97 793	516 944
Current year depreciation	8 368	208 089	12 433	228 890
Disposals	-	(21 000)	(1 257)	(22 257)
Valuation	118 365	2 936 150	703 614	3 758 129
Balance as at 31 December 2019	222 145	3 726 413	877 778	4 826 336
Carrying amount as at 31 December 2019	187 067	3 494 920	177 043	3 859 030
2018				
Cost /Valuation				
Balance as at 1 January 2018	36 977	500 908	50 150	588 035
Additions	5 400	-	4 623	10 023
Revaluation	32 977	33 258	24 182	90 417
Balance as at 31 December 2018	75 354	534 166	78 955	688 475
Accumulated depreciation and Impairment				
Balance as at 1 January 2018	24 112	264 998	39 056	328 166
Current year depreciation	3 411	68 275	4 971	76 657
Valuation	10 642	(92 003)	21 168	(60 193)
Balance as at 31 December 2018	38 165	241 270	65 195	344 630
Carrying amount as at 31 December 2018	37 189	292 896	13 760	343 845

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
7. UNEARNED PREMIUM RESERVE (UPR)				
Balance at beginning of year	8 065 448	7 635 584	1 298 459	865 139
Charge/ (credit) to profit or loss	31 688 183	4 789 598	14 261 734	433 320
Effects of monetary movement	(24 193 438)	(4 359 734)	-	-
Balance at end of year	15 560 193	8 065 448	15 560 193	1 298 459
8. INCURRED BUT NOT REPORTED CLAIMS RESERVE (IBNR)				
Opening balance	14 616 488	12 698 388	2 353 113	1 438 774
Charge / (Credit) to profit or loss	11 082 945	5 191 975	9 760 676	914 339
Effects of monetary movement	(13 585 644)	(3 273 875)	-	-
Closing balance	12 113 789	14 616 488	12 113 789	2 353 113

Sensitivity analysis

The industry average used in the re-computation of IBNR is 10% of net written premiums and has been used to assess the impact on reported profits to changes in key variables (with other assumptions remaining constant).

Calculating IBNR at 10% of net premiums rather than IBNR rates used by the Company would have resulted in an increase in reported profits of ZWS1 834 803. Liability run off tests carried out over the preceding 5 year period have shown an average of prior year claims as a percentage of net written premium of 11% which is lower than the rate of 12% shown for the year ended 31 December 2019 after application of the above IBNR rates.

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
9. TRADE AND OTHER PAYABLES				
Accrued expenses	3 208 616	9 317 412	3 208 616	1 500 013
Payroll liabilities	434 675	1 364 631	434 675	219 992
	3 643 291	10 682 043	3 643 291	1 719 705

Other payables are non interest bearing and are stated at their nominal value

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
10. DEFERRED TAX LIABILITIES				
Opening balance	2 647 713	4 211 480	611 636	391 881
Charge to profit and loss	11 901 661	(1 563 767)	13 937 738	180 973
Relating to other comprehensive Income	-	-	-	38 782
Closing balance	14 549 374	2 647 713	14 549 374	611 636
Deferred tax comprises:				
Temporary differences arising from:				
Assets				
Equipment	943 958	755 108	943 958	72 544
Fair value assets	3 299 292	711 790	3 299 292	43 672
Balances receivable from insurance Companies	14 849 495	8 534 971	14 849 495	1 374 048
Prepayments	301	213 405	301	98
	19 093 046	10 215 274	19 093 046	1 490 362
Liabilities				
IBNR	(2 994 529)	(3 763 746)	(2 994 529)	(605 927)
Balances payable to insurance companies	(1 402 355)	(1 457 926)	(1 402 355)	(234 712)
Accrued expenses	(146 788)	(2 345 889)	(146 788)	(38 087)
	(4 543 672)	(7 567 561)	(4 543 672)	(878 726)
Net liability	14 549 374	2 647 713	14 549 374	611 636
11. SHARE CAPITAL				
11.1 Authorised, issued and fully paid:				
500 000 ordinary shares of ZWS0.01 each	45 654	45 654	5 000	5 000
	45 654	45 654	5 000	5 000
11.2 Share premium				
Share premium of ZWS4.99 (2018: ZWS4.99) per share	22 781 471	22 781 471	2 495 000	2 495 000
	22 781 471	22 781 471	2 495 000	2 495 000

Fully paid ordinary shares carry one vote per share and bear a right to dividends.

	Inflation Adjusted		Historical Cost	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWS	ZWS	ZWS	ZWS
12. NET CLAIMS				
Gross claims	43 192 471	56 791 102	16 724 142	6 838 169
Retrocession recoveries	(2 454 265)	(9 278 675)	(881 634)	(1 144 362)
IBNR movement	11 082 945	5 191 975	9 760 676	914 340
Outstanding claims movement	1 617 009	(1 278 705)	-	(150 000)
	53 438 160	51 425 697	25 603 184	6 458 147
13. NET COMMISSIONS				
Gross commissions	59 924 527	44 200 913	31 530 408	5 362 232
Retrocession commissions	(6 819 648)	(16 035 292)	(2 347 400)	(1 973 752)
	53 104 879	28 165 621	29 183 008	3 388 480
14. OPERATING EXPENSES				
Staff expenses	5 875 942	8 843 896	2 822 431	1 114 258
Impairment on balances receivable from insurance companies	20 703 776	(1 777 073)	11 170 139	(394 943)
Administration expenses	11 470 719	9 898 449	4 827 608	1 197 554
Depreciation of property and equipment	738 446	629 815	228 890	76 655
Depreciation of right of use assets	180 233	341 185	54 928	54 928
Directors' remuneration	146 067	225 364	58 938	27 292
Current year audit fees	580 547	468 843	261 709	57 807
Other expenses	40 251	93 148	16 286	14 996
Impairment of right of use assets	733 468	-	-	-
Impairment of property and equipment	16 478	4 762 842	-	-
	40 485 927	23 486 468	19 440 928	2 148 547
15. INVESTMENT AND OTHER INCOME				
Interest income	1 002 323	1 939 321	414 845	233 948
Dividend income	1 218 353	3 608 381	524 024	454 645
Foreign currency exchange gain / (loss)	21 932 717	(63 918)	21 932 717	(9 960)
Loss on disposal of assets	(11 473)	-	(1 367)	-
Rental income	498 089	348 265	191 36	