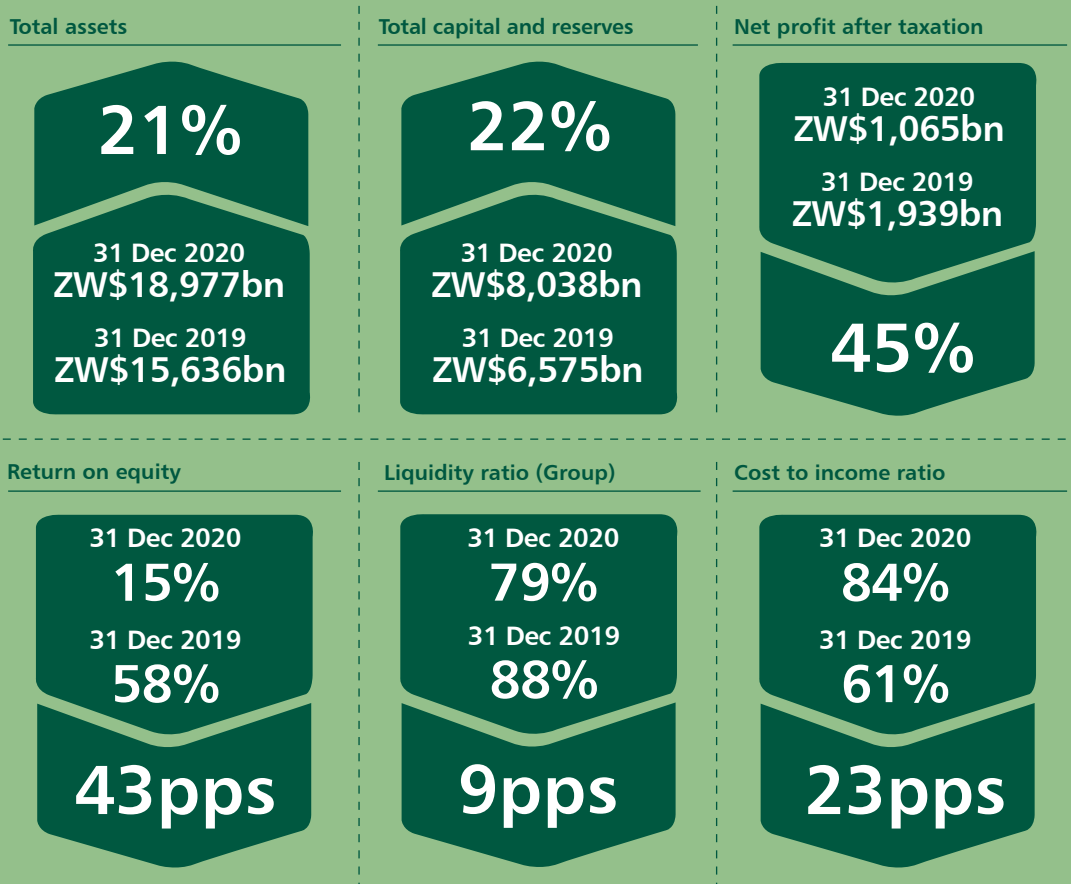


INFLATION ADJUSTED FINANCIAL HIGHLIGHTS



pps - percentage points

CHAIRMAN'S STATEMENT

Operating environment:

The operating environment remained beset with significant headwinds in the year 2020, with the outbreak of the COVID-19 pandemic taking centre stage, exacerbating an already fragile domestic economy. Like most other economies globally, Zimbabwe endured varying levels of lockdown restrictions during the year as part of measures instituted to limit the spread of the COVID-19 virus. This adversely affected business activities across the board.

The introduction of the foreign exchange auction system in June 2020 brought a modicum of stability in the exchange rate, which curtailed the, hitherto, rapid expansion in the general price level. This saw annual inflation rate dropping from a peak of 837.53% in July 2020 to 348.59% in December 2020. According to the Confederation of Zimbabwe Industries, industry capacity utilisation is reported to have improved at 47% as at year end, compared to 36.4% in 2019.

Group Performance:

I am pleased to announce that despite challenges in the macroeconomic environment, the ZB Financial Holdings Limited (ZBFH) Group remained profitable, greater detail is posted in the Acting Group Chief Executive's report.

Capital Requirements:

As at 31 December 2020, all ZBFH companies were in compliance with prescribed minimum capital requirements.

The Group is confident that it will meet the new minimum capital requirements for banking operations, which come into effect from 31 December 2021. This will be achieved by the re-arrangement of capital resources and the planned merger of banking operations within the Group.

Dividends:

The Board has declared a dividend of ZW74.13 cents per share for the year ended 31 December 2020. A detailed dividend announcement will be published after the Annual General Meeting.

Legal Contingencies:

The long-standing legal dispute between the Company and Transnational Holdings Limited (THL) regarding the ownership of Intermarket Holdings Limited (IHL) was resolved by the withdrawal of THL's appeal at the Supreme Court of Zimbabwe on 2 October 2020. This followed a settlement arrangement in which the Government of Zimbabwe (GoZ) ceded its shareholding in the Company to THL in transactions concluded between 2017 and 2020.

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:

Messrs Sydney Bvurere and Olatunde Akerele resigned from the Board on 3 May 2021 and Ronald Mutandagayi resigned as Group Chief Executive from the Board and the Company on 31 May 2021.

On behalf of the Board, I would like to express our gratitude for their diligent services to the Group and wish them success in their future endeavours.

Mr Fanuel Kapanje was appointed to act as Group Chief Executive pending recruitment of a substantive Group Chief Executive.

Outlook:

The Zimbabwean economy is projected to rebound in 2021 and beyond, following contraction in 2019 and 2020. The positive outlook is predicated on an above-average 2020/21 farming season, a tight monetary policy complemented by fiscal discipline, stability in the exchange rate and expected further slow-down in inflation.

The Group will proceed with cautious optimism in the short to medium term. It remains imperative for the Group to continuously seek ways to preserve its capital from value erosion occasioned by inflation. Furthermore, the 'new normal' brought about by the COVID-19 pandemic has placed increased importance on the need to build digital capacities for customer service delivery in a sustainable and cost-effective manner.

Conclusion:

I wish to express my appreciation to all our valued Customers and Stakeholders, for the support and commitment to the ZBFH Group. I am grateful to fellow Directors, Management and Staff, for their hard work and contributions for the year ended 31 December 2020.

Pamela Chiromo
Chairman

30 June 2021

ACTING GROUP CHIEF EXECUTIVE'S REPORT

Introduction:

The Group's primary financial statements are adjusted for inflation in terms of International Accounting Standards (IAS 29) – Financial Reporting in Hyperinflationary Economies.

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

Performance Outturn:

In 2020, the Group recorded a 9% decline in total income from ZW\$3.656bn in 2019 to ZW\$3.323bn. The revenue performance was mainly underpinned by an 87% decrease in fair value adjustments, from ZW\$1.032bn in 2019 to ZW\$0.136bn in 2020. Banking commissions and fees also fell in real terms by 8%, from ZW\$1.242bn in 2019 to ZW\$1.142bn in 2020, as inflation continued to outpace rate adjustments for commissions and fees.

Net interest income increased by 0.34%, from ZW\$0.657bn in 2019 to ZW\$0.660bn in 2020.

Loan impairment charges to the income statement decreased from ZW\$0.339bn in 2019 to ZW\$0.282bn in 2020. Overall credit quality continued to improve, with non-performing loans as a percentage of total loans reducing from 2% in 2019 to 0.7% in 2020.

Net insurance related earnings declined from ZW\$0.4bn in 2019 to a loss of ZW\$0.002bn in 2020. This was influenced by a 58% increase in insurance related expenses which grew faster than the growth in gross premiums. Gross premiums increased by 2% from ZW\$1.128bn in 2019 to ZW\$1.148bn in 2020, whilst the related expenses increased from ZW\$0.728bn in 2019 to ZW\$1.149bn in 2020.

Other income increased by 152%, from ZW\$0.663bn in 2019 to ZW\$1.669bn in 2020, mainly underpinned by exchange gains.

The subdued revenue performance in 2020 was mainly due to the combined effects of low-cost absorption of most economic sectors receded. This was compounded by the freeze on banking fees by the authorities which was necessary to ameliorate the effects of COVID-19 on industry and the general public.

Operating costs increased by 25% from ZW\$2.222bn in 2019 to ZW\$2.789bn in 2020, largely influenced by a catch-up adjustment on the cost base in tandem with the inflation profile over the past 2 years.

The cost to income ratio rose from 61% in 2019 to 84% in 2020. The sustainability of the cost base against contracting income levels in real terms continues to be a matter of continued strategic importance for the Group.

Profit from ordinary activities declined by 63% from ZW\$1.433bn in 2019 to ZW\$0.534bn in 2020.

An increased transfer to the life fund of ZW\$0.599bn, compared to ZW\$0.093bn in 2019 was made on the back of strong performance of the underlying assets.

The Group earned ZW\$1.405bn as its share of profits reported by its associate companies for 2020, compared to ZW\$1.091bn in 2019. 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.

The Group posted a net profit after taxation of ZW\$1.065bn in 2020, representing a 45% decline from the ZW\$1.939bn attained in 2019.

Meanwhile, the Group's total assets increased by 21% in real terms, from ZW\$15.636bn as at 31 December 2019 to ZW\$18.977bn as at 31 December 2020.

Deposits and other related funding account balances grew by 15%, from ZW\$6.155bn as at 31 December 2019 to ZW\$7.108bn as at 31 December 2020.

Earning assets increased by 25% from ZW\$7.982bn as at 31 December 2019 to ZW\$10bn as at 31 December 2020 whilst constituting 53% of total assets (51% as at 31 December 2019).

The Group maintained a comfortable liquidity margin of safety, with the ratio of liquid assets to customer deposits being above 79% throughout the year against a prescribed ratio of 30%.

The Group's total equity increased by 22%, from ZW\$6.575bn as at 31 December 2019 to ZW\$8.038bn as at 31 December 2020, 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\$0.633bn in 2020, as compared to ZW\$0.819bn in 2019. The reduction in profitability was mainly as a result of an increase in operating expenses from ZW\$1.632bn in 2019 to ZW\$2.284bn in 2020.

The Bank's total assets stood at ZW\$12.434bn as at 31 December 2020, from ZW\$10.244bn as at 31 December 2019.

ZB Building Society posted a loss of ZW\$0.055bn for the year ended 31 December 2020, reducing from a profit of ZW\$0.285bn in 2019. Its assets increased from ZW\$1.043bn as at 31 December 2019 to close the year 2020 at ZW\$1.119bn.

A review of the branch network was done in 2020 resulting in the merger of branches in Harare and Bulawayo into modernised facilities with improved ambience which also offer safe online self-help facilities.

During the year, the Group expanded its product portfolio by launching VISA and Kesto Diaspora Banking.

Insurance Operations:

ZB Reinsurance posted a profit of ZW\$0.086bn in 2020 compared to ZW\$0.113bn in 2019. Its total assets increased in real terms from ZW\$0.678bn as at 31 December 2019 to close the year 2020 at ZW\$0.839bn.

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

ZB Life Assurance posted a profit of ZW\$0.135bn in 2020, compared to ZW\$0.650bn in 2019. Its total assets increased in real terms from ZW\$2.418bn as at 31 December 2019 to ZW\$3.257bn as at 31 December 2020.

Growth in life assurance premiums has slowed down significantly as household incomes are affected by inflation.

The company has started offering funeral service facilities as an add-on to its bouquet of services in partnership with selected partners.

Other Strategic Operations:

Land bank acquisition was maintained as a focal strategy to preserve value against inflation.

The Group attained an operating licence for its micro-finance business on 3 December 2020, and the unit was launched virtually on 16 December 2020, initially operating from 2 branches in Harare.

Internal Processes:

During the year, the Group commenced the process of certification under the Sustainability Standards & Certification Initiative (SSCI) through the European Organisation for Sustainable Development (EOSD). Full certification is expected within 12 to 18 months. Satisfactory progress in this regard has been registered.

The Group initiated processes to refresh its banking system, as an integral component of a digitalisation thrust, which will have an impact on the business model and customer experience. This has become a strategic imperative to guarantee the long-term survival of the business in a fast-changing business environment.

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 continues to be within acceptable levels.

The Group staff complement as at 31 December 2020 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 2020. All staff members attended wellness clinics and soft skills training during the year.

Industrial relations remained cordial during the year under review.

Appreciation:

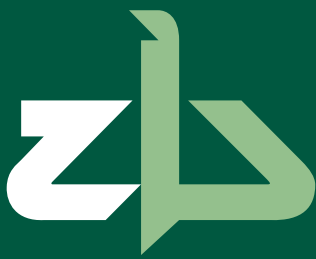
I extend gratitude to our valued customers for their support during a very challenging period.

I also thank staff and the management team for their contribution to the profitable outturn in 2020.

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

Fanuel Kapanje
Acting Group Chief Executive

30 June 2021



19.3 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.

19.4 Risk rating

19.4.1 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

19.4.2 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	2020	2019	2018
ZB Bank Limited	BB	BB	BB
ZB Building Society	B-	B-	BB-
ZB Reinsurance Company	BBB	BBB	A-

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

20. COMPLIANCE WITH REGULATIONS

20.1 Banking operations

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 2020. ZB Bank Limited and ZB Building Society (ZBBS) met these requirements as at 31 December 2020.

20.2 Insurance operations

In terms of paragraph 3 of Statutory Instrument 206 of 2019, Amendment Regulations of 2019 (Number 22), paragraph 11B (1) was inserted to the principal regulations of the Insurance Act (Chapter 24:07) with the effect of setting the minimum prescribed assets ratios for insurers at the rate of 15% of the market value of total adjusted assets in the case of life assurance businesses and 10% of the market value of total adjusted assets in the case of short-term re-insurance businesses. ZB Life Assurance Limited and ZB Reinsurance Limited did not comply with these ratios throughout 2020, closing the year with ratios at 0.7% (2019: 1.78%) for the Life Company and 5% (2019: 1%) for the Reinsurance Company respectively. As further required by paragraph 11B sub-section 4, the two entities have collaborated with the Insurance and Pensions Commissions (IPEC) on the non-compliance as required by the Regulations, and provided a roadmap to remedy the non-compliance which is being tracked on a monthly basis. Compliance has been affected by the shortage of qualifying assets on the market. Furthermore, the ratios have been impacted on by an inflationary growth in the value of assets.

The non-compliance persisted up to the date of release of these financial statements. No penalties have been levied on the entities for the non-compliance.

20.3 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.

21. SUBSEQUENT EVENTS

The Group lost US\$2 775 000 and ZW\$43 090 in a heist on 6 January, 2021 after a Cash In Transit (CIT) vehicle was involved in a robbery incident. Measures have been taken to strengthen controls around the operation of cash movement activities and to mitigate the impact of similar events.

22. GOING CONCERN

The Board undertakes regular 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 Monetary Policy Committee of the Reserve Bank of Zimbabwe, revised minimum capital requirements for banking institutions with effect from 31 December 2021. The revised limit for Tier 1 Banks is the ZW\$ equivalent of US\$30m and for Building Societies is the ZW\$ equivalent of US\$20m reckoned with reference to the exchange rate ruling at that time.

A rearrangement of capital resources through the merger of the Group's banking operation namely ZB Bank Limited and ZB Building Society is planned for the optimisation of capital resources and also address possible capital strain at a solo level for the subsidiaries.

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 taken into account the ongoing developments related to the COVID-19 pandemic and do not affect the possibility of a strain that can affect the continuation of operations in their current state.

Whilst aggregate risk has been assessed as a whole, risks in the following areas continue to remain under close monitoring as a result of the continuation of the COVID-19 pandemic:

- Credit Risk** – changed operating models and market dynamics may affect the ability of borrowers to service their obligations. The Group may be forced to consider loan forbearance to mitigate the risk of loss.
- Liquidity Risk** – During the year, the market continued to have excess liquidity and the Group has not been affected by this risk. Any mismatches that may arise between assets and liabilities due to changed business models for suppliers of critical funding, the Group will maintain a significant liquidity buffer in the short-term. This may affect asset creation activities in the short-term period.
- Insurance Risk** – funeral insurance claims remained very low on individual life products despite the advent of COVID-19. There was also an improvement in the claims experience for 2020 where the overall claims ratio came down to 32% compared to 40% in 2019. 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 2020. A market wide increase in interest rates is likely to reduce the Group's net interest earnings in the short-term.

Consequently, the financial statements for the year ended 31 December 2020 have been prepared on a going concern basis.

23. BOARD ATTENDANCE DURING THE YEAR

ENTITY	ZBFH	ZBBL	ZBBS	ZBRE	ZBLA
TOTAL MEETINGS	10	5	5	5	5
*P CHIROMO	10	X	X	X	X
R MUTANDAGAYI	10	4	5	5	5
O AKERELE	10	X	X	X	X
T S BVURERE	9	X	X	X	X
F KAPANJE	8	X	X	X	X
A Z MANGWIRO	10	X	X	X	X
J MUTEVEDZI	8	X	X	X	X
B P NYONI	8	X	X	X	X
T SIBANDA	10	X	X	X	X
A MAKAMURE	9	X	X	X	X
K MAUKAZUVA	9	X	X	X	X
S A SIBANDA	X	5	X	X	X
P M MATUPIRE	X	5	X	X	X
C MANDIZVIDZA	X	5	X	X	X
G N MAHLANGU	X	5	X	X	X
**G CHIKOMO	X	5	X	X	X
F NYAMBIRI	X	5	X	X	X
K J LANGLEY	X	5	X	X	X
P MURENA	X	5	X	X	X
***E MASINIRE	X	2	X	X	X
O MANDIMIKA	X	X	5	X	X
S K CHIGANZE	X	X	5	X	X
T KAPUMHA	X	X	5	X	X
J KATSIDZIRA	X	X	5	X	X
F B CHIRIMUUTA	X	X	X	5	X
B SHUMBA	X	X	X	5	X
P MURAMBINDA (MRS)	X	X	X	5	X
A NYAKONDA	X	X	X	5	X
*****M SHONIWA	X	X	X	5	X
C MASIMBE	X	X	X	5	X
E T Z CHIDZONGA	X	X	X	X	5
L MAWIRE (MRS)	X	X	X	X	5
C MAKONI	X	X	X	X	5
****A MANGORO	X	X	X	X	5
****R DZIMBA-MABVURUNGE (MRS)	X	X	X	X	5
*****T SANDURA	X	X	X	X	2

*P. Chiromo was appointed as the substantive board chairman of ZBFH with effect from 28 September 2020.

**G. Chikomo was appointed as the substantive Managing Director with effect from 17 August 2020

***E Masinire was appointed to the board with effect from 1 September 2020.

****A. Mangoro and R. Dzimba-Mabvurunge were appointed to the board with effect from 27 January 2020

*****M. Shoniwa was appointed to the board with effect from 13 January 2020

*****T. Sandura was appointed to the board with effect from 1 September 2020

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



25.3 Interest gap

Interest rate gap analysis	Inflation adjusted				
	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 2020					
ASSETS					
Cash and short term funds	730 216 943	-	-	-	730 216 943
Treasury bills	50 000 000	228 161 763	78 005 017	161 947 384	518 114 164
Advances and other accounts	472 273 612	297 969 363	795 672 222	1 426 551 451	2 992 466 648
Investment securities at fair value through profit or loss	-	-	-	405 581 214	405 581 214
Investment securities held at amortised cost	-	-	-	68 108 946	68 108 946
	1 252 490 555	526 131 126	873 677 239	2 062 188 995	4 714 487 915
LIABILITIES					
Deposits and other accounts	6 895 594 197	43 728 108	1 875 000	-	6 941 197 305
Offshore borrowings	-	60 801 658	60 801 658	121 603 322	243 206 638
Lease liability	-	-	86 552 577	121 173 607	207 726 184
	6 895 594 197	104 529 766	149 229 235	242 776 929	7 392 130 127
Period gap	(5 643 103 642)	421 601 360	724 448 004	1 819 412 066	(2 677 642 212)
Cumulative gap	(5 643 103 642)	(5 221 502 282)	(4 497 054 278)	(2 677 642 212)	-
Restated as at 31 December 2019					
ASSETS					
Cash and short term funds	917 407 487	-	448 581 589	-	1 365 989 076
Treasury bills	51 156 310	109 651 356	378 187 564	434 646 039	973 641 269
Advances and other accounts	188 856 972	308 780 725	350 296 080	980 930 037	1 828 863 814
Investment securities at fair value through profit or loss	-	-	-	126 462 247	126 462 247
Investment securities held at amortised cost	-	-	-	95 993 737	95 993 737
	1 157 420 769	418 432 081	1 177 065 233	1 638 032 060	4 390 950 143
LIABILITIES					
Deposits and other accounts	5 903 928 353	117 101 867	12 511 631	113 810	6 033 655 651
Offshore borrowings	-	69 873 846	69 873 846	195 871 722	335 619 414
Lease liability	-	-	24 767 271	34 674 180	59 441 451
	5 903 928 353	186 975 713	107 152 748	230 659 712	6 428 716 526
Period gap	(4 746 507 584)	231 456 368	1 069 912 485	1 407 372 348	(2 037 766 383)
Cumulative gap	(4 746 507 584)	(4 515 051 216)	(3 445 138 731)	(2 037 766 383)	-

Interest rate gap analysis

As at 31 December 2020

Unaudited Historical cost					
	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Carrying amount ZWS
ASSETS					
Cash and short term funds	730 216 943	-	-	-	730 216 943
Money market investments	-	-	-	-	-
Treasury bills	50 000 000	228 161 763	78 005 017	161 947 384	518 114 164
Advances and other accounts	472 273 612	297 969 363	795 672 222	1 426 551 451	2 992 466 648
Investment securities at fair value through profit or loss	-	-	-	405 581 214	405 581 214
Investment securities held at amortised cost	-	-	-	68 108 946	68 108 946
	1 252 490 555	526 131 126	873 677 239	2 062 188 995	4 714 487 915
LIABILITIES					
Deposits and other accounts	6 895 594 197	43 728 108	1 875 000	-	6 941 197 305
Offshore borrowings	-	60 801 658	60 801 658	121 603 322	243 206 638
Lease liability	-	-	86 552 577	121 173 607	207 726 184
	6 895 594 197	104 529 766	149 229 235	242 776 929	7 392 130 127
Period gap	(5 643 103 642)	421 601 360	724 448 004	1 819 412 066	(2 677 642 212)
Cumulative gap	(5 643 103 642)	(5 221 502 282)	(4 497 054 278)	(2 677 642 212)	-

Restated as at 31 December 2019

Unaudited Historical cost					
	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Carrying amount ZWS
ASSETS					
Cash and cash equivalents	204 512 961	-	100 000 000	-	304 512 961
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 at fair value through profit or loss	-	-	-	28 191 582	28 191 582
Investment securities held at amortised cost	-	-	-	21 399 392	21 399 392
	258 017 895	93 278 924	262 397 134	365 158 111	978 852 064
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	-	-	5 521 241	7 729 738	13 250 979
	1 316 132 562	41 681 539	23 887 014	51 419 790	1 433 120 905
Period gap	(1 058 114 667)	51 597 385	238 510 120	313 738 321	(454 268 841)
Cumulative gap	(1 058 114 667)	(1 006 517 282)	(768 007 162)	(454 268 841)	-

Live beyond the clock

#LiveBeyond





	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
10. LEASE LIABILITY				
Balance as at 1 January	4 748 350	17 612 289	1 058 525	632 083
Remeasurement	363 766	2 902 143	5 335 814	646 960
Finance charge	4 217 687	421 386	2 062 685	28 628
Impairment due to inflation	-	(9 245 287)	-	-
Lease payments	(3 859 227)	(6 942 181)	(2 986 448)	(249 146)
Balance as at 31 December	5 470 576	4 748 350	5 470 576	1 058 525
11. TRADE AND OTHER PAYABLES				
Policyholders claims intimated but not paid	20 619 382	2 170 050	20 619 382	483 758
Other liabilities	10 397 292	12 808 837	10 397 292	2 855 409
Related parties	5 552 658	4 057 355	5 552 658	904 485
Unearned Premium	14 134 981	10 103 548	14 134 981	2 252 332
Balance as at 31 December	50 704 313	29 139 790	50 704 313	6 495 984
12. GROSS PREMIUM INCOME				
Individual life	17 769 123	81 878 196	11 417 240	5 706 270
Group business	148 509 902	173 759 100	103 603 061	16 232 816
	166 279 025	255 637 296	115 020 301	21 939 086
13. PREMIUMS CEDED TO REINSURERS				
Individual life	287 673	(1 717 720)	(56 660)	(124 815)
Group business	(12 810 720)	(11 419 533)	(10 284 906)	(887 575)
	(12 523 047)	(13 137 253)	(10 341 566)	(1 012 390)
14. INVESTMENT INCOME				
Interest income on held to maturity financial instruments	2 925 806	8 673 002	1 953 812	589 234
Rentals from investment properties	5 998 298	6 551 075	4 079 102	643 733
Dividends from financial assets designated at fair value through profit or loss	2 065 776	15 449 713	1 958 465	1 971 424
	10 989 880	30 673 790	7 991 379	3 204 391
15. OTHER INCOME				
Loss on disposal of property and Equipment	-	(5 313 085)	-	(174 090)
Sundry income	201 486	964 617	117 577	65 533
Reinsurance commission	2 233 419	2 397 544	1 741 261	177 834
Asset Management income	506 889	617 767	317 009	48 963
	2 941 794	(1 333 157)	2 175 847	118 240
16. POLICYHOLDERS' BENEFITS				
Claims during the year were as follows:-				
Death and disability benefits	25 880 542	40 553 170	17 950 720	2 984 614
Maturities	4 726 030	19 531 020	3 543 733	3 152 484
Annuities	4 159 318	2 454 893	2 794 657	187 441
Surrenders and pensions withdrawals	267 624 498	32 673 160	259 011 510	2 584 523
	302 390 388	95 212 243	283 300 620	8 909 062
17. OPERATING EXPENSES				
Staff expenses	61 379 363	57 066 023	45 683 570	5 505 942
Administration expenses	45 522 408	63 668 548	34 679 615	5 189 453
Depreciation of equipment	7 689 229	13 476 956	1 540 110	483 669
Depreciation of software	6 561 084	2 641 949	246 460	68 814
Depreciation of right of use asset	5 919 520	4 736 515	1 319 608	169 988
Foreign exchange loss	4 913 757	49 024 064	1 773 130	3 752 562
Directors Fees	3 738 793	1 131 865	2 755 333	94 158
Audit Fees	3 005 358	7 096 697	1 840 637	1 067 701
	138 729 512	198 842 617	89 838 463	16 332 287

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
18. INCOME TAX CHARGE				
Current taxation	73 301 932	11 772 257	35 848 751	799 794
Deferred taxation	47 723 993	67 950 703	143 888 402	8 780 468
	121 025 925	79 722 960	179 737 153	9 580 262

19. PRIOR YEAR ERROR

The Company changed its accounting policy on intangible assets to the revaluation model in 2019. The intangible assets comprised of computer software. The adoption of the revaluation model had been necessitated by the observation that the computer software assets class was the only class that had remained at cost, whilst all other items of property, plant and equipment had changed to the revaluation model and the historical cost values of the computer software was viewed not to faithfully represent the value of computer software used for Company operations.

On further reassessment of application of revaluation model on computer software in the current year, the Company noted that it was difficult to satisfy the requirement of the existence of an active market as is required by IAS 38 [Intangible Assets] for adoption of the revaluation model for intangible assets. This was due to the following reasons:

- The pricing information of the computer software is not publicly available as contracts are negotiated between individual buyers and sellers.
- The computer software is customized to the requirements of the Company thereby making it a unique product.

The above conditions were deemed present for the financial year ended 31 December 2019. This therefore entailed there was an error in adopting the revaluation model for computer software. The Company has accordingly reverted to the historical cost model from the 2020 financial year.

The financial statements for the year ended 31 December 2019 have been restated to reverse the revaluation gain adjustment on computer software. The financial statements have also been restated to apply the exchange rate of USD1:ZWL1 on the date of change of functional currency (23 February 2019), which was the earliest observable exchange rate per IAS 21. The Company has not presented the earliest opening statement of financial position as is required by IAS 8 due to the impracticability to disclose the same as at 1 January 2019 as the statement of financial position for the year ended 31 December 2018 did not achieve fair presentation due to currency distortions since October 2018. An adverse opinion on the statement of financial position as at 31 December 2018 was issued given the complexity of determining the exchange rates between October 2018 and February 2019 being unknown.

20. RISK MANAGEMENT

Liquidity risk gap analyses as at 31 December 2020

	Up to 1 Month ZWS	2 to 12 Months ZWS	Above 12 Months ZWS	Total ZWS
Assets				
Bank and cash	4 200 400	-	-	4 200 400
Funds on deposit	5 475 258	171 354	295 537	5 942 149
At Amortised cost	-	12 220 511	-	12 220 511
Investments-At Fair Value	-	208 249 227	262 759 492	471 008 719
Trade and other receivables	-	13 508 749	-	13 508 749
Reinsurance receivable	17 270	-	-	17 270
Total	9 692 928	234 149 841	263 055 029	506 897 798
Liabilities				
Trade and other payables	-	50 704 313	-	50 704 313
Reinsurance payable	2 056 516	-	-	2 056 516
Total	2 056 516	50 704 313	-	52 760 829
Period Gap	7 636 412	183 445 528	263 055 029	454 136 969
Cumulative Gap	7 636 412	191 081 940	454 136 969	-

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Audited Financial Results for the year ended 31 December 2020

2. INVESTMENTS (continued)

	Unaudited Historical cost			Total ZW\$
	Quoted Shares ZW\$	Bonds & Bills ZW\$	Unquoted investment ZW\$	
2020				
Opening balances	19 296 864	2 102 762	519 335	21 918 961
Fair value adjustments	69 532 710	-	-	69 532 710
Additions	381 102	41 893 300	-	42 274 402
Maturities	(381 434)	(2 076 202)	-	(2 457 636)
Closing balances	88 829 242	41 919 860	519 335	131 268 437
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)
Closing balances	19 296 864	2 102 762	519 335	21 918 961

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
3 BALANCES RECEIVABLE FROM INSURANCE COMPANIES				
Balances receivable	101 617 893	188 090 052	101 617 893	41 929 954
Impairment allowance	(21 662 067)	(55 762 526)	(21 662 067)	(12 430 855)
	79 955 826	132 327 526	79 955 826	29 499 099
4 CASH AND CASH EQUIVALENTS				
Local banks	154 669 372	221 746 853	154 669 372	27 795 206
Foreign banks	267 176 296	6 343 488	267 176 296	23 051 808
	421 845 668	228 090 341	421 845 668	50 847 014
5 UNEARNED PREMIUM RESERVE (UPR)				
Opening balance	69 800 161	36 180 786	15 560 193	1 298 459
Charge to profit or loss	145 201 284	142 147 356	95 765 848	14 261 734
Effects of monetary movements	(103 675 404)	(108 527 981)	-	-
Closing balance	111 326 041	69 800 161	111 326 041	15 560 193
6 INCURRED BUT NOT REPORTED CLAIMS RESERVE (IBNR)				
Opening balance	54 340 227	65 566 874	12 113 789	2 353 113
Charge to profit or loss	92 080 960	49 716 051	78 049 847	9 760 676
Effects of monetary movements	(56 257 551)	(60 942 698)	-	-
Closing balance	90 163 636	54 340 227	90 163 636	12 113 789
7 OUTSTANDING CLAIMS RESERVE				
Opening balance	-	-	-	-
Charge to profit or loss	48 209 266	-	28 571 568	-
Effects of monetary movements	(19 637 698)	-	-	-
Closing balance	28 571 568	-	28 571 568	-

8. TECHNICAL RESERVES

An external independent actuarial firm, African Actuarial Consultants determined incurred but not reported claims reserve (IBNR), Unearned Premium Reserve and the Outstanding Claims Reserves. African Actuarial Consultants has the appropriate recognised professional qualifications and experience to undertake this valuation.

To estimate the IBNR Reserve, the actuary made use of the Basic Chainleader and Inflation adjusted Chainleader methods. To estimate the Unearned premium reserve the Actuary makes use of the 365th method. To estimate outstanding claims reserve, reports and individual case estimates received from ceding companies were used.

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
9 NET CLAIMS				
Gross claims	305 223 653	192 913 784	187 787 823	16 724 142
Retrocession recoveries	(12 425 257)	(10 169 695)	(5 124 969)	(881 634)
IBNR movement	92 080 960	49 716 050	78 049 847	9 760 676
Outstanding claims movement	48 209 266	7 253 603	28 571 568	-
	433 088 622	239 713 742	289 284 269	25 603 184
10 NET COMMISSIONS				
Gross commissions	328 103 418	257 380 358	236 910 391	31 530 408
Retrocession commissions	(71 966 259)	(19 161 649)	(42 367 050)	(2 347 400)
	256 137 159	238 218 709	194 543 341	29 183 008
11 OPERATING EXPENSES				
Staff expenses	31 082 206	26 358 393	22 799 137	2 822 431
Impairment on balances receivable from insurance companies	9 231 212	92873329	9 231 212	11 170 139
Depreciation- property and equipment	3 855 151	3 312 533	859 907	228 890
Depreciation-right of use asset	1 055 046	808 492	515 977	54 928
Directors' remuneration	4 129 992	655 229	3 084 320	58 938
Current year audit fees	4 234 704	2 604 227	2 144 671	261 709
Other management expenses	53 654 295	52 461 982	39 794 223	5 028 004
Impairment Right of Use Asset	485 636	3 290 202	-	-
Profit on lease reassessment	(133 340)	(825 888)	(133 340)	(184 111)
Impairment-property and equipment	3 915 269	73 916	-	-
	111 510 171	181 612 415	78 296 107	19 440 928
12 INVESTMENT INCOME				
Interest income	2 232 642	4 496 236	1 618 544	414 845
Dividend income	2 319 580	5 465 307	1 871 880	524 024
Exchange gain	354 884 448	98 386 131	174 060 517	21 932 717
Loss on disposal of assets	-	(51 466)	-	(1 367)
Rental Income	2 690 430	2 234 335	2 221 307	191 363
	362 127 100	110 530 543	179 772 248	23 061 582
13 FAIR VALUE ADJUSTMENT				
Increase in fair value of equity investments	460 566	(72 712 142)	69 532 710	13 596 449
Increase in fair value of investment property	(12 607 892)	137 554 629	143 172 272	39 044 853
	(12 147 326)	64 842 487	212 704 982	52 641 302
14 REGULATORY FRAMEWORK				

The Insurance and Pensions Commission (IPEC) requires reinsurers to maintain a minimum solvency level of 25%. The solvency ratio is calculated as shareholder's equity divided by net premium income. As at 31 December 2020 the company had a solvency margin of 54%(Inflation adjusted), 73% (Historical) (December 2019: 51%- Inflation adjusted and 96%-Historical). The company is also compliant with the IPEC prescribed minimum capital requirement of \$75,000,000.

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