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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

Inflation adjusted financial highlights

| | | |
|---|--|---|
| <p>↑ 7%</p> <p>Total assets</p> <p>30 June 2020 - ZW\$9 879.8m</p> <p>31 December 2019 - ZW\$9 254.6m</p> | <p>↑ 34%</p> <p>Total capital and reserves</p> <p>30 June 2020 - ZW\$5 293.3m</p> <p>31 December 2019 - ZW\$3 946.4m</p> | <p>↑ 375%</p> <p>Net profit/(loss) after taxation</p> <p>30 June 2020 - ZW\$1 130.1m</p> <p>30 June 2019 - ZW\$237.8m</p> |
| <p>↑ 26pps</p> <p>Return to equity</p> <p>30 June 2020 - 49%</p> <p>31 December 2019 - 29%</p> | <p>↑ 29pps</p> <p>Liquidity ratio (Group)</p> <p>30 June 2020 - 100.23%</p> <p>31 December 2019 - 88%</p> | <p>↑ 43pps</p> <p>Cost to income ratio</p> <p>30 June 2020 - 28%</p> <p>31 December 2019 - 62%</p> |

pps - percentage points

CHAIRMAN'S STATEMENT

Operating environment:

The local environment in the first half of 2020 remained challenging with structural fragilities carried over from prior year being compounded by the effects of the COVID-19 worldwide health pandemic, with a first confirmed case being recorded in Zimbabwe in March, 2020.

The domestic economy endured varying levels of lockdown throughout the second quarter 2020, and, to date, normalcy is yet to be fully restored.

Shortages of critical commodities such as fuel and staple grains, adversely impacted general economic productivity. General price increases continued with year-on-year inflation having been reported at 737.27% at the end of June, 2020. This was on the back of sustained foreign currency shortages with the currency trading at a premium rate on the informal market compared to the official market.

Government has taken measures to improve the availability of foreign currency and promote equity and transparency in its distribution. Amongst the measures implemented are:

- a relaxation of the mono-currency framework to allow for the usage of free funds for local transactions; and
- the introduction of a foreign exchange auction system designed to enhance price discovery.

Since the introduction of the auction system there has been a significant depreciation of the Zimbabwean dollar on the official market, narrowing the rate differential between the official and informal market. This is a positive development which, if sustained, should see a more efficient allocation of resources following market dictates.

Government has also introduced numerous anti-inflation measures which, in broad terms, compel intermediary institutions in the national payments system to tighten the level of oversight on customer transactions. With enough commitment, the measures should assist in further strengthening the financial system at large.

Group performance:

The financial outturn is discussed in more detail by Group Chief Executive in his report.

Dividend:

The Directors have not declared a dividend for the half year ended 30 June 2020.

Capital requirements:

The RBZ has extended the target compliance date for banking institutions' minimum capital requirements by a further year, from 31 December 2020 to 31 December 2021. The Group is confident that it will continue to operate a Tier 1 banking licence with a minimum capital requirement set at the ZW\$ equivalent of USD30m. In this respect it remains a strategic imperative for the Group to finalise the merger of ZB Bank Limited and ZB Building Society in order to lessen the compliance burden. Consultations in this regard are on-going.

Minimum capital requirements for life assurance and reinsurance companies remain at ZW\$75m, with ZB Life Assurance Company and ZB Reinsurance Company having met these capital levels as at 31 December, 2019.

Governance

The Group welcomes the following members who joined boards of subsidiary companies as independent non-executive directors:

| ENTITY | MEMBER |
|--------|----------------------------|
| ZBLA | Mrs R. Dzimba – Mabvurunge |
| | Mr A. Mangoro |
| ZBRE | Mrs C. Masimbe |
| | Mrs M. Shoniwa |
| | Mr A. Nyakonda |

I welcome these new members to the ZB family and look forward to their contribution to the Group.

Legal contingencies:

As reported in my last report, there has been no further progress in efforts to resolve the dispute between the Company and Transnational Holdings Limited regarding the ownership of Intermarket Holdings Limited, a subsidiary entity of the Group.

Outlook:

The World Bank, in its June 2020 Global Economic Prospects, projected that the Zimbabwean economy will contract by 10% in 2020, largely on the back of the COVID-19 induced disruptions, which are expected to aggravate existing economic vulnerabilities.

The advent of COVID-19 has attracted a general sense that economies and businesses will be faced with a "new normal" which is yet to fully unravel going forward. The Group will thus closely look at its business model, its operations and investment strategies in order to keep aligned to the demands of a changing environment and customer needs.

The Group's strategic priority for the remainder of 2020 is to protect its capital whilst deepening its resource capabilities in preparation for a better operating environment in the post-COVID-19 era. Significant focus will be placed on the health and welfare of staff.

Conclusion:

I would like to thank our valued customers, Board colleagues of the holding Company and subsidiaries, management and staff, and all other stakeholders for the contributions made in the achievement of the results posted in the half year, despite a challenging operating environment.

P Chiromo
Chairman

28 August 2020

GROUP CHIEF EXECUTIVE'S REPORT

Performance background:

The supply and distribution of foreign currency remained a major challenge for the monetary sector which resulted in rapid policy evolution from a fixed rate system to a controlled floating rate system having shifted from a mono-currency framework to a *de-facto* multi-currency framework. Currency slippage through the informal market where premium rates are offered has remained prevalent though a trend towards rate convergence has emerged with the introduction of the foreign exchange auction system.

Partly as a consequence of the lack of currency stability and general market indiscipline, upward pressure on prices yielded an average general month-on-month price increase of 17.80% for the half year.

A price rally on the Zimbabwe Stock Exchange resulted in 637.93% increase in the market capitalisation between December 2019 and June 2020 as investors hedged their bets against a raging inflation.

The analysis that follows is based on the inflation adjusted financial statements which are the Group's primary financial statements prepared in terms of IAS29: *Financial Reporting in Hyperinflationary Economies*. Historical cost based financial statements are presented for information purposes only.

Performance outturn:

The Group posted a real total income growth of 138% from ZW\$838.2m, for the six months to 30 June 2019, to ZW\$1 998.0m for the six months to 30 June 2020. This was on the back of gratuitous fair value credits and foreign exchange gains which, combined, contributed 79% of the total income, having increased by 574% from ZW\$232.9m for the six months to June 2019 to ZW\$1 570.2m for the six months to June 2020.

Core business income generally lagged inflation.

Gross interest income retreated in real terms by 21% from ZW\$255.2m for the half year ended 20 June 2019 to ZW\$202.7m for the same period in 2020. This followed a 16% reduction in the real value of interest earning assets, and only moderate interest rate re-pricing on the portfolio with rates achieved reflecting the combined impact of low cost absorption capacity amongst obligors with reduced production and access to markets, and excess liquidity conditions on the market.

Interest expenses reduced by 62% in real terms to ZW\$25.6m for the half year ended 30 June 2020 compared to ZW\$66.9m in the comparative period in 2019. This cost reduction was achieved on the back of changed deposit mix towards cheaper sources of funding with the whole funding book exhibiting price stickiness in the wake of a liquidity glut that predominated the market throughout the period.

A 174% increase in loan impairment charges from ZW\$28.9m during the first six months in 2019 compared to ZW\$79.4m for the first six months of 2020 is reflective of the increased level of assets exposed to credit risk which grew from ZW\$530m as at 30 June 2019 to ZW\$2 522.7m as at 30 June 2020.

Net income from lending and trading activities thus went down from ZW\$159.2m for the half year ended 30 June 2019 to ZW\$97.7m for the half year ended 30 June 2020.

Spurred by the increased renewal of covers in foreign currency and the continual re-evaluation of the gross values of insured assets, gross premium income increased by 12% from ZW\$254.0m posted during the first half in 2019 to ZW\$286.6m during the same period in 2020. Insurance expenses comprising of commissions, reinsurance and retrocession premiums, benefits and claims, similarly increased by 40% from ZW\$165.3m during the first half in 2019 to ZW\$230.7m in the same period in 2020.

On aggregate, the insurance expenses ratio of 80% for six months to June 2020 compared to 65% in the comparative period in 2019 remained within an acceptable range. Net insurance income however declined from ZW\$88.7m for the half year to 30 June 2019 compared to ZW\$55.9m for the same period in 2020.

Banking commissions and fees retreated 23% in real terms from ZW\$334.1m for the six months 30 June 2019 to ZW\$258.1m for the same period in 2020. This is despite an 11% increase in the number of customers on the book over the comparative periods and fee rate adjustments implemented between July 2019 and February 2020. Rate escalations were frozen from March 2020 as part of the measures implemented by the Reserve Bank of Zimbabwe to alleviate financial strain on the banking public at the peak of an economic lock-down to reduce the rate of spread of COVID-19.

The Group's operating expenses reduced by 6% from ZW\$593.9m for the half year ended 30 June 2019 to ZW\$556.8m for the same period in 2020. Non-cash depreciation and amortisation expenses constituted 5% of total operating expenses, underlining the growing impact of asset revaluations on the income statement.

The cost to income ratio improved from 71% to 28% between the comparative periods in 2019 and 2020 respectively. When assessed in relation to maintainable income, the cost efficiency ratio shows deterioration from 98% to 130% over the two periods, representing emerging performance strain that has become a key area of management focus.

The Group posted a profit of ZW\$1 130.1m for the half year ended 30 June 2020 compared to ZW\$237.8m in the comparative period in 2019. A total of ZW\$956.9m of the reported profit belongs to owners of the parent company.

The Group's total assets grew from ZW\$9 254.6m as at 31 December 2019 to ZW\$9 879.8m as at 30 June 2020 with a substantial part of the increase arising from the revaluation of properties in portfolio and equity investments and foreign denominated cash and bank balances.

Earning assets grew by 7% to close at ZW\$5 081.1m as at 30 June 2020 compared to ZW\$4 745.4m as at 31 December 2019.

Gross loans tracked inflation, reducing only marginally by 3% from ZW\$1 355.9m as at 31 December 2019 to ZW\$1 311.3m as at 30 June 2020. The quality of the loan book remained strong with the ratio of non-performing loans to gross loans having improved over the period from 0.45% to 0.19%.

Total deposits receded in real terms from ZW\$3 594.8m as at 31 December 2019 to ZW\$2 857.9m as at 30 June 2020. Rate of deposit growth was tactically managed to match with the pace of asset growth without compromising the structure and quality of the balance sheet.

Despite general excess liquidity on the market, policy swings as may be necessary to curtail inflation have the potential of causing deep liquidity shocks on the balance sheet. To ameliorate this risk, the Group has generally maintained an aggregate liquidity ratio above 80% throughout the period.

The Group's total equity increased by 34% from ZW\$3 946.4m as at 31 December, 2019 to close the period at ZW\$5 293.3m at 30 June 2020. The average return on equity for the half year ended 30 June 2020 amounted to 49%, compared to 23% for the corresponding period in 2019. Against the background of a tightening macro-economy, the ratio reflects an increasingly more efficient deployment of assets.

Operations update:

In line with the digital transformation strategy, the Group formally launched its Contact Centre in August 2020. The Group also expanded its product offering by launching the "Kesto" Diaspora Banking unit, whilst issuance of VISA debit cards has commenced. Both products are expected to augment the Group's foreign currency earnings.

The WhatsApp Banking product was also re-launched during Q2 2020.

In order to improve on branch ambience and re-model branch operations, refurbishments were successfully completed for Douglas Road Branch in Harare, whilst works are on-going at Chambers Branch in Harare and Bulawayo Main in Bulawayo.

The Group has intensified efforts to establish a regional presence with the registration of a reinsurance operation in Botswana having progressed and is now awaiting finalization of regulatory processes.

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 contributions to the attainment of the half year results.

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

R Mutandagayi
Group Chief Executive

28 August 2020

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

1.2 Reporting currency (continued)

Following the adoption of the multi-currency system in January 2009, all local notes in issue and balances transacted through local payment platforms were rated at par with the US\$. The exchange of these balances against external obligations was done through an allocation system which was controlled by the Reserve Bank of Zimbabwe and delays were often experienced due to competing demands whilst substantially higher rates obtained in the alternative markets and became the basis for a multi-tier pricing regime that became pervasive in the Zimbabwean economy.

Following the Monetary Policy Statement of 20 February, 2019, the Government of Zimbabwe issued Statutory Instrument (SI) 32 and 33 of 2019 on 22 February, 2019 together with Exchange Control Directive RU28 of 2019, the effects of which were to:

- Formally recognise local unit monetary balances in the form of bank balances, balances on electronic payment platform and local bond notes as a currency distinct from the US\$. These were subsequently named RTGS Dollars (otherwise identified as ZWL or ZWS).
- Create a base upon which the RTGS Dollars were to be allowed to trade against the US\$ or any other foreign currencies on the interbank market at a floating rate.

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 30 June 2020. 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 30 June 2020 are as follows:

| | Index | Conversion factors |
|------------------|----------|--------------------|
| 30 June 2020 | 1 445.20 | 1.00 |
| 31 December 2019 | 551.63 | 2.62 |
| 31 December 2018 | 88.81 | 6.21 |

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 have not expressed a conclusion 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 |
|--|---------------------------|-----------------------------|---|---------------|
| 30 June 2020 | | | | |
| External revenue | | | | |
| Net earnings from lending activities | 99 849 625 | (2 131 642) | - | 97 717 983 |
| Net fees and commission income | 253 621 047 | 56 102 244 | 4 320 593 | 314 043 884 |
| Fair value adjustments | 318 795 775 | 249 037 405 | 192 508 167 | 760 341 347 |
| Other revenue | 1 049 450 735 | 388 810 808 | 147 890 192 | 1 586 151 735 |
| Total segment revenue | 1 721 717 182 | 691 818 815 | 344 718 952 | 2 758 254 949 |
| Total segment operating expenses | (491 044 889) | (69 553 324) | 3 754 542 | (556 843 671) |
| Material non-cash items included in the above figures: | | | | |
| Depreciation | (13 665 088) | (2 717 599) | (1 020 884) | (17 403 571) |
| Amortisation of intangible assets | (3 563 429) | (5 756 977) | - | (9 320 406) |
| Reportable segment profit before taxation | 814 336 818 | 183 460 581 | 213 813 492 | 1 211 610 891 |
| Reportable segment assets as at 30 June 2020 | 7 652 214 947 | 2 091 251 953 | 136 291 653 | 9 879 758 553 |
| Reportable segment liabilities as at 30 June 2020 | 3 757 266 290 | 888 906 672 | (59 668 982) | 4 586 503 980 |

¹Includes consolidation journals.

Inflation adjusted

| | Banking operations ZWS | Insurance operations ZWS | Other strategic investments ¹ ZWS | Total ZWS |
|--|---------------------------|-----------------------------|---|---------------|
| 30 June 2019 | | | | |
| External revenue | | | | |
| Net earnings from lending activities | 159 609 277 | (400 509) | - | 159 208 768 |
| Net fees and commission income | 330 695 928 | 88 948 959 | 3 210 454 | 422 855 341 |
| Fair value adjustments | (16 525 741) | (35 244 888) | 33 864 504 | (17 906 125) |
| Other revenue | 208 019 632 | 88 530 587 | (22 523 369) | 274 026 850 |
| Total segment revenue | 681 799 096 | 141 834 149 | 14 551 589 | 838 184 834 |
| Total segment operating expenses | (471 848 655) | (96 572 894) | (25 487 203) | (593 908 752) |
| Material non-cash items included in the above figures: | | | | |
| Depreciation | (46 758 953) | (4 878 996) | (2 372 391) | (54 010 340) |
| Amortisation of intangible assets | (33 887 742) | - | (1 307) | (33 889 049) |
| Reportable segment profit before taxation | (61 908 575) | 112 400 563 | 175 359 566 | 225 851 554 |
| Reportable segment assets as at 31 December 2019 | 7 424 172 878 | 1 883 859 129 | (53 397 949) | 9 254 634 058 |
| Reportable segment liabilities as at 31 December 2019 | 4 471 872 100 | 857 922 888 | (21 521 994) | 5 308 272 994 |

¹Includes consolidation journals.

Historical Cost

| | Banking operations ZWS | Insurance operations ZWS | Other strategic investments ¹ ZWS | Total ZWS |
|--|---------------------------|-----------------------------|---|---------------|
| 30 June 2020 | | | | |
| External revenue | | | | |
| Net earnings from lending activities | 48 754 576 | 1 724 990 | - | 50 479 566 |
| Net fees and commission income | 149 252 739 | 33 843 839 | 2 610 342 | 185 706 920 |
| Fair value adjustments | 1 093 042 725 | 596 812 067 | 71 705 364 | 1 761 560 156 |
| Other revenue | 711 406 121 | 133 485 282 | (7 983 304) | 836 908 099 |
| Total segment revenue | 2 002 456 161 | 765 866 178 | 66 332 402 | 2 834 654 741 |
| Total segment operating expenses | (320 655 748) | (42 546 336) | (3 044 375) | (366 246 459) |
| Material non-cash items included in the above figures: | | | | |
| Depreciation | (7 102 512) | (1 840 423) | (637 300) | (9 580 235) |
| Amortisation of intangible assets | (3 007 506) | (3 207 847) | - | (6 215 353) |
| Reportable segment profit before taxation | 1 681 800 413 | 609 415 722 | 119 790 737 | 2 411 006 872 |
| Reportable segment assets as at 30 June 2020 | 7 150 920 389 | 1 705 048 218 | 80 817 104 | 8 936 785 711 |
| Reportable segment liabilities as at 30 June 2020 | 3 640 168 625 | 715 809 616 | (58 772 733) | 4 297 205 508 |

¹Includes consolidation journals.

Historical Cost

| | Banking operations ZWS | Insurance operations ZWS | Other strategic investments ¹ ZWS | Total ZWS |
|--|---------------------------|-----------------------------|---|---------------|
| 30 June 2019 | | | | |
| External revenue | | | | |
| Net earnings from lending activities | 10 356 154 | 115 808 | - | 10 471 962 |
| Net fees and commission income | 27 202 757 | 7 019 310 | 249 518 | 34 471 585 |
| Fair value adjustments | 1 458 893 | 13 224 256 | 1 995 801 | 16 678 950 |
| Other revenue | 23 510 698 | 10 147 394 | (1 094 383) | 32 563 709 |
| Total segment revenue | 62 528 502 | 30 506 768 | 1 150 936 | 94 186 206 |
| Total segment operating expenses | (38 581 112) | (8 066 691) | (2 137 474) | (48 785 277) |
| Material non-cash items included in the above figures: | | | | |
| Depreciation | 4 575 848 | 402 344 | 166 865 | 5 145 057 |
| Amortisation of intangible assets | 2 385 722 | - | 103 | 2 385 825 |
| Reportable segment profit before taxation | 23 947 392 | 16 204 613 | 2 197 288 | 42 349 293 |
| 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.

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 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Treasury bills include: | | | | |
| Assets classified as at fair value through profit or loss ¹ (FVTPL): | | | | |
| Short term treasury bills ¹ | 121 301 744 | 164 781 301 | 121 301 744 | 62 896 699 |
| Assets classified as 'at fair value through other comprehensive income': | | | | |
| Medium term treasury bills acquired from the market ² | 195 559 766 | 293 181 331 | 195 559 766 | 111 906 738 |
| Assets classified as 'amortised cost': | | | | |
| Treasury bills issued as substitution for debt instruments ³ | 25 332 695 | 66 377 578 | 25 332 695 | 25 336 191 |
| Capitalisation treasury bills ⁴ | 17 331 973 | 44 300 050 | 17 331 973 | 16 909 242 |
| | 359 526 178 | 568 640 260 | 359 526 178 | 217 048 870 |

- The Group invested in treasury bills issued by the RBZ over a period of 3 months to 24 months (December 2019: 3 to 24 months) at rates ranging from 7% to 9.875%. (December 2019: 7% to 10%)
- The Group purchased treasury bills from the secondary market. These treasury bills have coupon rates ranging from 0% to 5% (December 2019: 0% to 5%) with maturity periods ranging from 1 month to 3 years (December 2019: 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 2019: 5%) and maturity periods ranging from 1 month to 14 years (December 2019: 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 30 June 2020 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 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 3 (b) Contingent treasury bill assets | | | | |
| In respect of treasury bills held in trust on behalf of clients | - | 239 737 | - | 38 595 |

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 ZWS6.8 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 (2019: ZWS6.796 million) had been passed on to customers as at 30 June 2020. This category of treasury bills was accounted for as off-balance sheet assets during the period they were held by the Group.

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

4. MORTGAGES AND OTHER ADVANCES

| | Inflation Adjusted | | Historical Cost | |
|--|----------------------|----------------------|----------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 4.1 Gross loan book | | | | |
| Mortgage advances | 41 171 234 | 74 211 548 | 41 171 234 | 28 326 402 |
| Other advances: | | | | |
| Loans, overdraft and other accounts | 1 127 972 056 | 1 109 386 759 | 1 127 972 056 | 423 450 746 |
| Finance leases | 33 112 237 | 27 635 390 | 33 112 237 | 10 548 374 |
| Bills discounted | 12 522 695 | 34 813 307 | 12 522 695 | 13 288 171 |
| Insurance advances | 96 491 813 | 109 851 113 | 96 491 813 | 41 929 954 |
| Total other advances | 1 270 098 801 | 1 281 686 569 | 1 270 098 801 | 489 217 245 |
| Gross advances | 1 311 270 035 | 1 355 898 117 | 1 311 270 035 | 517 543 647 |
| Off balance sheet exposures | | | | |
| In respect of guarantees | 311 097 540 | 371 517 239 | 311 097 540 | 141 807 400 |
| In respect of Letter of credit | 250 884 354 | 170 242 194 | 250 884 354 | 64 981 111 |
| In respect of Loan commitments | 302 536 963 | 262 913 879 | 302 536 963 | 100 353 711 |
| Gross credit exposure | 2 175 788 892 | 2 160 571 429 | 2 175 788 892 | 824 685 869 |
| Gross advances | 1 311 270 035 | 1 355 898 117 | 1 311 270 035 | 517 543 647 |
| Less: Allowance for loan impairments | 126 473 363 | 175 434 049 | 126 473 363 | 66 962 832 |
| Less: interest reserved | - | - | - | - |
| Net advances | 1 184 796 672 | 1 180 464 068 | 1 184 796 672 | 450 580 815 |
| 4.2 Maturity analysis | | | | |
| On demand | 141 662 884 | 431 793 766 | 141 662 884 | 164 814 832 |
| Within 1 month | 81 337 811 | 40 856 519 | 81 337 811 | 15 594 853 |
| Between 1 and 6 months | 127 838 233 | 206 171 502 | 127 838 233 | 78 695 257 |
| Between 6 and 12 months | 375 291 829 | 209 037 702 | 375 291 829 | 79 789 280 |
| After 12 months | 1 449 658 135 | 1 272 711 940 | 1 449 658 135 | 485 791 647 |
| | 2 175 788 892 | 2 160 571 429 | 2 175 788 892 | 824 685 869 |
| 4.3 Non-performing loans | | | | |
| Included in the above are the following: | | | | |
| Non-performing loans | 3 990 800 | 16 220 757 | 3 990 800 | 6 191 431 |
| Less: Allowance for loan impairments | (1 504 852) | (6 724 295) | (1 504 852) | (2 566 650) |
| Value to be received from security held | 2 485 948 | 9 496 462 | 2 485 948 | 3 624 781 |

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 ZWS2 485 948 as at 30 June 2020 (2019: ZWS9 496 462).

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.

| | Inflationally adjusted | | Historical cost | |
|---|------------------------|-----------------|----------------------|-----------------|
| | 30 June 2020 ZWS | As a % of Total | 31 Dec 2019 ZWS | As a % of Total |
| 4.4 Sectorial analysis | | | | |
| Gross advances: | | | | |
| Private | 307 036 648 | 14% | 332 145 335 | 15% |
| Agriculture | 259 181 311 | 12% | 254 121 033 | 12% |
| Mining | 269 894 003 | 12% | 228 690 722 | 11% |
| Manufacturing | 57 575 191 | 3% | 38 517 508 | 2% |
| Distribution | 100 761 099 | 5% | 117 233 902 | 5% |
| Construction | 7 003 204 | 0% | 21 392 966 | 1% |
| Transport | 23 787 507 | 1% | 18 798 399 | 1% |
| Services | 233 182 094 | 11% | 247 481 691 | 11% |
| Financial | 52 554 595 | 2% | 95 628 511 | 4% |
| Communication | 294 383 | 0% | 1 888 050 | 0% |
| | 1 311 270 035 | 60% | 1 355 898 117 | 63% |
| Guarantees: | | | | |
| Manufacturing | 311 097 540 | 14% | 369 076 042 | 17% |
| Distribution | - | 0% | - | 0% |
| Construction | - | 0% | - | 0% |
| Transport | - | 0% | - | 0% |
| Services | - | 0% | 1 353 950 | 0% |
| Communication | - | 0% | 1 087 247 | 0% |
| Total guarantees | 311 097 540 | 14% | 371 517 239 | 17% |
| Loan commitments: | | | | |
| Private | - | 0% | 10 060 861 | 0% |
| Agriculture | 183 257 890 | 8% | 41 259 309 | 2% |
| Mining | 4 841 945 | 0% | 93 590 | 0% |
| Manufacturing | 3 126 644 | 0% | 100 314 090 | 5% |
| Distribution | 32 661 177 | 2% | 34 706 249 | 2% |
| Construction | 2 129 179 | 0% | 340 093 | 0% |
| Transport | 4 415 847 | 0% | 7 060 930 | 0% |
| Communication | 40 920 | 0% | 821 495 | 0% |
| Services | 60 970 963 | 3% | 55 357 272 | 3% |
| Financial Services | 11 092 398 | 1% | 12 899 992 | 1% |
| Total loan commitments | 302 536 963 | 14% | 262 913 881 | 12% |
| Letters of credit: | | | | |
| Manufacturing | 250 884 354 | 12% | 170 242 194 | 8% |
| Total letter of credit | 250 884 354 | 12% | 170 242 194 | 8% |
| Total credit exposure | 2 175 788 892 | 100% | 2 160 571 429 | 100% |
| 4.5 Mortgage advances | | | | |
| Mortgage advances were spread as follows: | | | | |
| Type of property- | | | | |
| High density | 4 657 339 | 11% | 6 167 035 | 8% |
| Medium density | 2 353 342 | 6% | 7 561 637 | 10% |
| Low density | 26 940 841 | 65% | 38 936 582 | 52% |
| Commercial | 7 219 713 | 18% | 21 546 296 | 29% |
| | 41 171 235 | 100% | 74 211 550 | 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 | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Gross investment in finance leases: | | | | |
| Less than 1 year | 15 071 916 | 5 456 858 | 15 071 916 | 2 082 872 |
| Between 1 and 5 years | 66 408 139 | 32 502 512 | 66 408 139 | 12 406 145 |
| Gross investment in finance leases | 81 480 055 | 37 959 370 | 81 480 055 | 14 489 017 |
| Unearned finance charges | 48 367 819 | 10 323 980 | 48 367 819 | (3 940 643) |
| Net investment in finance leases | 33 112 236 | 27 635 390 | 33 112 236 | 10 548 374 |
| Less than 1 year | 6 767 947 | 4 949 242 | 6 767 947 | 1 889 116 |
| Between 1 and 5 years | 26 344 289 | 22 686 148 | 26 344 289 | 8 659 258 |
| | 33 112 236 | 27 635 390 | 33 112 236 | 10 548 374 |

5. INVESTMENT PROPERTIES

| | Inflation Adjusted | | Historical Cost | |
|--|----------------------|----------------------|----------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 5.1 Made up as follows: | | | | |
| Land stock held for capital appreciation and completed properties available for lease: | | | | |
| Residential | 335 261 230 | 111 406 749 | 335 261 230 | 42 523 737 |
| Commercial | 1 462 855 218 | 1 236 288 209 | 1 462 855 218 | 471 888 780 |
| Industrial | 66 874 040 | 34 606 107 | 66 874 040 | 13 209 084 |
| Balance at 30 June 2020 | 1 864 990 488 | 1 382 301 065 | 1 864 990 488 | 527 621 601 |
| 5.2 Reconciliation of carrying amount | | | | |
| Carrying amount at beginning of year | 1 382 301 065 | 542 284 867 | 527 621 601 | 33 323 232 |
| Effects of changes in functional currency | - | - | - | 50 044 851 |
| Fair value adjustments | 482 689 423 | 840 016 198 | 1 337 368 887 | 444 253 518 |
| Balance at 30 June 2020 | 1 864 990 488 | 1 382 301 065 | 1 864 990 488 | 527 621 601 |

| | Inflation Adjusted | | Historical Cost | |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 6. RIGHT OF USE ASSETS | | | | |
| Balance at 31 December 2019 | 17 410 941 | 104 234 786 | 6 645 722 | 6 405 194 |
| Arising from lease reassessment | (3 171 523) | (8 308 984) | (1 381 408) | (1 381 408) |
| Depreciation | (15 164 908) | 4 249 265 | (2 201 803) | 1 621 936 |
| Effects of monetary adjustments | 30 329 816 | (82 764 126) | - | - |
| Balance at 30 June 2020 | 29 404 326 | 17 410 941 | 3 062 511 | 6 645 722 |

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 |
| 30 June 2020 | | | | | | | |
| GROUP | | | | | | | |
| Cost or valuation | | | | | | | |
| Balance at 1 January 2020 | 1 074 736 240 | 232 247 714 | 227 409 161 | 446 906 381 | 306 361 144 | - | 2 287 660 640 |
| Additions | 15 306 261 | - | 1 626 893 | 3 783 059 | - | 6 215 138 | 26 931 351 |
| Disposals | - | (20 083) | (956 612) | (1 042 942) | (469 917) | - | (2 489 554) |
| Surplus on revaluation | 242 946 610 | - | - | - | 7 604 038 | - | 250 550 648 |
| Balance at 30 June 2020 | 1 332 989 111 | 232 227 631 | 228 079 442 | 449 646 498 | 313 495 265 | 6 215 138 | 2 562 653 085 |
| Accumulated depreciation | | | | | | | |
| Balance at 1 January 2020 | 165 318 397 | 125 818 982 | 121 479 420 | 252 895 063 | 130 530 550 | 13 513 945 | 809 556 357 |
| Recognised in statement of profit or loss | 89 214 | 1 824 895 | 2 920 677 | 6 925 854 | 5 642 931 | - | 17 403 571 |
| Disposals | - | (20 083) | (956 612) | (1 042 942) | (469 917) | - | (2 489 554) |
| Balance at 30 June 2020 | 165 407 611 | 127 643 877 | 123 443 486 | 258 777 975 | 135 703 579 | 13 513 945 | 824 490 374 |
| Carrying value at 30 June 2020 | 1 167 581 500 | 104 603 837 | 104 635 957 | 190 868 523 | 177 791 701 | 7 298 807 | 1 738 182 711 |
| Restated carrying value at 31 December 2019 | 909 417 843 | 106 428 732 | 105 929 741 | 194 011 318 | 175 830 594 | 15 939 759 | 1 507 557 987 |

| | 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 | 515 424 757 | 162 080 080 | 145 746 273 | 304 827 163 | 171 712 393 | 13 657 893 | 1 313 448 559 |
| Additions | 9 794 997 | 3 224 931 | 17 541 578 | 10 161 716 | 30 556 471 | 15 795 811 | 87 075 504 |
| Disposals | - | - | (289 781) | (555 926) | (8 665 392) | - | (9 511 099) |
| Surplus on revaluation | 549 516 486 | 66 942 703 | 64 411 091 | 132 473 428 | 112 757 672 | - | 926 101 380 |
| Balance at 31 December 2019 | 1 074 736 240 | 232 247 714 | 227 409 161 | 446 906 381 | 306 361 144 | 29 453 704 | 2 317 114 344 |
| Accumulated depreciation | | | | | | | |
| Balance at 1 January 2019 | 164 324 514 | 115 715 236 | 105 051 827 | 210 763 377 | 111 453 076 | 4 332 108 | 711 640 138 |
| Recognised in statement of profit or loss | 993 883 | 10 103 746 | 16 227 665 | 42 472 668 | 20 575 537 | - | 90 373 499 |
| Disposals | - | - | (92 481) | (410 120) | (1 592 374) | - | (2 094 975) |
| Impairment | - | - | 292 409 | 69 138 | 94 311 | 9 181 837 | 9 637 695 |
| Balance at 31 December 2019 | 165 318 397 | 125 818 982 | 121 479 420 | 252 895 063 | 130 530 550 | 13 513 945 | 809 556 357 |
| Carrying value at 31 December 2019 | 909 417 843 | 106 428 732 | 105 929 741 | 194 011 318 | 175 830 594 | 15 939 759 | 1 507 557 9 |

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

8. INTANGIBLE ASSETS

| | Inflation Adjusted | | Historical Cost | |
|---|--------------------|--------------|-----------------|--------------|
| | 30 June 2020 | 31 Dec 2019 | 30 June 2020 | 31 Dec 2019 |
| | ZW\$ | ZW\$ | ZW\$ | ZW\$ |
| Computer software | | | | |
| Carrying amount at 31 December 2019 | 310 101 523 | 28 658 185 | 118 365 142 | 10 938 773 |
| Effects of changes in functional currency | - | 42 479 462 | - | 16 214 327 |
| Additions at cost | 12 467 937 | 36 759 133 | 5 059 770 | 14 030 889 |
| Surplus on revaluation | - | 173 418 304 | - | 66 193 426 |
| Amortisation | (9 320 406) | (33 777 276) | (6 215 353) | (12 892 720) |
| Exchange rate movements | - | 62 563 715 | - | 23 880 447 |
| Balance at 30 June 2020 | 313 249 054 | 310 101 523 | 117 209 558 | 118 365 142 |

| | Inflation Adjusted | | Historical Cost | |
|----------------------------------|--------------------|-------------|-----------------|-------------|
| | 30 June 2020 | 31 Dec 2019 | 30 June 2020 | 31 Dec 2019 |
| | ZW\$ | ZW\$ | ZW\$ | ZW\$ |
| 9.3 Deposit concentration | | | | |
| Private individuals | 413 671 354 | 14% | 540 231 443 | 15% |
| Agriculture | 363 269 438 | 13% | 194 013 205 | 5% |
| Mining | 55 343 070 | 2% | 198 017 965 | 6% |
| Manufacturing | 182 601 278 | 6% | 290 957 987 | 8% |
| Distribution | 115 317 650 | 4% | 103 034 379 | 3% |
| Construction | 27 530 028 | 1% | 41 253 479 | 1% |
| Transport | 17 345 792 | 1% | 32 240 030 | 1% |
| Services | 1 182 224 302 | 41% | 1 339 885 166 | 37% |
| Financial | 251 044 235 | 9% | 382 246 710 | 11% |
| Communication | 249 569 380 | 9% | 472 885 381 | 13% |
| | 2 857 916 527 | 100% | 3 594 765 745 | 100% |

| | Inflation Adjusted | | Historical Cost | |
|--|--------------------|---------------|-----------------|---------------|
| | 30 June 2020 | 31 Dec 2019 | 30 June 2020 | 31 Dec 2019 |
| | ZW\$ | ZW\$ | ZW\$ | ZW\$ |
| 9.4 Secured and unsecured deposits analysis | | | | |
| Secured deposits | 67 280 542 | 150 541 663 | 67 280 542 | 57 461 457 |
| Unsecured deposits | 2 790 635 985 | 3 444 224 082 | 2 790 635 985 | 1 314 653 564 |
| | 2 857 916 527 | 3 594 765 745 | 2 857 916 527 | 1 372 115 021 |

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

| | Inflation Adjusted | | Historical Cost | |
|---|--------------------|--------------|-----------------|-------------|
| | 30 June 2020 | 31 Dec 2019 | 30 June 2020 | 31 Dec 2019 |
| | ZW\$ | ZW\$ | ZW\$ | ZW\$ |
| 10. LEASE LIABILITIES | | | | |
| Balance at 31 December 2019 | 17 410 941 | 106 779 829 | 6 645 722 | 6 561 587 |
| Add accrued interest posted to profit or loss | 3 171 523 | 2 695 605 | 224 079 | 448 157 |
| Less lease commitments paid during the year | (6 242 638) | (16 948 447) | (3 967 285) | (2 817 760) |
| Arising from lease reassessment | - | 6 428 480 | - | 2 453 738 |
| Arising from monetary adjustments | (11 437 310) | (81 544 526) | - | - |
| Balance at 30 June 2020 | 2 902 516 | 17 410 941 | 2 902 516 | 6 645 722 |
| 11. LONG TERM BORROWINGS | | | | |
| <u>Comprising:</u> | | | | |
| Face value of loan | 20 000 000 | 52 397 440 | 20 000 000 | 20 000 000 |
| Valuation discount | (4 243 662) | (12 124 670) | (4 243 662) | (4 627 963) |
| Balance at 30 June 2020 | 15 756 338 | 40 272 770 | 15 756 338 | 15 372 037 |
| <u>Valuation discount:</u> | | | | |
| Balance at 31 December 2019 | 12 124 670 | 14 042 422 | 4 627 963 | 5 359 965 |
| Amortisation during the year | (604 708) | (1 917 752) | (384 301) | (732 002) |
| Effects of monetary adjustments | (7 276 300) | - | - | - |
| Balance at 30 June 2020 | 4 243 662 | 12 124 670 | 4 243 662 | 4 627 963 |
| 12. LIFE ASSURANCE FUNDS | | | | |
| Listed equities | 121 560 552 | 60 653 846 | 121 560 552 | 23 151 454 |
| Unlisted equities | 86 700 278 | 83 852 761 | 86 700 278 | 32 006 434 |
| Gold fund | 19 936 425 | 13 108 891 | 19 936 425 | 5 003 638 |
| Government and public utilities stock | 75 495 131 | 11 520 696 | 75 495 131 | 4 397 427 |
| Investment properties | (12 373 763) | 56 824 183 | (12 373 763) | 21 689 679 |
| Funds on deposit | 230 445 657 | 16 708 815 | 230 445 657 | 6 377 722 |
| Equity accounted investments | 120 186 856 | 395 487 999 | 1 285 939 | 149 928 982 |
| Trade and other receivables | 1 581 241 | 4 142 649 | - | 1 643 521 |
| Gross assets | 648 365 794 | 642 299 840 | 527 883 636 | 244 198 857 |
| Less: Deferred tax liabilities | (4 512 783) | (7 909 624) | (4 512 783) | (3 019 088) |
| Trade and other payables | (2 142 257) | (5 709 622) | (2 142 257) | (2 179 351) |
| Income tax payable | (519 280) | (902 412) | (519 280) | (344 449) |
| Net assets | 641 191 474 | 627 778 182 | 520 709 316 | 238 655 969 |

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 | |
|--|--------------------|--------------|-----------------|--------------|
| | 30 June 2020 | 30 June 2019 | 30 June 2020 | 30 June 2019 |
| | ZW\$ | ZW\$ | ZW\$ | ZW\$ |
| Interest and related income comprises interest on: | | | | |
| Advances | 137 084 985 | 103 191 167 | 84 376 946 | 8 346 166 |
| Mortgages | 5 906 497 | 15 238 166 | 3 642 499 | 1 176 442 |
| Overdraft accounts | 16 511 386 | 6 835 025 | 10 264 380 | 573 284 |
| Trading income | 27 609 924 | 101 965 145 | 17 464 193 | 8 115 219 |
| Cash and short-term funds | 165 950 | 1 093 004 | 103 027 | 67 812 |
| Loans to other banks | 1 216 155 | 736 623 | 651 314 | 59 547 |
| Other | 14 182 613 | 26 053 907 | 8 313 084 | 1 620 505 |
| Total interest and related income | 202 677 510 | 255 113 037 | 124 815 443 | 19 958 975 |

| | Inflation Adjusted | | Historical Cost | |
|---|--------------------|--------------|-----------------|--------------|
| | 30 June 2020 | 30 June 2019 | 30 June 2020 | 30 June 2019 |
| | ZW\$ | ZW\$ | ZW\$ | ZW\$ |
| 14. INTEREST AND RELATED EXPENSES | | | | |
| Interest and related expenses comprise interest on: | | | | |
| Retail deposits | 4 783 763 | 7 320 104 | 2 958 687 | 583 402 |
| Fixed deposits | 8 880 500 | 36 289 062 | 5 725 291 | 2 877 279 |
| Other interest payable categories | 11 923 632 | 23 348 316 | 6 652 635 | 2 169 058 |
| Total interest and related expenses | 25 587 895 | 66 957 482 | 15 336 613 | 5 629 739 |
| Net interest and related income | 177 089 615 | 188 155 555 | 109 478 830 | 14 329 236 |
| 15. ANALYSIS OF NET IMPAIRMENT POSTED IN STATEMENT OF PROFIT OR LOSS | | | | |
| Loans and advances | (60 237 154) | (45 429 207) | (60 237 153) | (5 425 917) |
| Insurance debtors | 3 278 320 | (5 403 523) | 1 202 841 | (290 185) |
| Loans and other advances | (56 958 834) | (50 832 730) | (59 034 312) | (5 716 102) |
| Other financial assets | 72 133 | 573 404 | 72 133 | 68 486 |
| Guarantees | (777 320) | 27 374 | (777 320) | 3 269 |
| Loan commitments | (138 000) | - | (138 000) | - |
| Net recoveries during the year | 402 017 | 14 962 508 | 402 016 | 1 787 073 |
| Write offs during the year | 476 219 | - | 476 219 | - |
| Effects of monetary adjustments | (22 447 847) | 6 322 657 | - | - |
| | (79 371 632) | (28 946 787) | (58 999 264) | (3 857 274) |
| 16. OPERATING EXPENSES | | | | |
| Commission and fees | 9 215 606 | 14 090 602 | 5 526 806 | 1 135 032 |
| Staff expenses | 252 162 087 | 211 700 729 | 166 222 594 | 18 137 137 |
| Communication expenses | 19 540 671 | 16 583 044 | 13 982 634 | 1 554 800 |
| National Social Security Authority expenses | 1 222 351 | 3 159 800 | 893 304 | 244 512 |
| Pension fund expenses | 6 934 790 | 11 525 642 | 4 187 115 | 998 292 |
| Computers and information technology expenses | 82 322 919 | 65 559 013 | 40 517 527 | 4 045 400 |
| Occupation expenses | 27 479 809 | 29 036 898 | 14 490 573 | 3 386 941 |
| Transport expenses | 10 638 979 | 10 427 459 | 7 299 899 | 898 898 |
| Travelling expenses | 7 560 100 | 7 558 850 | 5 023 855 | 689 570 |
| Depreciation of property and equipment | 17 403 571 | 54 010 340 | 9 580 235 | 5 145 057 |
| Amortisation of intangible assets | 9 320 406 | 33 889 049 | 6 215 353 | 2 385 825 |
| Depreciation of right of use asset | 3 171 523 | 8 308 984 | 1 381 408 | 1 913 624 |
| Finance cost on operating lease liabilities | 3 171 523 | 2 695 605 | 224 079 | 259 473 |
| Administration expenses | 95 696 385 | 119 293 029 | 82 317 631 | 7 919 092 |
| Amortisation of valuation discount on the long term borrowings | (604 708) | (1 917 752) | (384 301) | (732 002) |
| Directors fees | 4 699 799 | 2 811 006 | 4 278 992 | 283 702 |
| Audit fees | 6 907 860 | 5 176 454 | 4 488 755 | 519 924 |
| | 556 843 671 | 593 908 752 | 366 246 459 | 48 785 277 |
| 17. INCOME TAX EXPENSE | | | | |
| Current income tax | 21 932 739 | 33 126 613 | 7 061 803 | 1 854 979 |
| Deferred tax expense | 59 623 119 | (45 100 688) | 49 650 847 | (2 917 870) |
| | 81 555 858 | (11 974 075) | 56 712 650 | (1 062 891) |

| | Inflation Adjusted | | Historical Cost | |
|--|--------------------|-------------|-----------------|-------------|
| | 30 June 2020 | 31 Dec 2019 | 30 June 2020 | 31 Dec 2019 |
| | ZW\$ | ZW\$ | ZW\$ | ZW\$ |
| 18. CONTINGENT LIABILITIES AND COMMITMENTS | | | | |
| 18.1 The nominal values of such commitments are listed below: | | | | |
| In respect of guarantees | 311 097 539 | 371 517 239 | 311 097 539 | 141 807 400 |
| In respect of undrawn commitments | 302 536 962 | 262 913 879 | 302 536 962 | 100 353 711 |
| In respect of letters of credit | 250 884 354 | 170 242 194 | 250 884 354 | 64 981 111 |
| | 864 518 855 | 804 673 312 | 864 518 855 | 242 161 111 |

18.3 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 30 June 2020.

19. EARNINGS PER SHARE

Basic and fully diluted earnings per share (ZW cents)

The inflation adjusted calculation of basic and fully diluted profit per share for the period ended 30 June 2020 of ZW607 cents (2019: ZW179 cents) is based on the attributable profit after tax of ZW\$956 922 588 (2019: ZW\$282 548 874) and weighted average number of shares of 157 522 902 (2019: 157 522 902).

The historical cost calculation of basic and fully diluted profit per share for the period ended 30 June 2020 of ZW1 172 cents (2019: ZW26 cents) is based on the attributable profit after tax of ZW\$1 845 630 786 (2019: ZW\$41 099 103) and weighted average number of shares of 157 522 902 (2019: 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.

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

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 2020

| 30 June 2020 | CARRYING AMOUNT | | | | FAIR VALUE | | | |
|---|---------------------|------------------------|----------------------|------------------------|-------------|-------------|-------------|-----------------|
| | Designated at FVTPL | Designated at AMCO | Designated at FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| Note | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS |
| Financial assets measured at fair value: | | | | | | | | |
| Listed equity securities | 452 795 984 | - | - | 452 795 984 | 452 795 984 | - | - | 452 795 984 |
| Government public utility stock | 11 481 449 | - | - | 11 481 449 | - | - | 11 481 449 | 11 481 449 |
| Unit trusts | 29 562 113 | - | - | 29 562 113 | - | 29 562 113 | - | 29 562 113 |
| Unlisted equity investments | 240 148 894 | - | - | 240 148 894 | - | - | 240 148 894 | 240 148 894 |
| Treasury bills | 121 301 744 | - | 195 559 766 | 316 861 510 | - | 121 301 744 | 195 559 766 | 316 861 510 |
| Financial assets not measured at fair value: | | | | | | | | |
| Trade and other receivables | - | 183 470 416 | - | 183 470 416 | - | - | - | 183 470 416 |
| Cash and cash equivalents | - | 2 504 910 841 | - | 2 504 910 841 | - | - | - | 2 504 910 841 |
| Treasury bills | - | 42 664 668 | - | 42 664 668 | - | - | - | 42 664 668 |
| Total | 855 290 184 | 2 731 045 925 | 195 559 766 | 3 781 895 875 | | | | |
| Financial liabilities | | | | | | | | |
| Deposit and other accounts | - | (2 857 916 527) | - | (2 857 916 527) | - | - | - | (2 857 916 527) |
| Trade and other payables | - | (525 742 717) | - | (525 742 717) | - | - | - | (525 742 717) |
| Total | - | (3 383 659 244) | - | (3 383 659 244) | | | | |

Inflation adjusted 2019

| 31 December 2019 | CARRYING AMOUNT | | | | FAIR VALUE | | | |
|---|---------------------|------------------------|----------------------|------------------------|-------------|-------------|-------------|-----------------|
| | Designated at FVTPL | Designated at AMCO | Designated at FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| Note | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS |
| Financial assets measured at fair value: | | | | | | | | |
| Listed equity securities | 177 896 431 | - | - | 177 896 431 | 177 896 431 | - | - | 177 896 431 |
| Government public utility stock | 68 114 736 | - | - | 68 114 736 | - | - | 68 114 736 | 68 114 736 |
| Unit trusts | 18 962 537 | - | - | 18 962 537 | - | 18 962 537 | - | 18 962 537 |
| Unlisted equity investments | 101 840 137 | - | - | 101 840 137 | - | - | 101 840 137 | 101 840 137 |
| Treasury bills | 164 781 302 | - | 293 181 331 | 457 962 633 | - | 164 781 302 | 293 181 331 | 457 962 633 |
| Financial assets not measured at fair value: | | | | | | | | |
| Trade and other receivables | - | 157 241 787 | - | 157 241 787 | - | - | - | 157 241 787 |
| Cash and cash equivalents | - | 2 516 918 790 | - | 2 516 918 790 | - | - | - | 2 516 918 790 |
| Treasury bills | - | 110 677 627 | - | 110 677 627 | - | - | - | 110 677 627 |
| Total | 531 595 143 | 2 784 838 204 | 293 181 331 | 3 609 614 678 | | | | |
| Financial liabilities | | | | | | | | |
| Deposit and other accounts | - | (3 594 765 745) | - | (3 594 765 745) | - | - | - | (3 594 765 745) |
| Trade and other payables | - | (532 120 628) | - | (532 120 628) | - | - | - | (532 120 628) |
| Total | - | (4 126 886 373) | - | (4 126 886 373) | | | | |

Historical cost 2020

| 30 June 2020 | CARRYING AMOUNT | | | | FAIR VALUE | | | |
|---|---------------------|------------------------|----------------------|------------------------|-------------|-------------|-------------|-----------------|
| | Designated at FVTPL | Designated at AMCO | Designated at FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| Note | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS |
| Financial assets measured at fair value: | | | | | | | | |
| Listed equity securities | 452 795 984 | - | - | 452 795 984 | 452 795 984 | - | - | 452 795 984 |
| Government public utility stock | 11 481 449 | - | - | 11 481 449 | - | - | 11 481 449 | 11 481 449 |
| Unit trusts | 29 562 113 | - | - | 29 562 113 | - | 29 562 113 | - | 29 562 113 |
| Unlisted equity investments | 240 148 894 | - | - | 240 148 894 | - | - | 240 148 894 | 240 148 894 |
| Treasury bills | 121 301 744 | - | 195 559 766 | 316 861 510 | - | 121 301 744 | 195 559 766 | 316 861 510 |
| Financial assets not measured at fair value: | | | | | | | | |
| Trade and other receivables | - | 186 763 682 | - | 186 763 682 | - | - | - | 186 763 682 |
| Cash and cash equivalents | - | 2 504 910 841 | - | 2 504 910 841 | - | - | - | 2 504 910 841 |
| Treasury bills | - | 42 664 668 | - | 42 664 668 | - | - | - | 42 664 668 |
| Total | 855 290 184 | 2 734 339 191 | 195 559 766 | 3 785 189 141 | | | | |
| Financial liabilities | | | | | | | | |
| Deposit and other accounts | - | (2 857 916 527) | - | (2 857 916 527) | - | - | - | (2 857 916 527) |
| Trade and other payables | - | (525 742 717) | - | (525 742 717) | - | - | - | (525 742 717) |
| Total | - | (3 383 659 244) | - | (3 383 659 244) | | | | |

Historical cost 2019

| 31 December 2019 | CARRYING AMOUNT | | | | FAIR VALUE | | | |
|---|---------------------|------------------------|----------------------|------------------------|------------|------------|-------------|-----------------|
| | Designated at FVTPL | Designated at AMCO | Designated at FVTOCI | Total | Level 1 | Level 2 | Level 3 | Total |
| Note | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS | ZWS |
| Financial assets measured at fair value: | | | | | | | | |
| Listed equity securities | 67 902 718 | - | - | 67 902 718 | 67 902 718 | - | - | 67 902 718 |
| Government public utility stock | 25 999 261 | - | - | 25 999 261 | - | - | 25 999 261 | 25 999 261 |
| Unit trusts | 7 237 963 | - | - | 7 237 963 | - | 7 237 963 | - | 7 237 963 |
| Unlisted equity investments | 38 872 180 | - | - | 38 872 180 | - | - | 38 872 180 | 38 872 180 |
| Treasury bills | 62 896 699 | - | 111 906 738 | 174 803 437 | - | 62 896 699 | 111 906 738 | 174 803 437 |
| Financial assets not measured at fair value: | | | | | | | | |
| Trade and other receivables | - | 46 081 440 | - | 46 081 440 | - | - | - | 46 081 440 |
| Cash and cash equivalents | - | 960 702 956 | - | 960 702 956 | - | - | - | 960 702 956 |
| Treasury bills | - | 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 | - | (1 372 115 021) | - | (1 372 115 021) | - | - | - | (1 372 115 021) |
| Trade and other payables | - | (203 109 391) | - | (203 109 391) | - | - | - | (203 109 391) |
| Total | - | (1 575 224 412) | - | (1 575 224 412) | | | | |

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 30 June 2020

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

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 | 1 734 217 284 | 47 697 253 | 505 720 612 | - | 2 287 635 149 | 2 504 910 841 |
| Treasury bills | 13 009 163 | 16 020 027 | 173 003 064 | 204 236 762 | 406 269 016 | 359 526 178 |
| Mortgages and other advances | 60 723 621 | 102 052 665 | 189 903 682 | 832 116 704 | 1 184 796 672 | 1 184 796 672 |
| Investment securities | - | - | - | 637 248 304 | 637 248 304 | 637 248 304 |
| Total | 1 807 950 068 | 165 769 945 | 868 627 358 | 1 673 601 770 | 4 515 949 141 | 4 686 481 995 |
| FINANCIAL LIABILITIES BY TYPE: | | | | | | |
| Deposits and other accounts | (2 797 780 112) | (49 293 234) | (1 281 375) | - | (2 848 354 721) | (2 857 916 527) |
| Trade and other payables | (308 373 894) | (39 484 897) | (39 484 897) | (138 399 029) | (525 742 717) | (525 742 717) |
| Long term loan | (175 030 501) | (153 839 171) | (3 766 474) | (33 254 246) | (365 890 392) | (15 756 338) |
| Offshore borrowings | - | - | - | (12 169 291) | (12 169 291) | (175 468 198) |
| Current tax liabilities | (6 257 543) | - | - | - | (6 257 543) | (6 257 543) |
| Lease liabilities | (2 972 810 613) | (242 617 302) | (44 532 746) | (183 822 566) | (3 443 783 227) | (2 902 516) |
| Total | (6 260 252 663) | (485 234 604) | (89 065 492) | (367 645 132) | (7 202 197 891) | (3 584 043 839) |
| Period gap | (4 452 302 595) | (319 464 659) | 779 561 866 | 1 305 956 638 | (2 686 248 750) | 1 102 438 156 |
| Cumulative gap | (4 452 302 595) | (4 771 767 254) | (3 992 205 388) | (2 686 248 750) | - | - |

Liquidity gap analysis as at 31 December 2019

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

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 | 1 990 167 951 | 114 756 179 | 378 323 554 | - | 2 483 247 684 | 2 516 918 790 |
| Money market investments | 70 827 808 | 17 389 888 | - | - | 88 217 696 | 83 842 437 |
| Treasury bills | 29 947 278 | 70 612 156 | 226 127 745 | 303 526 436 | 630 213 615 | 568 640 260 |
| Mortgages and other advances | 118 712 518 | 274 141 341 | 227 357 175 | 723 760 499 | 1 343 971 533 | 1 180 464 068 |
| Investment securities | - | - | - | 468 222 675 | 468 222 675 | 366 813 840 |
| Total | 2 209 655 555 | 476 899 564 | 831 808 474 | 1 495 509 610 | 5 013 873 203 | 4 716 679 395 |
| FINANCIAL LIABILITIES BY TYPE: | | | | | | |
| Deposits and other accounts | (3 482 312 314) | (69 161 268) | (19 471 384) | (269 275 895) | (3 840 220 861) | (3 594 765 745) |
| Trade and other payables | (230 423 209) | (92 880 981) | (57 505 476) | (151 310 944) | (532 120 610) | (532 120 628) |
| Long term loan | - | - | - | (52 397 440) | (52 397 440) | (40 272 770) |
| Offshore borrowings | - | (44 616 688) | (44 616 688) | (126 974 337) | (216 207 713) | (196 013 375) |
| Current tax liabilities | (13 499 339) | - | - | - | (13 499 339) | (13 499 339) |
| Lease liabilities | - | - | - | (17 410 941) | (17 410 941) | (17 410 941) |
| Total | (3 726 234 862) | (206 658 937) | (121 593 548) | (617 369 557) | (4 671 856 904) | (4 394 082 798) |
| Period gap | (1 516 579 307) | 270 240 627 | 710 214 926 | 878 140 053 | 342 016 299 | 322 596 597 |
| Cumulative gap | (1 516 579 307) | (1 246 338 680) | (536 123 754) | 342 016 299 | - | - |

Liquidity gap analysis as at 30 June 2020

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

Historical cost

| | 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 | 1 734 217 284 | 47 697 253 | 505 720 612 | - | 2 287 635 149 | 2 504 910 841 |
| Treasury bills | 13 009 163 | 16 020 027 | 173 003 064 | 204 236 762 | 406 269 016 | 359 526 178 |
| Mortgages and other advances | 60 723 621 | 102 052 6 | | | | |

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REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

20.2.4 Credit risk (continued)

An analysis of changes in the ECLs in relation to loans and advances are as follows:

| | Inflation adjusted 2020 | | | | Inflation adjusted 2019 | | | |
|---|-------------------------|----------------|----------------|--------------|-------------------------|----------------|----------------|--------------|
| | 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 | 112 744 001 | 780 530 | 1 720 818 | 115 245 349 | 129 810 366 | 5 766 282 | 7 290 152 | 142 866 800 |
| Insurance debtors | - | - | 11 228 014 | 11 228 014 | - | - | 32 567 249 | 32 567 249 |
| Total impairment allowances | 112 744 001 | 780 530 | 12 948 832 | 126 473 363 | 129 810 366 | 5 766 282 | 39 857 401 | 175 434 049 |
| In respect of guarantees | 917 137 | - | - | 917 137 | 366 303 | - | - | 366 303 |
| In respect of Loan commitments | 882 517 | - | - | 882 517 | 1 950 539 | - | - | 1 950 539 |
| In respect of other financial assets | 19 165 | - | - | 19 165 | 1 988 | 237 201 | - | 239 189 |
| Total | 114 562 820 | 780 530 | 12 948 832 | 128 292 182 | 132 129 196 | 6 003 483 | 39 857 401 | 177 990 080 |
| Total loans and advances | 112 688 646 | 67 015 | 31 829 | 112 787 490 | 129 665 343 | 175 574 | 83 390 | 129 924 307 |
| Good (AAAto-BBB-) | 55 355 | 713 515 | 4 833 | 773 703 | 145 023 | 5 590 708 | 12 661 | 5 748 392 |
| Special Mention (BB+toCCC-) | - | - | 1 684 156 | 1 684 156 | - | - | 7 194 101 | 7 194 101 |
| Non performing (CCTOD) | - | - | - | - | - | - | - | - |
| Impairment allowance for total loans and advances | 112 744 001 | 780 530 | 1 720 818 | 115 245 349 | 129 810 366 | 5 766 282 | 7 290 152 | 142 866 800 |
| Impairment allowance for loans and advances by lending category: | | | | | | | | |
| Corporate Lending | | | | | | | | |
| Good (AAAto-BBB-) | 102 440 525 | - | - | 102 440 525 | 88 511 518 | - | - | 88 511 518 |
| Special Mention (BB+toCCC-) | - | 523 861 | - | 523 861 | - | 5 117 603 | - | 5 117 603 |
| Non performing (CCTOD) | - | - | 988 732 | 988 732 | - | - | 6 037 351 | 6 037 351 |
| Impairment allowance for corporate lending | 102 440 525 | 523 861 | 988 732 | 1 039 538 | 88 511 518 | 5 117 603 | 6 037 351 | 99 666 472 |
| Small business Lending | | | | | | | | |
| Good (AAAto-BBB-) | 740 212 | 11 | 9 | 740 232 | 1 648 827 | 32 | 26 | 1 648 885 |
| Special Mention (BB+toCCC-) | 2 338 | 6 531 | 557 | 9 426 | 6 125 | 57 593 | 1 459 | 65 177 |
| Non performing (CCTOD) | - | - | 55 388 | 55 388 | - | - | 125 007 | 125 007 |
| Impairment allowance for small business lending | 742 550 | 6 542 | 55 954 | 805 046 | 1 654 952 | 57 625 | 126 492 | 1 839 069 |
| Consumer Lending | | | | | | | | |
| Good (AAAto-BBB-) | 7 488 960 | 22 333 | 8 618 | 7 519 911 | 30 431 218 | 58 510 | 22 578 | 30 512 306 |
| Special Mention (BB+toCCC-) | 37 733 | 183 123 | 2 967 | 223 823 | 98 856 | 364 828 | 7 773 | 471 457 |
| Non performing (CCTOD) | - | - | 555 867 | 555 867 | - | - | 641 932 | 641 932 |
| Impairment allowance for consumer lending | 7 526 693 | 205 456 | 567 452 | 8 299 601 | 30 530 074 | 423 338 | 672 283 | 31 625 695 |
| Mortgage Lending | | | | | | | | |
| Good (AAAto-BBB-) | 2 018 949 | 44 671 | 23 202 | 2 086 822 | 9 073 780 | 117 032 | 60 786 | 9 251 598 |
| Special Mention (BB+toCCC-) | 15 284 | - | 1 309 | 16 593 | 40 042 | 50 684 | 3 429 | 94 155 |
| Non performing (CCTOD) | - | - | 84 169 | 84 169 | - | - | 389 811 | 389 811 |
| Impairment allowance for mortgage lending | 2 034 233 | 44 671 | 108 680 | 2 187 584 | 9 113 822 | 167 716 | 454 026 | 9 735 564 |
| Impairment allowances on guarantees and loan commitments | | | | | | | | |
| Guarantees | | | | | | | | |
| Good (AAAto-BBB-) | 917 137 | - | - | 917 137 | 366 303 | - | - | 366 303 |
| Special Mention (BB+toCCC-) | - | - | - | - | - | - | - | - |
| Non performing (CCTOD) | - | - | - | - | - | - | - | - |
| Impairment allowances for guarantees | 917 137 | - | - | 917 137 | 366 303 | - | - | 366 303 |
| Loan commitments | | | | | | | | |
| Good (AAAto-BBB-) | 882 517 | - | - | 882 517 | 1 950 539 | - | - | 1 950 539 |
| Special Mention (BB+toCCC-) | - | - | - | - | - | - | - | - |
| Non performing (CCTOD) | - | - | - | - | - | - | - | - |
| Impairment allowances for loan commitments | 882 517 | - | - | 882 517 | 1 950 539 | - | - | 1 950 539 |
| Other financial assets | | | | | | | | |
| Debtors | 19 165 | - | - | 19 165 | 1 988 | - | - | 1 988 |
| Non performing (CC TO D) | - | - | - | - | - | - | - | - |
| Bonds | - | - | - | - | - | - | - | - |
| Good (AAA to BBB-) | - | - | - | - | 237 201 | - | - | 237 201 |
| Impairment allowances for other financial assets | 19 165 | - | - | 19 165 | 1 988 | 237 201 | - | 239 189 |

| | Historical cost 2020 | | | | Historical cost 2019 | | | |
|--------------------------------------|----------------------|----------------|----------------|--------------|----------------------|----------------|----------------|--------------|
| | 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 | 112 744 001 | 780 530 | 1 720 818 | 115 245 349 | 49 548 362 | 2 200 977 | 2 782 638 | 54 531 977 |
| Insurance debtors | - | - | 11 228 014 | 11 228 014 | - | - | 12 430 855 | 12 430 855 |
| Total impairment allowances | 112 744 001 | 780 530 | 12 948 832 | 126 473 363 | 49 548 362 | 2 200 977 | 15 213 493 | 66 962 832 |
| In respect of guarantees | 917 137 | - | - | 917 137 | 139 817 | - | - | 139 817 |
| In respect of Loan commitments | 882 517 | - | - | 882 517 | 744 517 | - | - | 744 517 |
| In respect of other financial assets | 19 165 | - | - | 19 165 | 759 | 90 539 | - | 91 298 |
| Total | 114 562 820 | 780 530 | 12 948 832 | 128 292 182 | 50 433 455 | 2 291 516 | 15 213 493 | 67 938 464 |

| | Inflation Adjusted | | | | Historical Cost | | | |
|---|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Total loans and advances | 112 688 646 | 67 015 | 31 829 | 112 787 490 | 49 493 007 | 67 015 | 31 830 | 49 591 852 |
| Good (AAAto-BBB-) | 55 355 | 713 515 | 4 833 | 773 703 | 55 355 | 2 133 962 | 4 833 | 2 194 150 |
| Special Mention (BB+toCCC-) | - | - | 1 684 156 | 1 684 156 | - | - | 2 745 974 | 2 745 974 |
| Non performing (CCTOD) | - | - | - | - | - | - | - | - |
| Impairment allowance for total loans and advances | 112 744 001 | 780 530 | 1 720 818 | 115 245 349 | 49 548 362 | 2 200 977 | 2 782 637 | 54 531 976 |
| Impairment allowance for loans and advances by lending category: | | | | | | | | |
| Corporate Lending | | | | | | | | |
| Good (AAAto-BBB-) | 102 440 525 | - | - | 102 440 525 | 33 784 674 | - | - | 33 784 674 |
| Special Mention (BB+toCCC-) | - | 523 861 | - | 523 861 | - | 1 953 379 | - | 1 953 379 |
| Non performing (CCTOD) | - | - | 988 732 | 988 732 | - | - | 2 304 445 | 2 304 445 |
| Impairment allowance for corporate lending | 102 440 525 | 523 861 | 988 732 | 1 039 538 | 33 784 674 | 1 953 379 | 2 304 445 | 38 042 498 |
| Small business Lending | | | | | | | | |
| Good (AAAto-BBB-) | 740 212 | 11 | 9 | 740 232 | 629 354 | 11 | 10 | 629 375 |
| Special Mention (BB+toCCC-) | 2 338 | 6 531 | 557 | 9 426 | 2 338 | 21 983 | 557 | 24 878 |
| Non performing (CCTOD) | - | - | 55 388 | 55 388 | - | - | 47 715 | 47 715 |
| Impairment allowance for small business lending | 742 550 | 6 542 | 55 954 | 805 046 | 631 692 | 21 994 | 48 282 | 701 968 |
| Consumer Lending | | | | | | | | |
| Good (AAAto-BBB-) | 7 488 960 | 22 333 | 8 618 | 7 519 911 | 11 615 536 | 22 333 | 8 618 | 11 646 487 |
| Special Mention (BB+toCCC-) | 37 733 | 183 123 | 2 967 | 223 823 | 37 733 | 139 254 | 2 967 | 179 954 |
| Non performing (CCTOD) | - | - | 555 867 | 555 867 | - | - | 245 024 | 245 024 |
| Impairment allowance for consumer lending | 7 526 693 | 205 456 | 567 452 | 8 299 601 | 11 653 269 | 161 587 | 256 609 | 12 071 465 |
| Mortgage Lending | | | | | | | | |
| Good (AAAto-BBB-) | 2 018 949 | 44 671 | 23 202 | 2 086 822 | 3 463 444 | 44 671 | 23 202 | 3 531 317 |
| Special Mention (BB+toCCC-) | 15 284 | - | 1 309 | 16 593 | 15 284 | 19 346 | 1 309 | 35 939 |
| Non performing (CCTOD) | - | - | 84 169 | 84 169 | - | - | 148 790 | 148 790 |
| Impairment allowance for mortgage lending | 2 034 233 | 44 671 | 108 680 | 2 187 584 | 3 478 728 | 64 017 | 173 301 | 3 716 046 |
| Impairment allowances on guarantees and loan commitments | | | | | | | | |
| Guarantees | | | | | | | | |
| Good (AAAto-BBB-) | 917 137 | - | - | 917 137 | 139 817 | - | - | 139 817 |
| Special Mention (BB+toCCC-) | - | - | - | - | - | - | - | - |
| Non performing (CCTOD) | - | - | - | - | - | - | - | - |
| Impairment allowances for guarantees | 917 137 | - | - | 917 137 | 139 817 | - | - | 139 817 |
| Loan commitments | | | | | | | | |
| Good (AAAto-BBB-) | 882 517 | - | - | 882 517 | 744 517 | - | - | 744 517 |
| Special Mention (BB+toCCC-) | - | - | - | - | - | - | - | - |
| Non performing (CCTOD) | - | - | - | - | - | - | - | - |
| Impairment allowances for loan commitments | 882 517 | - | - | 882 517 | 744 517 | - | - | 744 517 |
| Other financial assets | | | | | | | | |
| Debtors | 19 165 | - | - | 19 165 | 759 | - | - | 759 |
| Non performing (CC TO D) | - | - | - | - | - | - | - | - |
| Bonds | - | - | - | - | - | - | - | - |
| Good (AAA to BBB-) | - | - | - | - | 90 539 | - | - | 90 539 |
| Impairment allowances for other financial assets | 19 165 | - | - | 19 165 | 759 | 90 539 | - | 91 298 |

20.2.4 Credit risk (continued)

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

| | Inflation adjusted 2020 | | | | Inflation adjusted 2019 | | | |
|----------------------------------|-------------------------|----------------|----------------|-----------------|-------------------------|----------------|----------------|---------------|
| | 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 | 1 205 692 820 | 4 384 279 | 4 701 123 | 1 214 778 222 | 1 183 937 720 | 52 473 610 | 9 635 674 | 1 246 047 004 |
| Total loans and advances | 1 205 692 820 | 4 384 279 | 4 701 123 | 1 214 778 222 | 1 183 937 720 | 52 473 610 | 9 635 674 | 1 246 047 004 |
| Guarantees | 311 097 540 | - | - | 311 097 540 | 371 517 239 | - | - | 371 517 239 |
| Loan commitments | 302 536 963 | - | - | 302 536 963 | 262 913 879 | - | - | 262 913 879 |
| Letters of credit | 250 884 354 | - | - | 250 884 354 | 170 242 194 | - | - | 170 242 194 |
| Treasury bills | 359 526 178 | - | - | 359 526 178 | 568 640 260 | - | - | 568 640 260 |
| Insurance debtors | 85 263 799 | - | 11 228 014 | 96 491 813 | 29 499 099 | - | 32 567 249 | 109 851 113 |
| Other financial assets | 7 698 520 | - | - | 7 698 520 | 1 988 | 237 201 | - | 31 325 441 |
| Total financial assets | 2 522 700 174 | 4 384 279 | 15 929 137 | 2 543 013 590 | 2 663 603 011 | 54 731 196 | 42 202 924 | 2 760 537 130 |
| Balance at 31 December 2019 | 2 663 603 012 | 54 731 196 | 42 202 922 | 2 760 537 130 | 6 232 428 725 | 65 292 686 | 128 027 989 | 6 425 749 400 |
| Effects of inflation adjustments | (1 646 910 977) | (33 840 406) | (26 094 149) | (1 706 845 532) | (5 211 854 752) | (54 781 194) | (124 630 042) | |

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

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:

20.4.2 External credit ratings (continued)

| 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 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 30 June 2020. ZB Bank Limited and ZB Building Society (ZBBS) met these requirements as at 30 June 2020.

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

In the Mid-term Monetary Policy Statement issued on 21 August, 2020, the Reserve Bank of Zimbabwe revised the compliance date for the new minimum capital requirements for banking institutions from 31 December 2020 to 31 December 2021. The revised limit for Tier 1 Banks is the ZW\$ equivalent of US\$30m, reckoned with reference to the exchange rate ruling then.

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. To date, COVID-19 has resulted in minimal capital diversion to cater for attendant associated with compliance with protocols announced by the Government in order to limit the spread of the virus. Structural changes have been implemented in order to support the delivery of work whilst observing social distancing requirements. Further expenditure will be required in order to fully equip the Group with health and sanitary provisions and to also support remote working arrangements that have been implemented across the Group. The Group expects that these costs will be accommodated from organic resources.

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.

Financial 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.

Whilst the COVID-19 pandemic remains a dominant health and social matter of concern, consequential risks in the following areas have remained elevated:

- 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** – funeral insurance claims 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 due to depressed market and operating fundamentals for investee entities 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 re-pricing gap between assets and liabilities. The Group's interest sensitive liabilities were higher than interest sensitive assets as at 30 June 2020. 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 PERIOD

| ENTITY | ZBFH | ZBBL | ZBBS | ZBRE | ZBLA |
|-----------------------|------|------|------|------|------|
| TOTAL MEETINGS | 6 | 2 | 2 | 2 | 2 |
| P CHIROMO | 4 | X | X | X | X |
| R MUTANDAGAYI | 6 | 1 | 2 | 2 | 2 |
| O AKERELE | 6 | X | X | X | X |
| T S BVURERE | 5 | X | X | X | X |
| F KAPANJE | 4 | X | X | X | X |
| A Z MANGWIRO | 6 | X | X | X | X |
| J MUTEVEDZI | 4 | X | X | X | X |
| B P NYONI | 4 | X | X | X | X |
| A MAKAMURE | 4 | X | X | X | X |
| K MAUKAZUVA | 5 | X | X | X | X |
| T SIBANDA | 6 | X | X | X | X |
| S A SIBANDA | X | 2 | 2 | X | X |
| P M MATUPIRE | X | 2 | X | X | X |
| C MANDIZVIDZA | X | 2 | X | X | X |
| G N MAHLANGU | X | 2 | X | X | X |
| G CHIKOMO | X | 2 | X | X | X |
| F NYAMBIRI | X | 2 | X | X | X |
| K J LANGLEY | X | 2 | X | X | X |
| P MURENA | X | 2 | X | X | X |
| S K CHIGANZE | X | X | 2 | X | X |
| T KAPUMHA | X | X | 2 | X | X |
| J KATSIDZIRA | X | X | 2 | X | X |
| O MANDIMIKA | X | X | 2 | X | X |
| A NYAKONDA | X | X | X | 2 | X |
| M SHONIWA | X | X | X | 2 | X |
| F B CHIRIMUUTA | X | X | X | 2 | X |
| P MURAMBINDA | X | X | X | 2 | X |
| C MASIMBE | X | X | X | 2 | X |
| E T Z CHIDZONGA | X | X | X | X | 2 |
| C MAKONI | X | X | X | X | 2 |
| A MANGORO | X | X | X | X | 2 |
| R DOMBA-MABVURUNGE | X | X | X | X | 2 |
| L MAWIRE | X | X | X | X | 2 |
| B SHUMBA | X | X | X | 2 | X |

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



REVIEWED FINANCIAL RESULTS for the half year ended 30 June 2020

STATEMENT OF FINANCIAL POSITION As at 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| ASSETS | | | | |
| Cash and short term funds | 2 284 731 577 | 2 408 531 198 | 2 284 731 577 | 919 331 624 |
| Money market investments | - | 26 198 720 | - | 10 000 000 |
| Treasury Bills | 359 526 178 | 568 640 260 | 359 526 178 | 217 048 870 |
| Advances and other accounts | 1 076 671 893 | 1 068 119 880 | 1 076 671 893 | 407 699 259 |
| Inventories, trade other receivables | 206 302 197 | 128 044 034 | 201 785 409 | 38 563 716 |
| Investment securities | 183 929 799 | 261 489 127 | 183 929 799 | 99 809 886 |
| Investment in Subsidiary company | 1 149 646 537 | 931 335 345 | 1 147 426 195 | 347 762 808 |
| Right of use asset | 30 367 945 | 34 715 868 | 10 487 813 | 13 250 979 |
| Intangible assets | 234 134 683 | 226 078 357 | 87 870 306 | 86 293 664 |
| Property and equipment | 548 400 351 | 528 381 147 | 230 453 736 | 201 682 048 |
| Deferred tax asset | - | - | 2 401 438 | - |
| | 6 073 711 160 | 6 181 533 936 | 5 585 284 344 | 2 341 442 854 |
| Liabilities | | | | |
| Deposits from customers | 2 842 427 931 | 3 523 864 108 | 2 842 427 931 | 1 345 052 006 |
| Offshore borrowings | 175 468 198 | 196 013 375 | 175 468 198 | 74 817 920 |
| Trade and other payables | 403 251 474 | 424 457 085 | 403 251 474 | 162 014 435 |
| Lease liability | 10 547 542 | 34 715 868 | 10 547 542 | 13 250 979 |
| Current tax liabilities | - | 9 414 824 | - | 3 593 620 |
| Deferred tax liabilities | 113 882 218 | 71 436 849 | - | 27 237 952 |
| Total liabilities | 3 545 577 363 | 4 259 902 109 | 3 431 695 145 | 1 625 966 912 |
| Equity | | | | |
| Share Capital | 43 883 598 | 43 883 598 | 1 810 402 | 1 810 402 |
| Share premium | 798 892 907 | 798 892 907 | 32 958 032 | 32 958 032 |
| Functional currency translation reserve | - | - | 57 470 363 | 57 470 363 |
| Revaluation reserves | 348 358 949 | 339 969 421 | 186 646 639 | 163 630 780 |
| General reserves | 55 676 026 | 52 001 984 | 686 989 | (2 987 053) |
| Retained income | 1 281 322 317 | 686 883 917 | 1 874 016 774 | 462 593 418 |
| Total equity | 2 528 133 797 | 1 921 631 827 | 2 153 589 199 | 715 475 942 |
| Total equity and liabilities | 6 073 711 160 | 6 181 533 936 | 5 585 284 344 | 2 341 442 854 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost | |
|--|----------------------|---------------------|----------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| Interest and related income | 195 987 470 | 229 273 254 | 120 701 419 | 18 316 671 |
| Interest and related expenses | (25 627 079) | (67 957 022) | (15 569 852) | (5 718 717) |
| Net interest income | 170 360 391 | 161 316 232 | 105 131 567 | 12 597 954 |
| Allowance for loan impairment | (76 676 245) | (25 078 554) | (60 785 038) | (3 750 459) |
| Net income from lending activities | 93 684 146 | 136 237 678 | 44 346 529 | 8 847 495 |
| Commission and fee income | 245 534 058 | 293 634 570 | 141 086 736 | 25 070 633 |
| Other income | 711 807 504 | 190 580 836 | 699 761 820 | 22 046 232 |
| Fair value / (impairment) adjustment | 156 827 152 | 1 703 362 | 827 539 381 | 913 119 |
| Total income | 1 207 852 860 | 622 156 446 | 1 712 734 466 | 56 877 479 |
| Operating expenses | (452 558 871) | (406 588 822) | (297 807 689) | (33 158 017) |
| Profit before tax | 755 293 989 | 215 567 624 | 1 414 926 777 | 23 719 462 |
| Income tax (expense) / credit | (51 384 845) | (9 168 783) | 31 969 467 | 1 771 593 |
| Net monetary loss | (73 997 856) | (230 385 225) | - | - |
| Net profit / (loss) after taxation | 629 911 288 | (23 986 384) | 1 446 896 244 | 25 491 055 |
| Other Comprehensive income: | | | | |
| Items that will never be reclassified to profit or loss | | | | |
| Gains on property revaluation | 8 831 082 | - | 24 227 220 | - |
| Items that may be reclassified to profit or loss | | | | |
| Gains on treasury bills classified as available for sale | 4 880 502 | 7 791 321 | 4 880 502 | 4 008 601 |
| Related tax | (1 648 014) | (2 006 265) | (2 417 821) | (1 032 215) |
| Other comprehensive income for the period, net of tax | 12 063 570 | 5 785 056 | 26 689 901 | 2 976 386 |
| Total comprehensive income / (loss) for the period | 641 974 858 | (18 201 328) | 1 473 586 145 | 28 467 441 |
| Earnings / (loss) per share (ZWS cents) | 3.98 | (0.37) | 7.99 | 0.14 |

STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2020

| | 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 | | | | | | |
| Balance at 1 January 2020 | 43 883 598 | 798 892 907 | 339 969 421 | 52 001 984 | 686 883 917 | 1 921 631 827 |
| Changes in equity for 2020 | | | | | | |
| Profit or loss | - | - | - | - | 629 911 288 | 629 911 288 |
| Other comprehensive income, net of tax | - | - | 8 389 528 | - | - | 8 389 528 |
| Revaluation of property | - | - | - | - | - | - |
| Fair value gains on available for sale financial assets | - | - | - | 3 674 042 | - | 3 674 042 |
| Transactions with owners of the Bank | - | - | - | - | (35 472 888) | (35 472 888) |
| Dividend to equity holders | - | - | - | - | - | - |
| Balance at 30 June 2020 | 43 883 598 | 798 892 907 | 348 358 949 | 55 676 026 | 1 281 322 317 | 2 528 133 797 |
| For the half year ended 30 June 2019 | | | | | | |
| Balance at 1 January 2019 | 43 883 598 | 798 892 907 | 24 767 113 | 67 295 519 | 230 444 586 | 1 165 283 723 |
| Profit or loss | - | - | - | - | (23 986 384) | (23 986 384) |
| Loss for the period | - | - | - | - | - | - |
| Other comprehensive income, net of tax | - | - | - | - | - | - |
| Available for sale financial assets | - | - | - | 24 920 184 | - | 24 920 184 |
| Distributions | - | - | - | - | (108 249 099) | (108 249 099) |
| Dividend to shareholders | - | - | - | - | - | - |
| Balance at 30 June 2019 | 43 883 598 | 798 892 907 | 24 767 113 | 92 215 703 | 98 209 103 | 1 057 968 424 |

STATEMENT OF CHANGES IN EQUITY (continued) For the half year ended 30 June 2020

| | capital ZWS | Share premium ZWS | Share reserve ZWS | Functional currency translation reserve ZWS | Property and equipment revaluation reserve ZWS | Financial assets at FVTOCI income ZWS | Retained Total ZWS |
|---|------------------|-------------------------|-------------------------|---|--|---|--------------------------|
| Historical Cost | | | | | | | |
| Balance at 1 January 2020 | 1 810 402 | 32 958 032 | 57 470 363 | 163 630 780 | (2 987 053) | 462 593 418 | 715 475 942 |
| Changes in equity for 2020 | | | | | | | |
| Profit or loss | - | - | - | - | - | 1 446 896 244 | 1 446 896 244 |
| Other comprehensive income, net of tax | - | - | - | 23 015 859 | - | - | 23 015 859 |
| Revaluation of property | - | - | - | - | - | - | - |
| Fair value gains on available for sale financial assets | - | - | - | - | 3 674 042 | - | 3 674 042 |
| Transactions with owners of the Bank | - | - | - | - | - | (35 472 888) | (35 472 888) |
| Dividend to equity holders | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | 1 810 402 | 32 958 032 | 57 470 363 | 186 646 639 | 686 989 | 1 874 016 774 | 2 153 589 199 |
| For the half year ended 30 June 2019 | | | | | | | |
| Balance as at 1 January 2019 | 1 810 402 | 32 958 032 | - | 4 190 026 | 2 850 459 | 29 009 940 | 70 818 859 |
| Effects of changes in functional currency | - | - | 56 185 546 | - | - | - | 56 185 546 |
| Changes in equity for 2019 | | | | | | | |
| Profit or loss | - | - | - | - | - | 25 491 055 | 25 491 055 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | - |
| Fair value gains on available for sale financial assets | - | - | - | - | 2 976 386 | - | 2 976 386 |
| Transactions with owners of the Bank | - | - | - | - | - | (6 651 873) | (6 651 873) |
| Dividend to shareholders | - | - | - | - | - | - | - |
| Balance as at 30 June 2019 | 1 810 402 | 32 958 032 | 56 185 546 | 4 190 026 | 5 826 845 | 47 849 122 | 148 819 973 |

STATEMENT OF CASH FLOWS For the half year ended 30 June 2020

| | Inflation Adjusted | | Historical Cost | |
|--|----------------------|----------------------|----------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| Cash (used in) / generated from operating activities | (882 484 321) | (485 873 887) | 645 884 112 | 56 938 314 |
| - Interest received | 195 987 470 | 229 273 254 | 120 701 419 | 18 316 671 |
| - Interest paid | (25 627 079) | (67 957 022) | (15 569 852) | (5 718 717) |
| - Income taxes paid | (20 002 313) | (20 455 492) | (7 930 133) | (487 370) |
| Net cash (used in) / generated from operating activities | (732 126 243) | (345 013 147) | 743 085 546 | 69 048 898 |
| Cash flows from investing activities | | | | |
| Dividends received | 17 746 484 | 7 192 003 | 9 354 516 | 572 058 |
| Purchase of property and equipment | (23 896 539) | (7 531 431) | (10 891 934) | (666 653) |
| Purchase of intangible assets | (11 619 755) | (2 313 200) | (4 584 148) | (142 145) |
| Net cash used in investing activities | (17 769 810) | (2 652 628) | (6 121 566) | (236 740) |
| Cash flows from financing activities | | | | |
| Lease liability payments | (6 418 744) | (13 636 485) | (4 079 203) | (511 792) |
| Dividend paid | (35 472 888) | (108 249 099) | (35 472 888) | (6 651 873) |
| Net cash used in financing activities | (41 891 632) | (121 885 584) | (39 552 091) | (7 163 665) |
| Net (decrease) / increase in cash and cash equivalents | (791 787 685) | (469 551 359) | 697 411 889 | 61 648 493 |
| Cash and cash equivalents at beginning of period | 2 408 531 198 | 2 030 283 379 | 919 331 624 | 124 760 277 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | 667 988 064 | 165 316 645 | 667 988 064 | 19 744 884 |
| Cash and cash equivalents at end of the period | 2 284 731 577 | 1 726 048 665 | 2 284 731 577 | 206 153 654 |
| - Cash on hand | 1 140 302 904 | 613 342 553 | 1 140 302 904 | 73 255 645 |
| - Local bank accounts | 832 504 878 | 755 267 542 | 832 504 878 | 90 206 705 |
| - Foreign bank accounts | 311 923 795 | 357 438 570 | 311 923 795 | 42 691 304 |
| | 2 284 731 577 | 1 726 048 665 | 2 284 731 577 | 206 153 654 |

NOTES TO THE FINANCIAL STATEMENTS For the half year ended 30 June 2020

| | Inflation Adjusted | | Historical Cost | |
|--|----------------------|----------------------|----------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 1. CASH AND CASH EQUIVALENTS | | | | |
| Balances with the Reserve Bank of Zimbabwe | 832 504 878 | 1 484 439 021 | 832 504 878 | 566 607 457 |
| Balances with other banks and cash | 1 452 226 699 | 924 092 177 | 1 452 226 699 | 352 724 167 |
| Total cash and cash equivalents | 2 284 731 577 | 2 408 531 198 | 2 284 731 577 | 919 331 624 |
| 2. MONEY MARKET INVESTMENTS | | | | |
| Placements with other banks | - | 26 198 720 | - | 10 000 000 |
| | - | 26 198 720 | - | 10 000 000 |

The Bank invested in money market placements which had maturities ranging from 6 days to 33 days (2019: 2 days to 36 days) and had average interest rates ranging from 9.5% per annum to 14% per annum (2019: 2 days to 36 days) and had average interest rates ranging from 4.65% per annum to 9.1% per annum (2019: 4.65% to 9.1%).

3. TREASURY BILLS

3.1 Reported in 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 Bank has three categories of treasury bills classified as follows:

- as "at FVTPL";
- as "at FVTOCI"; and
- as "at amortised cost (AMCO)".

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Treasury bills include: | | | | |
| Assets classified as "at FVTPL" | | | | |
| Treasury bills acquired from the primary market | 121 301 744 | 164 781 301 | 121 301 744 | 62 896 699 |
| Assets classified as "at FVTOCI" | | | | |
| Medium term treasury bills" acquired from the secondary market | 195 559 766 | 293 1 | | |

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

3.1 Reported in the statements of financial position (continued)

- The Bank invested in treasury bills issued by the RBZ over a period of 12 months which were at rates ranging from 10% per annum to 22% per annum (December 2019: 14.02% per annum to 14.48% per annum).
- The Bank purchased treasury bills from the secondary market. These treasury bills have coupon rates of 5% (December 2019: 5% per annum to 15% per annum) with maturity periods ranging from 1 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% (December 2019: 5%) and maturity periods ranging from 2 to 12 years (December 2019: 2 to 14 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 recapitalise ZB Bank Limited, a 100% owned subsidiary of ZBFH. The CTBs mature on 26/05/2025 and carry a coupon of 1% 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% was applied as a proxy for trade on similar instruments.

Treasury bills amounting to ZW\$111.11 million (December 2019: 115 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 30 June 2020 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.

| | Inflation Adjusted | | Historical Cost | |
|--|----------------------|----------------------|----------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 4. ADVANCES AND OTHER ACCOUNTS | | | | |
| 4.1. At amortised cost | | | | |
| Loans, overdrafts and other accounts | 1 111 217 299 | 1 082 066 308 | 1 111 217 299 | 413 022 583 |
| Mortgage loans | 33 626 943 | 61 176 905 | 33 626 943 | 23 351 105 |
| Finance leases | 33 112 236 | 27 635 389 | 33 112 236 | 10 548 374 |
| Bills Discounted | 12 522 695 | 34 813 309 | 12 522 695 | 13 288 171 |
| Gross advances | 1 190 479 173 | 1 205 691 911 | 1 190 479 173 | 460 210 233 |
| Off statement of financial position exposures | | | | |
| In respect of guarantees | 311 097 539 | 371 517 239 | 311 097 539 | 141 807 400 |
| In respect of letters of credit | 250 884 354 | 170 242 194 | 250 884 354 | 64 981 111 |
| In respect of loan commitments | 302 536 962 | 262 913 879 | 302 536 962 | 100 353 711 |
| | 864 518 855 | 804 673 312 | 864 518 855 | 307 142 222 |
| Gross credit exposure | 2 054 998 028 | 2 010 365 223 | 2 054 998 028 | 767 352 455 |
| Gross advances | 1 190 479 173 | 1 205 691 911 | 1 190 479 173 | 460 210 233 |
| Less: Allowance for loan impairment | (113 807 280) | (137 572 031) | (113 807 280) | (52 510 974) |
| Net Advances | 1 076 671 893 | 1 068 119 880 | 1 076 671 893 | 407 699 259 |
| 4.2 Maturity analysis | | | | |
| On Demand | 124 913 588 | 95 896 535 | 124 913 588 | 36 603 519 |
| Within 1 Month | 33 197 494 | 14 402 485 | 33 197 494 | 5 497 400 |
| Between 1 and 6 Months | 97 148 101 | 180 338 650 | 97 148 101 | 68 834 908 |
| Between 6 and 12 Months | 159 827 303 | 204 585 057 | 159 827 303 | 78 089 714 |
| After 12 Months | 1 639 911 542 | 1 515 142 496 | 1 639 911 542 | 578 326 914 |
| | 2 054 998 028 | 2 010 365 223 | 2 054 998 028 | 767 352 455 |
| 4.3 Loans and advances to customers by business line: | | | | |
| Corporate lending | 1 745 044 289 | 1 762 305 142 | 1 745 044 289 | 672 668 410 |
| Small business lending | 22 757 710 | 17 203 109 | 22 757 710 | 6 566 393 |
| Consumer lending | 253 569 086 | 169 680 064 | 253 569 086 | 64 766 547 |
| Mortgage lending | 33 626 943 | 61 176 905 | 33 626 943 | 23 351 105 |
| | 2 054 998 028 | 2 010 365 223 | 2 054 998 028 | 767 352 455 |
| 4.4 Mortgage loans | | | | |
| Mortgage advances were spread as follows: | | | | |
| Type of property: | | | | |
| High density | 969 071 | 3 234 680 | 969 071 | 1 234 671 |
| Medium density | 1 040 890 | 4 123 181 | 1 040 890 | 1 573 810 |
| Low density | 24 481 879 | 32 494 417 | 24 481 879 | 12 403 055 |
| Commercial | 7 135 103 | 21 324 627 | 7 135 103 | 8 139 569 |
| | 33 626 943 | 61 176 905 | 33 626 943 | 23 351 105 |

4.5 Finance lease receivables

| | Inflation Adjusted | | Historical Cost | |
|-------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Gross investment in finance leases: | | | | |
| Less than 1 year | 15 071 916 | 5 456 859 | 15 071 916 | 2 082 872 |
| Between 1 and 5 years | 66 408 139 | 32 502 511 | 66 408 139 | 12 406 145 |
| Gross investment in finance leases | 81 480 055 | 37 959 370 | 81 480 055 | 14 489 017 |
| Unearned finance charges | (48 367 819) | (10 323 981) | (48 367 819) | (3 940 643) |
| Net investment in finance leases | 33 112 236 | 27 635 389 | 33 112 236 | 10 548 374 |
| Less than 1 year | 6 767 947 | 4 949 243 | 6 767 947 | 1 889 116 |
| Between 1 and 5 years | 26 344 289 | 22 686 146 | 26 344 289 | 8 659 258 |
| | 33 112 236 | 27 635 389 | 33 112 236 | 10 548 374 |

| | Inflation Adjusted | | Inflationary Adjusted | | Historical Cost | | Historical Cost | |
|---|---------------------|--------------|-----------------------|--------------|-----------------------|--------------|----------------------|--------------|
| | 30 June 2020 ZWS | Contribution | % 31 Dec 2019 ZWS | Contribution | % 30 June 2020 ZWS | Contribution | % 31 Dec 2019 ZWS | Contribution |
| 4.6 Sectoral analysis of advances | | | | | | | | |
| Private | 281 924 822 | 23.68% | 271 570 895 | 22.52% | 281 924 822 | 23.68% | 103 658 077 | 22.52% |
| Agriculture | 259 181 311 | 21.77% | 254 121 032 | 21.08% | 259 181 311 | 21.77% | 96 997 499 | 21.08% |
| Mining | 269 894 003 | 22.67% | 228 690 721 | 18.97% | 269 894 003 | 22.67% | 87 290 799 | 18.97% |
| Manufacturing | 57 575 191 | 4.84% | 38 517 506 | 3.19% | 57 575 191 | 4.84% | 14 702 057 | 3.19% |
| Distribution | 100 761 099 | 8.46% | 117 233 903 | 9.72% | 100 761 099 | 8.46% | 44 747 950 | 9.72% |
| Construction | 7 003 204 | 0.59% | 21 392 965 | 1.77% | 7 003 204 | 0.59% | 8 165 653 | 1.77% |
| Transport | 23 787 507 | 2.00% | 18 798 398 | 1.56% | 23 787 507 | 2.00% | 7 175 312 | 1.56% |
| Services | 136 066 113 | 11.43% | 156 426 010 | 12.97% | 136 066 113 | 11.43% | 59 707 501 | 12.97% |
| Financial | 53 991 542 | 4.54% | 97 052 436 | 8.05% | 53 991 542 | 4.54% | 37 044 721 | 8.05% |
| Communication | 294 381 | 0.02% | 1 888 045 | 0.16% | 294 381 | 0.02% | 720 664 | 0.17% |
| | 1 190 479 173 | 100% | 1 205 691 911 | 100% | 1 190 479 173 | 100% | 460 210 233 | 100% |
| 4.7 Sectoral analysis of guarantees | | | | | | | | |
| Agriculture | 4 000 000 | 1.29% | - | 0.00% | 4 000 000 | 1.29% | - | 0.00% |
| Manufacturing | 304 155 173 | 97.77% | 369 076 042 | 1725.22% | 304 155 173 | 97.77% | 140 875 600 | 74.28% |
| Distribution | 51 000 | 0.02% | 126 540 | 0.59% | 51 000 | 0.02% | 48 300 | 0.34% |
| Communications | 6 000 | 0.00% | - | 0.00% | 6 000 | 0.00% | - | 0.00% |
| Services | 2 470 366 | 0.79% | 1 227 410 | 5.74% | 2 470 366 | 0.79% | 468 500 | 18.55% |
| Financial | 415 000 | 0.13% | 1 087 247 | 5.08% | 415 000 | 0.13% | 415 000 | 4.07% |
| | 311 097 539 | 100% | 371 517 239 | 1737% | 311 097 539 | 100% | 141 807 400 | 100% |
| 4.8 Sectoral analysis of letters of credit | | | | | | | | |
| Manufacturing | 250 884 354 | 100% | 170 242 194 | 100% | 250 884 354 | 100% | 64 981 111 | 100% |
| | 250 884 354 | 100% | 170 242 194 | 100% | 250 884 354 | 100% | 64 981 111 | 100% |
| 4.9 Sectoral analysis of loan commitments | | | | | | | | |
| Private | - | - | 10 060 861 | 925.35% | - | - | 3 840 211 | 3.83% |
| Agriculture | 183 257 890 | 61% | 41 259 309 | 3794.84% | 183 257 890 | 61% | 15 748 597 | 15.69% |
| Mining | 4 841 945 | 2% | 93 590 | 8.61% | 4 841 945 | 2% | 35 723 | 0.04% |
| Manufacturing | 3 126 644 | 1% | 100 314 090 | 9226.43% | 3 126 644 | 1% | 38 289 691 | 38.15% |
| Distribution | 32 661 177 | 11% | 34 706 249 | 3192.12% | 32 661 177 | 11% | 13 247 307 | 13.20% |
| Construction | 2 129 179 | 1% | 340 093 | 31.28% | 2 129 179 | 1% | 129 813 | 0.13% |
| Transport | 4 415 847 | 1% | 7 060 930 | 649.43% | 4 415 847 | 1% | 2 695 143 | 2.69% |
| Communications | 40 920 | 0% | 821 495 | 75.56% | 40 920 | 0% | 313 563 | 0.31% |
| Services | 60 970 963 | 20% | 55 357 272 | 5091.51% | 60 970 963 | 20% | 21 129 762 | 21.06% |
| Financial | 11 092 397 | 4% | 12 899 990 | 1186.48% | 11 092 397 | 4% | 4 923 901 | 4.91% |
| | 302 536 962 | 100% | 262 913 879 | 24182% | 302 536 962 | 100% | 100 353 711 | 100% |

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 4.10 Non-performing debt | | | | |
| Non-performing loans and advances | 3 714 401 | 8 221 776 | 3 714 401 | 3 004 678 |
| Less: Allowance for loan impairment | (1 504 852) | (2 566 670) | (1 504 852) | (2 566 670) |
| Value to be received from security held | 2 209 549 | 5 655 106 | 2 209 549 | 438 008 |

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 company discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees.

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 4.11 Loan impairment movement | | | | |
| Balance at beginning of the period | 137 572 031 | 30 753 829 | 52 510 974 | 11 738 676 |
| Effects of monetary gain or loss | (85 061 057) | - | - | - |
| Adjustment through FCTR | - | 3 639 348 | - | 1 389 132 |
| Charge to profit or loss | 60 820 087 | 103 328 279 | 60 820 087 | 39 440 201 |
| Reversals/(write offs) charged to provision | 476 219 | (149 425) | 476 219 | (57 035) |
| Balance at 30 June 2020 | 113 807 280 | 137 572 031 | 113 807 280 | 52 510 974 |

4.12 Internal rating grade:

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 and stage classification.

4.12.1 Total loans and advances

| | INFLATION ADJUSTED 2020 | | | | INFALTION ADJUSTED 2019 | | | |
|---------------------------------|-------------------------|------------------|------------------|----------------------|-------------------------|--------------------|------------------|----------------------|
| | STAGE 1 ZWS | STAGE 2 ZWS | STAGE 3 ZWS | TOTAL ZWS | STAGE1 ZWS | STAGE 2 ZWS | STAGE 3 ZWS | TOTAL ZWS |
| Total loans and advances | | | | | | | | |
| Good (AAA to A- | 1 182 533 492 | - | - | 1 182 533 492 | 921 269 762 | - | - | 921 269 762 |
| Special mention (BBB+ to B- | - | 4 231 280 | - | 4 231 280 | - | 276 550 277 | - | 276 550 277 |
| Non performing (CC to D) | - | - | 3 714 401 | 3 714 401 | - | - | 7 871 872 | 7 871 872 |
| Total | 1 182 533 492 | 4 231 280 | 3 714 401 | 1 190 479 173 | 921 269 762 | 276 550 277 | 7 871 872 | 1 205 691 911 |
| Corporate lending | | | | | | | | |
| Good (AAA to A- | 874 560 897 | - | - | 874 560 897 | 676 871 608 | - | - | 676 871 608 |
| Special mention (BBB+ to B- | - | 3 340 205 | - | 3 340 205 | - | 274 497 307 | - | 274 497 307 |
| Non performing (CC to D) | - | - | 2 624 332 | 2 624 332 | - | - | 6 262 921 | 6 262 921 |
| Total | 874 560 897 | 3 340 205 | 2 624 332 | 880 525 435 | 676 871 608 | 274 497 307 | 6 262 921 | 957 631 836 |
| Small business lending | | | | | | | | |
| Good (AAA to A- | 22 716 533 | - | - | 22 716 533 | 16 529 336 | - | - | 16 529 336 |
| Special mention (BBB+ to B- | - | 15 326 | - | 15 326 | - | 614 940 | - | 614 940 |
| Non performing (CC to D) | - | - | 25 851 | 25 851 | - | - | 58 832 | 58 832 |
| Total | 22 716 533 | 15 326 | 25 851 | 22 757 710 | 16 529 336 | 614 940 | 58 832 | 17 203 109 |
| Consumer lending | | | | | | | | |
| Good (AAA to A- | 251 629 119 | - | - | 251 629 119 | 167 198 020 | - | - | 167 198 020 |
| Special mention (BBB+ to B- | - | 875 749 | - | 875 749 | - | 1 315 709 | - | 1 315 709 |
| Non performing (CC to D) | - | - | 1 064 218 | 1 064 218 | - | - | 1 166 332 | 1 166 332 |
| Total | 251 629 119 | 875 749 | 1 064 218 | 253 569 086 | 167 198 020 | 1 315 709 | 1 166 332 | 169 680 064 |
| Mortgage lending | | | | | | | | |
| Good (AAA to A- | 33 626 943 | - | - | 33 626 943 | | | | |



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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

4.12.3 Impairment allowance for loans and advances

| | INFLATION ADJUSTED 2020 | | | | INFLATION ADJUSTED 2019 | | | |
|---------------------------------|-------------------------|----------------|------------------|--------------------|-------------------------|-------------------|------------------|--------------------|
| | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ |
| Total loans and advances | | | | | | | | |
| Good (AAA to A- | 111 591 235 | - | - | 111 591 235 | 89 295 629 | - | - | 89 295 629 |
| Special mention (BBB+ to B- | - | 711 193 | - | 711 193 | - | 41 552 055 | - | 41 552 055 |
| Non performing (CC to D) | - | - | 1 504 852 | 1 504 852 | - | - | 6 724 347 | 6 724 347 |
| Total | 111 591 235 | 711 193 | 1 504 852 | 113 807 280 | 89 295 629 | 41 552 055 | 6 724 347 | 137 572 031 |
| Corporate lending | | | | | | | | |
| Good (AAA to A- | 103 023 459 | - | - | 103 023 459 | 62 745 061 | - | - | 62 745 061 |
| Special mention (BBB+ to B- | - | 523 861 | - | 523 861 | - | 41 085 031 | - | 41 085 031 |
| Non performing (CC to D) | - | - | 988 732 | 988 732 | - | - | 6 037 351 | 6 037 351 |
| Total | 103 023 459 | 523 861 | 988 732 | 104 536 052 | 62 745 061 | 41 085 031 | 6 037 351 | 109 867 443 |
| Small business lending | | | | | | | | |
| Good (AAA to A- | 732 638 | - | - | 732 638 | 1 628 983 | - | - | 1 628 983 |
| Special mention (BBB+ to B- | - | 5 131 | - | 5 131 | - | 53 926 | - | 53 926 |
| Non performing (CC to D) | - | - | 15 000 | 15 000 | - | - | 19 197 | 19 197 |
| Total | 732 638 | 5 131 | 15 000 | 752 769 | 1 628 983 | 53 926 | 19 197 | 1 702 106 |
| Consumer lending | | | | | | | | |
| Good (AAA to A- | 6 504 672 | - | - | 6 504 672 | 17 651 541 | - | - | 17 651 541 |
| Special mention (BBB+ to B- | - | 182 201 | - | 182 201 | - | 362 413 | - | 362 413 |
| Non performing (CC to D) | - | - | 501 120 | 501 120 | - | - | 498 501 | 498 501 |
| Total | 6 504 672 | 182 201 | 501 120 | 7 187 993 | 17 651 541 | 362 413 | 498 501 | 18 512 455 |
| Mortgage lending | | | | | | | | |
| Good (AAA to A- | 1 330 466 | - | - | 1 330 466 | 7 270 044 | - | - | 7 270 044 |
| Special mention (BBB+ to CCC-) | - | - | - | - | - | 50 685 | - | 50 685 |
| Non performing (CC to D) | - | - | - | - | - | - | 169 298 | 169 298 |
| Total | 1 330 466 | - | - | 1 330 466 | 7 270 044 | 50 685 | 169 298 | 7 490 027 |

| | HISTORICAL COST 2020 | | | | HISTORICAL COST 2019 | | | |
|---------------------------------|----------------------|----------------|------------------|--------------------|----------------------|-------------------|------------------|-------------------|
| | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ |
| Total loans and advances | | | | | | | | |
| Good (AAA to A- | 111 591 235 | - | - | 111 591 235 | 34 083 966 | - | - | 34 083 966 |
| Special mention (BBB+ to B- | - | 711 193 | - | 711 193 | - | 15 860 338 | - | 15 860 338 |
| Non performing (CC to D) | - | - | 1 504 852 | 1 504 852 | - | - | 2 566 670 | 2 566 670 |
| Total | 111 591 235 | 711 193 | 1 504 852 | 113 807 280 | 34 083 966 | 15 860 338 | 2 566 670 | 52 510 974 |
| Corporate lending | | | | | | | | |
| Good (AAA to A- | 103 023 459 | - | - | 103 023 459 | 23 949 666 | - | - | 23 949 666 |
| Special mention (BBB+ to B- | - | 523 861 | - | 523 861 | - | 15 682 077 | - | 15 682 077 |
| Non performing (CC to D) | - | - | 988 732 | 988 732 | - | - | 2 304 445 | 2 304 445 |
| Total | 103 023 459 | 523 861 | 988 732 | 104 536 052 | 23 949 666 | 15 682 077 | 2 304 445 | 41 936 188 |
| Small business lending | | | | | | | | |
| Good (AAA to A- | 732 638 | - | - | 732 638 | 621 780 | - | - | 621 780 |
| Special mention (BBB+ to B- | - | 5 131 | - | 5 131 | - | 20 583 | - | 20 583 |
| Non performing (CC to D) | - | - | 15 000 | 15 000 | - | - | 7 327 | 7 327 |
| Total | 732 638 | 5 131 | 15 000 | 752 769 | 621 780 | 20 583 | 7 327 | 649 690 |
| Consumer lending | | | | | | | | |
| Good (AAA to A- | 6 504 672 | - | - | 6 504 672 | 6 737 559 | - | - | 6 737 559 |
| Special mention (BBB+ to B- | - | 182 201 | - | 182 201 | - | 138 332 | - | 138 332 |
| Non performing (CC to D) | - | - | 501 120 | 501 120 | - | - | 190 277 | 190 277 |
| Total | 6 504 672 | 182 201 | 501 120 | 7 187 993 | 6 737 559 | 138 332 | 190 277 | 7 066 168 |
| Mortgage lending | | | | | | | | |
| Good (AAA to A- | 1 330 466 | - | - | 1 330 466 | 2 774 961 | - | - | 2 774 961 |
| Special mention (BBB+ to CCC-) | - | - | - | - | - | 19 346 | - | 19 346 |
| Non performing (CC to D) | - | - | - | - | - | - | 64 621 | 64 621 |
| Total | 1 330 466 | - | - | 1 330 466 | 2 774 961 | 19 346 | 64 621 | 2 858 928 |

4.13.2 Other financial assets

| | INFLATION ADJUSTED 2020 | | | | INFLATION ADJUSTED 2019 | | | |
|--------------------|-------------------------|--------------|--------------|---------------|-------------------------|----------------|--------------|----------------|
| | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ |
| Debtentures | | | | | | | | |
| Good (AAA+ to A-) | - | - | - | - | 237 200 | - | - | 237 200 |
| Bonds | | | | | | | | |
| Good (AAA+ to A-) | 19 165 | - | - | 19 165 | 1 988 | - | - | 1 988 |
| Total | 19 165 | - | - | 19 165 | 1 988 | 237 200 | - | 239 189 |

| | HISTORICAL COST 2020 | | | | HISTORICAL COST 2019 | | | |
|--------------------|----------------------|--------------|--------------|---------------|----------------------|---------------|--------------|---------------|
| | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ |
| Debtentures | | | | | | | | |
| Good (AAA+ to A-) | - | - | - | - | 90 539 | - | - | 90 539 |
| Bonds | | | | | | | | |
| Good (AAA+ to A-) | 19 165 | - | - | 19 165 | 759 | - | - | 759 |
| Total | 19 165 | - | - | 19 165 | 759 | 90 539 | - | 91 298 |

4.13.3 Financial guarantees and loan commitments

| | INFLATION ADJUSTED 2020 | | | | INFLATION ADJUSTED 2019 | | | |
|-----------------------------|-------------------------|--------------|--------------|------------------|-------------------------|--------------|--------------|------------------|
| | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ |
| Financial guarantees | | | | | | | | |
| Good (AAA to A- | 682 978 | - | - | 682 978 | 366 302 | - | - | 366 302 |
| Total | 682 978 | - | - | 682 978 | 366 302 | - | - | 366 302 |
| Loan commitments | | | | | | | | |
| Good (AAA to A- | 1 116 674 | - | - | 1 116 674 | 1 950 537 | - | - | 1 950 537 |
| Total | 1 116 674 | - | - | 1 116 674 | 1 950 537 | - | - | 1 950 537 |

| | HISTORICAL COST 2020 | | | | HISTORICAL COST 2019 | | | |
|-------------------------|----------------------|--------------|--------------|------------------|----------------------|--------------|--------------|----------------|
| | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ | STAGE 1 ZW\$ | STAGE 2 ZW\$ | STAGE 3 ZW\$ | TOTAL ZW\$ |
| Guarantees | | | | | | | | |
| Good (AAA to A- | 682 978 | - | - | 682 978 | 139 817 | - | - | 139 817 |
| Total guarantees | 682 978 | - | - | 682 978 | 139 817 | - | - | 139 817 |
| Loan commitments | | | | | | | | |
| Good (AAA to A- | 1 116 674 | - | - | 1 116 674 | 744 516 | - | - | 744 516 |
| Total | 1 116 674 | - | - | 1 116 674 | 744 516 | - | - | 744 516 |

| | Inflation Adjusted | | Historical Cost | |
|--|--------------------|--------------------|--------------------|-------------------|
| | 30 June 2020 ZW\$ | 31 Dec 2019 ZW\$ | 30 June 2020 ZW\$ | 31 Dec 2019 ZW\$ |
| 5. INVENTORIES, TRADE AND OTHER RECEIVABLES | | | | |
| Inventories | 13 271 918 | 30 487 108 | 8 755 131 | 3 641 281 |
| Accrued interest | 2 903 572 | 2 086 383 | 2 903 572 | 796 368 |
| Remittances in transit | 5 651 | 1 463 536 | 5 651 | 558 629 |
| Advance payments and sundry assets | 174 338 912 | 86 773 409 | 174 338 910 | 30 806 388 |
| Amounts clearing from other banks | 15 782 144 | 7 233 598 | 15 782 145 | 2 761 050 |
| Total | 206 302 197 | 128 044 034 | 201 785 409 | 38 563 716 |

6. INVESTMENT SECURITIES

6.1 Carrying amounts

Designated as at "Fair value through profit or loss"

| | Inflation Adjusted | | Historical Cost | |
|------------------------|--------------------|--------------------|--------------------|-------------------|
| | 30 June 2020 ZW\$ | 31 Dec 2019 ZW\$ | 30 June 2020 ZW\$ | 31 Dec 2019 ZW\$ |
| Unlisted equities | 7 002 425 | 16 084 877 | 7 002 425 | 6 139 566 |
| Listed equities | 136 938 994 | 189 340 581 | 136 938 994 | 72 270 928 |
| Total | 143 941 419 | 205 425 458 | 143 941 419 | 78 410 494 |
| Held at amortised cost | | | | |
| Bank balances | 32 289 861 | 24 738 228 | 32 289 861 | 9 442 533 |
| Debtentures | 907 877 | 2 257 586 | 907 877 | 861 716 |
| Bonds | 6 790 642 | 29 067 855 | 6 790 642 | 11 095 143 |
| Total | 183 929 799 | 261 489 127 | 183 929 799 | 99 809 886 |

| | Inflation Adjusted | | Historical Cost | |
|--|--------------------|--------------------|--------------------|-------------------|
| | 30 June 2020 ZW\$ | 31 Dec 2019 ZW\$ | 30 June 2020 ZW\$ | 31 Dec 2019 ZW\$ |
| 6.2 Movement of investment securities | | | | |
| Balance at beginning of the year | 261 489 127 | 414 084 405 | 99 809 886 | 25 500 817 |
| Movements during the period: | | | | |
| - On Bonds | (4 295 833) | (17 793 297) | (4 295 833) | (6 791 667) |
| Total | 257 193 294 | 396 291 108 | 95 514 053 | 18 709 150 |
| Fair value adjustments on investments | | | | |
| - On listed equity investments | (52 401 588) | 106 007 701 | 27 104 159 | 54 388 567 |
| - On unlisted equity investments | (9 082 452) | (1 700 279) | 771 834 | 5 011 354 |
| Total | 195 709 254 | 500 598 530 | 123 390 046 | 78 109 071 |
| Accrued interest on debtentures and bonds | | | | |
| - current period | 30 088 | 169 582 | 30 088 | 64 729 |
| - prior year received in current period | (169 582) | (173 178) | (64 729) | (66 102) |
| Total | 195 569 760 | 500 594 934 | 123 355 405 | 78 107 698 |
| Impairment reversal/(charges) | | | | |
| - on debtentures | 90 304 | (148 486) | 90 304 | (17 273) |
| - on bonds | (18 170) | 367 070 | (18 170) | 42 700 |
| Total | 195 641 894 | 500 813 518 | 123 427 539 | 78 133 125 |
| Exchange gains/(losses) | | | | |
| - On bank balances | - | - | 22 847 329 | 8 879 860 |
| - On unlisted equity investments | - | - | 91 025 | 35 320 |
| - On listed equity investments | - | - | 37 563 906 | 12 761 581 |
| Total | 195 641 894 | 500 813 518 | 183 929 799 | 99 809 886 |
| Monetary gains/losses | | | | |
| - On bank balances | 7 551 631 | 15 581 574 | - | - |
| - On debtentures and bonds | (19 263 726) | (26 978 829) | - | - |
| - On unlisted equity investments | - | (227 927 136) | - | - |
| Total | 183 929 799 | 261 489 127 | 183 929 | |

Send and receive money with ease.



ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

9. INTANGIBLE ASSETS

| | Computer software ZWS | Capital work in progress ZWS | Total ZWS |
|--|--------------------------|------------------------------------|-------------------|
| Historical Cost | | | |
| 2020 | | | |
| Cost or valuation | | | |
| Balance at 1 January 2020 | 73 790 281 | 41 050 756 | 114 841 037 |
| Additions | 123 025 | 4 461 123 | 4 584 148 |
| Balance at 30 June 2020 | 73 913 306 | 45 511 879 | 119 425 185 |
| Accumulated depreciation and impairment | | | |
| Balance at 1 January 2020 | 28 547 373 | - | 28 547 373 |
| Charge to income statement | 3 007 506 | - | 3 007 506 |
| Balance at 30 June 2020 | 31 554 879 | - | 31 554 879 |
| Net book value at 30 June 2020 | 42 358 427 | 45 511 879 | 87 870 306 |
| 2019 | | | |
| Cost or valuation | | | |
| Balance at 1 January 2019 | 22 864 535 | 3 217 426 | 26 081 961 |
| Effect of change in functional currency | 10 512 280 | 5 685 739 | 16 198 019 |
| Additions at cost | - | 12 826 707 | 12 826 707 |
| Surplus on revaluation | 35 853 903 | - | 35 853 903 |
| Transfer between categories | 4 559 563 | (4 559 563) | - |
| Exchange rate movement | - | 23 880 447 | 23 880 447 |
| Balance at 31 December 2019 | 73 790 281 | 41 050 756 | 114 841 037 |
| Accumulated depreciation and impairment | | | |
| Balance at 1 January 2019 | 15 856 349 | - | 15 856 349 |
| Charge to income statement | 12 691 024 | - | 12 691 024 |
| Balance at 31 December 2019 | 28 547 373 | - | 28 547 373 |
| Net book value at 31 December 2019 | 45 242 908 | 41 050 756 | 86 293 664 |

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 | | | | | | | |
| 2020 | | | | | | | |
| Cost or valuation | | | | | | | |
| Balance at 1 January 2020 | 11 110 878 | 223 384 352 | 155 989 931 | 364 784 385 | 232 431 007 | 15 939 779 | 1 003 640 332 |
| Additions | 15 306 261 | - | 542 416 | 1 832 724 | - | 6 215 138 | 23 896 539 |
| Gains on revaluation | 8 831 082 | - | - | - | - | - | 8 831 082 |
| Balance at 30 June 2020 | 35 248 221 | 223 384 352 | 156 532 347 | 366 617 109 | 232 431 007 | 22 154 917 | 1 036 367 953 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at 1 January 2020 | - | 120 376 432 | 80 339 414 | 182 517 913 | 92 025 426 | - | 475 259 185 |
| Charge to income statement | - | 1 660 943 | 1 532 021 | 6 358 779 | 3 156 674 | - | 12 708 417 |
| Impairment | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | - | 122 037 375 | 81 871 435 | 188 876 692 | 95 182 100 | - | 487 967 602 |
| Net book value at 30 June 2020 | 35 248 221 | 101 346 977 | 74 660 912 | 177 740 417 | 137 248 907 | 22 154 917 | 548 400 351 |
| 2019 | | | | | | | |
| Balance at 1 January 2019 | | | | | | | |
| Balance at 1 January 2019 | - | 156 515 207 | 102 249 031 | 234 586 861 | 123 909 783 | 9 325 803 | 626 586 685 |
| Additions | 6 171 827 | 3 224 932 | 12 278 997 | 5 369 620 | 27 362 289 | 15 795 813 | 70 203 478 |
| Gain on revaluation | 4 939 051 | 63 644 213 | 41 700 919 | 125 337 703 | 88 396 563 | - | 324 018 449 |
| Disposals | - | - | (239 016) | (509 799) | (7 237 628) | - | (7 986 443) |
| Transfer between categories | - | - | - | - | - | - | - |
| Balance at 31 December 2019 | 11 110 878 | 223 384 352 | 155 989 931 | 364 784 385 | 232 431 007 | 25 121 616 | 1 012 822 169 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at 1 January 2019 | - | 110 470 362 | 72 064 696 | 145 618 236 | 81 025 274 | - | 409 178 568 |
| Charge to income statement | - | 9 906 070 | 8 363 760 | 37 288 179 | 12 123 174 | - | 67 681 183 |
| Disposals | - | - | (89 042) | (388 502) | (1 123 022) | - | (1 600 566) |
| Impairment | - | - | - | - | - | 9 181 837 | 9 181 837 |
| Balance at 31 December 2019 | - | 120 376 432 | 80 339 414 | 182 517 913 | 92 025 426 | 9 181 837 | 484 441 022 |
| Net book value at 31 December 2019 | 11 110 878 | 103 007 920 | 75 650 517 | 182 266 472 | 140 405 581 | 15 939 779 | 528 381 147 |
| Historical cost | | | | | | | |
| 2020 | | | | | | | |
| Cost or valuation | | | | | | | |
| Balance at 1 January 2020 | 4 241 000 | 45 072 711 | 32 883 507 | 82 441 145 | 58 746 818 | 6 084 182 | 229 469 363 |
| Additions | 6 780 000 | - | 422 199 | 1 264 661 | - | 2 425 074 | 10 891 934 |
| Gains on revaluation | 24 227 220 | - | - | - | - | - | 24 227 220 |
| Balance at 30 June 2020 | 35 248 220 | 45 072 711 | 33 305 706 | 83 705 806 | 58 746 818 | 8 509 256 | 264 588 517 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at 1 January 2020 | - | 5 754 792 | 4 007 851 | 12 870 390 | 5 154 282 | - | 27 787 315 |
| Charge to income statement | - | 829 590 | 765 198 | 3 176 016 | 1 576 662 | - | 6 347 466 |
| Disposals | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | - | 6 584 382 | 4 773 049 | 16 046 406 | 6 730 944 | - | 34 134 781 |
| Net book value at 30 June 2020 | 35 248 220 | 38 488 329 | 28 532 657 | 67 659 400 | 52 015 874 | 8 509 256 | 230 453 736 |
| 2019 | | | | | | | |
| Balance at 1 January 2019 | | | | | | | |
| 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 and impairment | | | | | | | |
| Balance at 1 January 2019 | - | 4 099 696 | 2 611 850 | 6 651 463 | 3 138 746 | - | 16 501 755 |
| Charge to income statement | - | 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 |

11. DEPOSITS FROM CUSTOMERS

| | Inflation Adjusted | | Historical Cost | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Current accounts | 813 019 375 | 40 441 207 | 813 019 375 | 418 123 193 |
| Savings and call accounts | 1 845 090 359 | 1 095 429 251 | 1 845 090 359 | 776 350 852 |
| Term deposits | 183 675 464 | 2 033 939 870 | 183 675 464 | 135 141 632 |
| Bank deposits | 642 733 | 354 053 780 | 642 733 | 15 436 329 |
| | 2 842 427 931 | 3 523 864 108 | 2 842 427 931 | 1 345 052 006 |
| Maturity Analysis of deposits from customers | | | | |
| On Demand | 1 707 349 449 | 2 565 966 675 | 1 707 349 449 | 979 424 438 |
| Within 1 Month | 1 084 976 404 | 882 132 193 | 1 084 976 404 | 336 708 125 |
| Between 1 and 6 Months | 48 832 322 | 68 391 550 | 48 832 322 | 26 104 920 |
| Between 6 and 12 months | 1 269 756 | 7 307 226 | 1 269 756 | 2 789 154 |
| After 12 Months | - | 66 464 | - | 25 369 |
| | 2 842 427 931 | 3 523 864 108 | 2 842 427 931 | 1 345 052 006 |
| Secured and unsecured deposits analysis | | | | |
| Secured deposits | 67 280 542 | 150 541 663 | 67 280 542 | 57 461 457 |
| Unsecured deposits | 2 775 247 389 | 3 373 322 445 | 2 775 247 389 | 1 287 590 549 |
| | 2 842 427 931 | 3 523 864 108 | 2 842 427 931 | 1 345 052 006 |

11. DEPOSITS FROM CUSTOMERS (continued)

| | Inflation Adjusted 30 June 2020 ZWS | | Inflation Adjusted % 31 Dec 2019 ZWS | | Historical Cost % 30 June 2020 ZWS | | Historical Cost % 31 Dec 2019 ZWS | |
|-------------------------------|---|--------------|---|--------------|---|--------------|--|--------------|
| | ZWS | Contribution | ZWS | Contribution | ZWS | Contribution | ZWS | Contribution |
| Sectoral analysis of deposits | | | | | | | | |
| Private | 366 849 412 | 13% | 458 650 286 | 13% | 366 849 412 | 13% | 175 065 913 | 13% |
| Agriculture | 356 524 119 | 13% | 190 305 770 | 5% | 356 524 119 | 13% | 72 639 338 | 5% |
| Mining | 55 343 070 | 2% | 198 017 964 | 6% | 55 343 070 | 2% | 75 583 068 | 6% |
| Manufacturing | 182 544 935 | 6% | 290 867 570 | 8% | 182 544 935 | 6% | 111 023 580 | 8% |
| Distribution | 106 594 229 | 4% | 96 324 064 | 3% | 106 594 229 | 4% | 36 766 706 | 3% |
| Construction | 27 299 737 | 1% | 41 132 866 | 1% | 27 299 737 | 1% | 15 700 334 | 1% |
| Transport | 17 345 791 | 1% | 32 240 030 | 1% | 17 345 791 | 1% | 12 305 956 | 1% |
| Services | 1 175 345 385 | 41% | 1 331 392 290 | 38% | 1 175 345 385 | 41% | 508 189 821 | 38% |
| Financial | 305 432 357 | 11% | 412 323 291 | 12% | 305 432 357 | 11% | 157 382 990 | 12% |
| Communications | 249 148 896 | 9% | 472 609 977 | 13% | 249 148 896 | 9% | 180 394 300 | 13% |
| | 2 842 427 931 | 100% | 3 523 864 108 | 100% | 2 842 427 931 | 100% | 1 345 052 006 | 100% |

12 OFFSHORE BORROWINGS

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Balance at beginning of the year | 196 013 375 | 96 784 006 | 74 817 920 | 5 947 347 |
| Effects of changes in functional currency | - | - | - | 8 921 020 |
| Repayments | (53 199 132) | (65 337 789) | (53 199 132) | (24 939 306) |
| Exchange rate movement | 32 653 955 | 164 567 158 | 153 849 410 | 84 888 859 |
| Balance at 30 June 2020 | 175 468 198 | 196 013 375 | 175 468 198 | 74 817 920 |

The offshore borrowing is in respect of loans advanced to ZB Bank Limited, at interest rates ranging between 9.49% to 9.56%. The loans mature on October 2022.

13. TRADE AND OTHER PAYABLES

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Interest accrued on deposits | 47 827 415 | 25 678 872 | 47 825 350 | 9 768 277 |
| Items in transit | 105 908 850 | 110 606 601 | 105 908 850 | 42 218 322 |
| Accruals and sundries | 199 680 024 | 236 496 365 | 199 682 089 | 90 303 496 |
| Expected credit loss on loan commitments | 1 799 653 | 2 316 839 | 1 799 653 | 884 333 |
| Amounts clearing to other banks | 48 035 532 | 49 358 408 | 48 035 532 | 18 840 007 |
| | 403 251 474 | 424 457 085 | 403 251 474 | 162 014 435 |

14. LEASE LIABILITIES

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Balance at beginning of the period | 34 715 868 | 15 785 030 | 13 250 979 | 6 025 115 |
| Additions arising from new leases | - | 2 725 523 | - | 1 040 327 |
| Add accrued interest posted to profit and loss | 2 164 809 | 1 239 441 | 1 375 766 | 473 092 |
| Less lease commitments paid during the period | (6 418 744) | (6 907 206) | (4 079 203) | (2 636 467) |
| Add lease liability reassessment | - | 21 271 376 | - | 8 119 243 |
| Add loss on adjustment of lease liabilities | - | 601 703 | - | 229 669 |
| Arising from monetary adjustments | (19 914 391) | - | - | - |
| | 10 547 542 | 34 715 868 | 10 547 542 | 13 250 979 |

15. EQUITY AND RESERVES

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

16. NET INTEREST AND RELATED INCOME

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| 16.1 Interest and related income | | | | |
| Advances | 108 975 807 | 89 241 502 | 66 523 607 | 7 193 885 |
| Overdrafts | 16 308 140 | 6 744 458 | 10 141 998 | 567 195 |
| Establishment fees | 29 285 897 | 19 989 684 | 18 611 601 | 1 635 467 |
| Placements with other banks | 1 216 155 | 736 623 | 651 314 | 59 547 |
| Treasury bills | 27 087 667 | 98 489 235 | 17 137 138 | 7 792 936 |
| Other interest receivable categories | 13 113 804 | 14 071 752 | 7 635 761 | 1 067 641 |
| Total interest income | 195 987 470 | 229 273 254 | 120 701 419 | 18 316 671 |
| 16.2 Interest expense | | | | |
| Customer deposits | 16 302 788 | 46 255 142 | 10 134 629 | 3 710 623 |
| Placements from other banks | 383 225 | 2 883 779 | 190 430 | 224 657 |
| Other interest payable categories | 8 941 066 | 18 818 101 | 5 244 793 | 1 783 437 |
| Total interest expense | 25 627 079 | 67 957 022 | 15 569 852 | 5 718 717 |
| Net interest income | 170 360 391 | 161 316 232 | 105 131 567 | 12 597 954 |
| 17. ANALYSIS OF LOAN IMPAIRMENT CHARGES / (RECOVERIES) TO STATEMENT OF PROFIT OR LOSS | | | | |
| Impairment charges on loans and overdrafts (note 4.11) | 60 820 087 | 46 964 497 | 60 820 067 | 3 710 623 |
| Impairment reversal on other financial assets (note 6.3) | (72 133) | (573 404) | (72 133) | (68 486) |
| Impairment charge on guarantees and undrawn facilities (note 23.2) | 915 320 | (27 374) | 915 320 | (3 269) |
| Recoveries during the period | (878 236) | (14 962 508) | (878 236) | (1 787 073) |
| Effects of monetary adjustments | 15 891 207 | (6 322 657) | - | - |
| | 76 676 245 | 25 078 554 | 60 785 038 | 3 750 459 |
| 18. COMMISSION AND FEE INCOME COMPRISES: | | | | |
| Digital channels | 95 142 131 | 102 916 381 | 60 464 167 | 8 420 161 |
| Service fees | 106 869 907 | 165 779 468 | 67 917 334 | 13 563 342 |
| Other commissions | 43 522 020 | 24 938 721 | 12 705 235 | 3 087 130 |
| | 245 534 058 | 293 634 570 | 141 086 736 | 25 070 633 |
| 19. OTHER INCOME | | | | |
| Exchange income | 684 890 401 | 169 913 421 | 684 890 401 | 20 293 907 |
| Dividends from other investments | 17 746 484 | 7 192 003 | 9 354 516 | 572 058 |
| Rentals and recoveries | 8 319 131 | 11 442 172 | 5 306 663 | 981 628 |
| Sundry income | 851 488 | 2 033 242 | 210 240 | 198 639 |
| | 711 807 504 | 190 580 838 | 699 761 820 | 22 046 232 |
| 20. FAIR VALUE ADJUSTMENTS | | | | |
| <u>Arising from fair value through profit or loss instruments investments</u> | | | | |
| Investment securities | (61 484 040) | 882 666 | 27 875 994 | 815 098 |
| Investment in subsidiary company | 218 311 192 | 820 696 | 799 663 387 | 98 021 |
| | 156 827 152 | 1 703 362 | 827 539 381 | 913 119 |
| 21. OPERATING EXPENSES | | | | |
| Staff expenses | 190 835 687 | 137 815 200 | 128 030 902 | 11 037 934 |
| Communication expenses | 18 000 562 | 14 595 227 | 13 066 946 | 1 389 586 |
| Computer and information technology | 71 114 837 | 49 121 196 | 46 280 186 | 4 106 315 |
| Occupation expenses | 17 668 539 | 14 862 317 | 9 587 809 | 825 821 |
| Transport expenses | 3 153 111 | 3 199 589 | 2 095 851 | 269 173 |
| Travelling expenses | 3 182 120 | 3 132 749 | 2 071 966 | 273 451 |
| Administration expenses | 148 604 015 | 183 862 544 | 96 674 029 | 15 255 738 |
| | 452 558 871 | 406 588 822 | 297 807 689 | 33 158 017 |
| <u>Included in operating expenses are the following</u> | | | | |
| Depreciation charge on property and equipment | 12 708 417 | 45 445 095 | 6 347 466 | 3 763 001 |
| Amortisation of intangible assets | 3 563 429 | 33 887 742 | 3 007 506 | 2 385 722 |
| Depreciation charge on right of use asset | 4 347 923 | 6 881 576 | 2 763 166 | 821 913 |
| Finance cost for lease liabilities | 2 164 809 | 1 239 441 | 1 375 766 | 473 092 |
| Auditors' remuneration | 3 469 776 | 2 579 119 | 1 424 707 | 305 198 |
| 22. INCOME TAX EXPENSE | | | | |
| Current income tax | 10 587 489 | 21 302 662 | 87 744 | 1 609 826 |
| Deferred taxation | 40 797 356 | (12 133 879) | (32 057 211) | (3 381 419) |
| | 51 384 845 | 9 168 783 | (31 969 467) | (1 771 593) |

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 23. CONTINGENT LIABILITIES AND COMMITMENTS | | | | |
| 23.1 The nominal values of such commitments are listed below: | | | | |
| In respect of guarantees | 311 097 539 | 371 517 239 | 311 097 539 | 141 807 400 |
| In respect of undrawn commitments | 302 536 962 | 262 913 879 | 302 536 962 | 100 353 711 |
| In respect of letters of credit | 250 884 354 | 170 242 194 | 250 884 354 | 64 981 111 |
| | 864 518 855 | 804 673 312 | 864 518 855 | 307 142 222 |
| 23.2 Impairment movement on Guarantees and loan commitments | | | | |
| Balance at beginning of the year | 2 316 839 | 12 145 433 | 884 333 | 746 333 |
| Charge to statement of profit or loss (Note 17) | 915 320 | 1 186 312 | 915 320 | 138 000 |
| Effects of monetary loss | (1 432 506) | (11 014 106) | - | - |
| Balance at end of the period | 1 799 653 | 2 316 839 | 1 799 653 | 884 333 |

25. RISK MANAGEMENT

25.1 Fair values and risk management - accounting classification and fair values

| | CARRYING AMOUNT | | | | FAIR VALUE | | | | |
|--------------------------------------|----------------------------------|------------------------|--------------------------|---------------------------------|------------------------|--------------------|--------------------|----------------------|------------------------|
| | Designated at Fair Value P/L ZWS | Designated at AMCO ZWS | Designated at FVTOCI ZWS | Other financial liabilities ZWS | Total ZWS | Level 1 ZWS | Level 2 ZWS | Level 3 ZWS | Total ZWS |
| Inflation Adjusted | | | | | | | | | |
| 30 June 2020 | | | | | | | | | |
| Equity Securities | 143 941 419 | - | - | - | 143 941 419 | 136 938 994 | - | 7 002 425 | 143 941 419 |
| Treasury Bills | 121 301 744 | - | 195 559 766 | - | 316 861 510 | - | 121 301 744 | 195 559 766 | 316 861 510 |
| Money market investments | - | - | - | - | - | - | - | - | - |
| Investment in Subsidiary company | 1 149 646 537 | - | - | - | 1 149 646 537 | - | - | 1 149 646 537 | 1 149 646 537 |
| | 1 414 889 700 | - | 195 559 766 | - | 1 610 449 466 | 136 938 994 | 121 301 744 | 1 352 208 728 | 1 610 449 466 |
| Cash and short term funds | - | 2 284 731 577 | - | - | 2 284 731 577 | - | - | - | 2 284 731 577 |
| Treasury Bills | - | 42 664 667 | - | - | 42 664 667 | - | - | - | 42 664 667 |
| Advances and other accounts | - | 1 076 671 893 | - | - | 1 076 671 893 | - | - | - | 1 076 671 893 |
| Inventories, trade other receivables | - | 190 520 053 | - | - | 190 520 053 | - | - | - | 190 520 053 |
| Investment securities | - | 39 988 379 | - | - | 39 988 379 | - | - | - | 39 988 379 |
| Right of use assets | - | 30 367 945 | - | - | 30 367 945 | - | - | - | 30 367 945 |
| Amounts clearing from other banks | - | 15 782 144 | - | - | 15 782 144 | - | - | - | 15 782 144 |
| | - | 3 680 726 658 | - | - | 3 680 726 658 | - | - | - | 3 680 726 658 |
| Deposits from customers | - | (2 842 427 931) | - | - | (2 842 427 931) | - | - | - | (2 842 427 931) |
| Offshore borrowings | - | - | - | (175 468 198) | (175 468 198) | - | - | - | (175 468 198) |
| Trade and other payables | - | - | - | (403 251 474) | (403 251 474) | - | - | - | (403 251 474) |
| Lease liability | - | (10 547 542) | - | - | (10 547 542) | - | - | - | (10 547 542) |
| Amounts clearing to other banks | - | (48 035 532) | - | - | (48 035 532) | - | - | - | (48 035 532) |
| | - | (2 852 975 473) | - | (578 719 672) | (3 431 695 145) | - | - | - | (3 431 695 145) |
| 31 December 2019 | | | | | | | | | |
| Equity Securities | 205 425 458 | - | - | - | 205 425 458 | 189 340 581 | - | 16 084 877 | 205 425 458 |
| Treasury Bills | 164 781 301 | - | 293 181 331 | - | 457 962 632 | - | 164 781 301 | 293 181 331 | 457 962 632 |
| Money market investments | 26 198 720 | - | - | - | 26 198 720 | - | 26 198 720 | - | 26 198 720 |
| Investment in Subsidiary company | 931 335 345 | - | - | - | 931 335 345 | - | - | 931 335 345 | 931 335 345 |
| | 1 327 740 824 | - | 293 181 331 | - | 1 620 922 155 | 189 340 581 | 190 980 021 | 1 240 601 553 | 1 620 922 155 |
| Cash and short term funds | - | 2 408 531 195 | - | - | 2 408 531 195 | - | - | - | 2 408 531 195 |
| Treasury Bills | - | 110 677 627 | - | - | 110 677 627 | - | - | - | 110 677 627 |
| Advances and other accounts | - | 1 068 119 880 | - | - | 1 068 119 880 | - | - | - | 1 068 119 880 |
| Inventories, trade other receivables | - | 93 798 395 | - | - | 93 798 395 | - | - | - | 93 798 395 |
| Investment securities | - | 56 063 668 | - | - | 56 063 668 | - | - | - | 56 063 668 |
| Right of use assets | - | 34 715 868 | - | - | 34 715 868 | - | - | - | 34 715 868 |
| Amounts clearing from other banks | - | 7 233 598 | - | - | 7 233 598 | - | - | - | 7 233 598 |
| | - | 3 779 140 231 | - | - | 3 779 140 231 | - | - | - | 3 779 140 231 |
| Deposits from customers | - | (3 523 864 111) | - | - | (3 523 864 111) | - | - | - | (3 523 864 111) |
| Offshore borrowings | - | - | - | (196 013 375) | (196 013 375) | - | - | - | (196 013 375) |
| Trade and other payables | - | - | - | (375 098 674) | (375 098 674) | - | - | - | (375 098 674) |
| Lease liability | - | (34 715 870) | - | - | (34 715 870) | - | - | - | (34 715 870) |
| Amounts clearing to other banks | - | (49 358 408) | - | - | (49 358 408) | - | - | - | (49 358 408) |
| | - | (3 607 938 389) | - | (571 112 049) | (4 179 050 438) | - | - | - | (4 179 050 438) |

| | CARRYING AMOUNT | | | | FAIR VALUE | | | | |
|--------------------------------------|----------------------------------|------------------------|--------------------------|---------------------------------|----------------------|--------------------|--------------------|----------------------|----------------------|
| | Designated at Fair Value P/L ZWS | Designated at AMCO ZWS | Designated at FVTOCI ZWS | Other financial liabilities ZWS | Total ZWS | Level 1 ZWS | Level 2 ZWS | Level 3 ZWS | Total ZWS |
| Historical cost | | | | | | | | | |
| 30 June 2020 | | | | | | | | | |
| Equity Securities | 143 941 419 | - | - | - | 143 941 419 | 136 938 994 | - | 7 002 425 | 143 941 419 |
| Treasury Bills | 121 301 744 | - | 195 559 766 | - | 316 861 510 | - | 121 301 744 | 195 559 766 | 316 861 510 |
| Money market investments | - | - | - | - | - | - | - | - | - |
| Investment in Subsidiary company | 1 147 426 195 | - | - | - | 1 147 426 195 | - | - | 1 147 426 195 | 1 147 426 195 |
| | 1 412 669 358 | - | 195 559 766 | - | 1 608 229 124 | 136 938 994 | 121 301 744 | 1 349 988 387 | 1 608 229 124 |
| Cash and short term funds | - | 2 284 731 577 | - | - | 2 284 731 577 | - | - | - | 2 284 731 577 |
| Treasury Bills | - | 42 664 667 | - | - | 42 664 667 | - | - | - | 42 664 667 |
| Advances and other accounts | - | 1 076 671 893 | - | - | 1 076 671 893 | - | - | - | 1 076 671 893 |
| Inventories, trade other receivables | - | 186 003 263 | - | - | 186 003 263 | - | - | - | 186 003 263 |
| Investment securities | - | 39 988 379 | - | - | 39 988 379 | - | - | - | 39 988 379 |
| Right of use assets | - | 10 487 813 | - | - | 10 487 813 | - | - | - | 10 487 813 |
| Amounts clearing from other banks | - | 15 782 145 | - | - | 15 782 145 | - | - | - | 15 782 145 |
| | - | 3 656 329 737 | - | - | < | | | | |

Send and receive money with ease.



ZB FINANCIAL HOLDINGS



REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

26.2 Interest rate risk (continued)

Historical Cost

| 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 30 June 2020 | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | 311 923 795 | - | 220 000 000 | - | 531 923 795 |
| Treasury bills | 12 998 954 | 26 308 466 | 150 661 763 | 169 556 994 | 359 526 177 |
| Advances and other accounts | 158 111 082 | 97 148 101 | 159 827 303 | 661 585 408 | 1 076 671 894 |
| Investment securities | - | - | - | 183 929 799 | 183 929 799 |
| | <u>483 033 831</u> | <u>123 456 567</u> | <u>530 489 066</u> | <u>1 015 072 201</u> | <u>2 152 051 565</u> |
| Liabilities | | | | | |
| Deposits from customers | 2 792 325 853 | 48 832 322 | 1 269 756 | - | 2 842 427 931 |
| Offshore borrowings | - | 31 873 678 | 31 873 678 | 111 720 842 | 175 468 198 |
| Lease liability | - | - | - | 10 547 542 | 10 547 542 |
| | <u>2 792 325 853</u> | <u>80 706 000</u> | <u>33 143 434</u> | <u>122 268 384</u> | <u>3 028 443 671</u> |
| Period gap | (2 309 292 022) | 42 750 567 | 497 345 632 | 892 803 817 | (876 392 006) |
| Cumulative gap | (2 309 292 022) | (2 266 541 455) | (1 769 195 823) | (876 392 006) | - |
| As at 31 December 2019 | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | 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 |
| | <u>258 017 895</u> | <u>93 278 924</u> | <u>262 397 134</u> | <u>415 377 023</u> | <u>1 029 070 976</u> |
| 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 |
| | <u>1 316 132 562</u> | <u>41 681 539</u> | <u>18 365 773</u> | <u>56 941 031</u> | <u>1 433 120 905</u> |
| 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) | - |

26.3 Liquidity risk

Inflation adjusted

| 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 |
|-------------------------------|----------------------|--------------------|--------------------|----------------------|------------------------------------|----------------------|
| As at 30 June 2020 | | | | | | |
| Assets | | | | | | |
| Cash and short term funds | 1 734 217 284 | 47 697 253 | 505 720 612 | - | 2 287 635 149 | 2 284 731 577 |
| Treasury bills | 13 009 163 | 16 020 027 | 173 003 064 | 204 236 762 | 406 269 016 | 359 526 178 |
| Advances and other accounts | 158 163 408 | 102 052 665 | 189 903 682 | 783 041 178 | 1 233 160 932 | 1 076 671 893 |
| Investment securities | - | - | - | 183 929 799 | 183 929 799 | 183 929 799 |
| | <u>1 905 389 855</u> | <u>165 769 945</u> | <u>868 627 358</u> | <u>1 171 207 739</u> | <u>4 110 994 896</u> | <u>3 904 859 446</u> |
| Liabilities | | | | | | |
| Deposits and other accounts | 2 797 780 112 | 49 293 234 | 1 281 375 | - | 2 848 354 721 | 2 842 427 931 |
| Offshore borrowings | - | 39 484 897 | 39 484 897 | 138 399 029 | 217 368 823 | 74 817 920 |
| Trade and other payables | 175 030 501 | 153 839 171 | 3 766 474 | 22 787 908 | 355 424 054 | 403 251 475 |
| Lease liability | - | - | - | 10 547 542 | 10 547 542 | 10 547 542 |
| | <u>2 972 810 613</u> | <u>242 617 302</u> | <u>44 532 746</u> | <u>171 734 479</u> | <u>3 431 695 140</u> | <u>3 431 695 145</u> |
| Period gap | (1 067 420 758) | (76 847 357) | 824 094 612 | 999 473 260 | 679 299 757 | 473 164 301 |
| Cumulative gap | (1 067 420 758) | (1 144 268 115) | (320 173 503) | 679 299 757 | - | - |
| As at 31 December 2019 | | | | | | |
| Assets | | | | | | |
| Cash and short term funds | 1 908 445 743 | 114 756 178 | 387 409 378 | - | 2 410 611 299 | 2 408 531 195 |
| Money market investments | 26 204 997 | - | - | - | 26 204 997 | 26 198 720 |
| Treasury bills | 29 947 277 | 70 612 155 | 226 127 747 | 303 526 435 | 630 213 614 | 568 640 260 |
| Advances and other accounts | 110 370 556 | 196 219 542 | 225 606 722 | 677 715 267 | 1 209 912 087 | 1 068 119 880 |
| Investment securities | - | - | - | 261 489 129 | 261 489 129 | 261 489 129 |
| | <u>2 074 968 573</u> | <u>381 587 875</u> | <u>839 143 847</u> | <u>1 242 730 831</u> | <u>4 538 431 125</u> | <u>4 332 979 184</u> |
| Liabilities | | | | | | |
| Deposits from customers | 3 452 871 391 | 69 035 062 | 7 375 581 | 66 607 | 3 529 348 641 | 3 523 864 108 |
| Offshore borrowings | - | 44 616 688 | 44 616 688 | 126 974 337 | 216 207 713 | 196 013 375 |
| Trade and other payables | 230 423 208 | 131 109 959 | 5 108 035 | 32 137 009 | 398 778 211 | 424 457 085 |
| Lease liability | - | - | - | 34 715 868 | 34 715 868 | 34 715 868 |
| | <u>3 683 294 599</u> | <u>244 761 709</u> | <u>57 100 304</u> | <u>193 893 821</u> | <u>4 179 050 433</u> | <u>4 179 050 436</u> |
| Period gap | (1 608 326 026) | 136 826 166 | 782 043 543 | 1 048 837 010 | 359 380 693 | 153 928 748 |
| Cumulative gap | (1 608 326 026) | (1 471 499 860) | (689 456 317) | 359 380 693 | - | - |

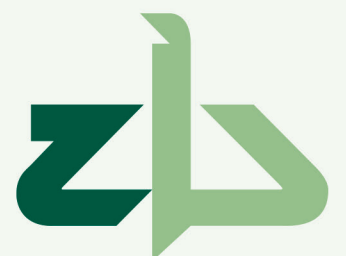
26.3 Liquidity risk (continued)

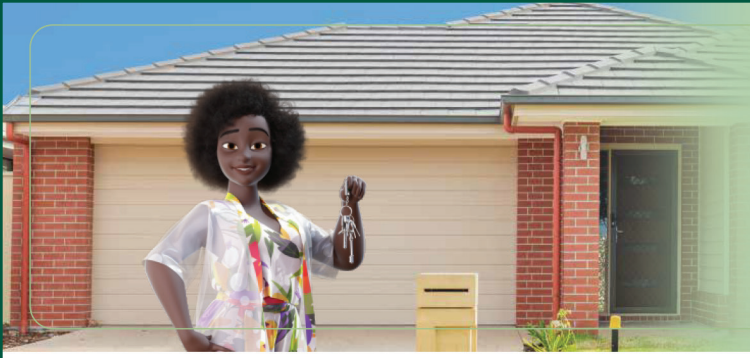
Historical Cost

| 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 |
|------------------------------------|----------------------|--------------------|--------------------|----------------------|------------------------------------|----------------------|
| As at 30 June 2020 | | | | | | |
| Financial asset by type | | | | | | |
| Cash and cash equivalents | 1 734 217 284 | 47 697 253 | 505 720 612 | - | 2 287 635 149 | 2 284 731 577 |
| Treasury bills | 13 009 163 | 16 020 027 | 173 003 064 | 204 236 762 | 406 269 016 | 359 526 178 |
| Advances and other accounts | 158 163 408 | 102 052 665 | 189 903 682 | 783 041 178 | 1 233 260 933 | 1 076 671 893 |
| Investment securities | - | - | - | 183 929 799 | 183 929 799 | 183 929 799 |
| | <u>1 905 389 855</u> | <u>165 769 945</u> | <u>868 627 358</u> | <u>1 171 207 739</u> | <u>4 110 994 897</u> | <u>3 904 859 447</u> |
| Financial liability by type | | | | | | |
| Deposits and other accounts | 2 797 780 112 | 49 293 234 | 1 281 375 | - | 2 848 354 721 | 2 842 427 931 |
| Offshore borrowing | - | 39 484 897 | 39 484 897 | 138 399 029 | 217 368 823 | 175 468 198 |
| Trade and other payables | 175 030 501 | 153 839 171 | 3 766 474 | 22 787 908 | 355 424 054 | 403 251 475 |
| Lease Liability | - | - | - | 10 547 542 | 10 547 542 | 10 547 542 |
| | <u>2 972 810 613</u> | <u>242 617 302</u> | <u>44 532 746</u> | <u>171 734 479</u> | <u>3 431 695 140</u> | <u>3 431 695 146</u> |
| Period gap | (1 067 420 758) | (76 847 357) | 824 094 612 | 999 473 260 | 679 299 757 | 473 164 301 |
| Cumulative gap | (1 067 420 758) | (1 144 268 115) | (320 173 503) | 679 299 757 | - | - |
| As at 31 December 2019 | | | | | | |
| Financial asset by type | | | | | | |
| Cash and cash equivalents | 728 449 990 | 43 802 208 | 147 873 398 | - | 920 125 596 | 919 331 624 |
| Money market investments | 10 002 396 | - | - | - | 10 002 396 | 10 000 000 |
| Treasury bills | 11 430 817 | 26 952 521 | 86 312 517 | 115 855 444 | 240 551 299 | 217 048 870 |
| Advances and other accounts | 42 128 224 | 74 896 613 | 86 113 643 | 258 682 585 | 461 821 065 | 407 699 259 |
| Investment securities | - | - | - | 99 809 886 | 99 809 886 | 99 809 886 |
| | <u>792 011 427</u> | <u>145 651 342</u> | <u>320 299 558</u> | <u>474 347 915</u> | <u>1 732 310 242</u> | <u>1 653 889 639</u> |
| Financial liability by type | | | | | | |
| Deposits from customers | 1 317 954 225 | 26 350 548 | 2 815 245 | 25 424 | 1 347 145 442 | 1 345 052 006 |
| Offshore borrowing | - | 17 030 102 | 17 030 102 | 48 465 855 | 82 526 059 | 74 817 920 |
| Trade and other payables | 87 952 086 | 50 044 414 | 1 949 727 | 12 266 633 | 152 212 860 | 162 014 435 |
| Lease liability | - | - | - | 13 250 979 | 13 250 979 | 13 250 979 |
| | <u>1 405 906 311</u> | <u>93 425 064</u> | <u>21 795 074</u> | <u>74 008 891</u> | <u>1 595 135 340</u> | <u>1 595 135 340</u> |
| Period gap | (613 894 884) | 52 226 278 | 298 504 484 | 400 339 024 | 137 174 902 | 58 754 299 |
| Cumulative gap | (613 894 884) | (561 668 606) | (263 164 122) | 137 174 902 | - | - |

| | Inflation Adjusted | | Historical Cost | |
|-----------------------------------|--------------------|-----------------|------------------|-----------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Liquidity ratios | | | | |
| Total liquid assets | 2 651 030 492 | 3 031 447 511 | 2 651 030 492 | 1 156 566 575 |
| Total liabilities to the public | 2 841 785 197 | 3 483 422 900 | 2 841 785 197 | 1 329 615 676 |
| Liquidity ratio | 93% | 87% | 93% | 87% |
| Average for the period | 69% | 78% | 69% | 78% |
| Maximum for the period | 93% | 85% | 93% | 87% |
| Minimum for the period | 59% | 74% | 59% | 71% |
| Minimum statutory liquidity ratio | 30% | 30% | 30% | 30% |

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



REVIEWED FINANCIAL RESULTS for the half year ended 30 June 2020

STATEMENTS OF FINANCIAL POSITION As at 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost* | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| ASSETS | | | | |
| Cash and cash equivalents | 27 654 548 | 31 380 779 | 27 654 548 | 11 977 982 |
| Money market investments | 8 019 391 | 5 249 075 | 8 019 391 | 2 003 562 |
| Loans and other advances | 24 297 925 | 36 484 251 | 24 297 925 | 13 925 967 |
| Inventories, trade and other receivables | 24 526 845 | 46 045 871 | 23 677 992 | 17 446 959 |
| Investment securities | 785 256 | 1 800 343 | 785 256 | 687 187 |
| Right of use assets | 329 832 | 375 876 | 107 603 | 143 471 |
| Investment properties | 349 550 160 | 273 571 532 | 349 550 160 | 104 421 716 |
| Investments in subsidiaries | 222 323 585 | 170 748 775 | 222 313 367 | 65 174 750 |
| Property and equipment | 50 153 667 | 43 336 169 | 40 894 977 | 16 541 331 |
| Total assets | 707 641 209 | 608 992 671 | 697 301 219 | 232 322 925 |
| LIABILITIES | | | | |
| Deposits from customers | 70 518 262 | 101 471 330 | 70 518 262 | 38 731 407 |
| Trade and other payables | 7 878 340 | 7 655 047 | 7 878 340 | 2 921 917 |
| Lease liabilities | 104 375 | 375 876 | 104 375 | 143 471 |
| Deferred tax liabilities | 19 728 350 | 15 089 011 | 19 265 415 | 5 759 446 |
| Total liabilities | 98 229 327 | 124 591 264 | 97 766 392 | 47 556 241 |
| EQUITY | | | | |
| Share capital | 23 144 408 | 23 144 408 | 954 814 | 954 814 |
| Share premium | 215 659 496 | 215 659 496 | 8 896 953 | 8 896 953 |
| Reserves | 370 607 978 | 245 597 503 | 589 683 060 | 174 914 917 |
| Total equity | 609 411 882 | 484 401 407 | 599 534 827 | 184 766 684 |
| Total equity and liabilities | 707 641 209 | 608 992 671 | 697 301 219 | 232 322 925 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost* | |
|--|--------------------|---------------------|--------------------|------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| Interest and related income | 5 777 728 | 22 429 001 | 3 545 163 | 1 380 688 |
| Interest and related expense | (302 083) | (2 595 734) | (230 215) | (174 531) |
| Net interest income | 5 475 645 | 19 833 267 | 3 314 948 | 1 206 157 |
| Allowance for loan impairment movement | 582 933 | 1 535 300 | 582 933 | 183 370 |
| Net income from lending activities | 6 058 578 | 21 368 567 | 3 897 881 | 1 389 527 |
| Commissions, fees and other income | 16 246 148 | 44 132 071 | 15 528 809 | 2 798 454 |
| Fair value adjustments | 126 538 351 | (12 319 890) | 402 365 129 | 147 324 |
| Total income | 148 843 077 | 53 180 748 | 421 791 819 | 4 335 305 |
| Total operating expenses | (29 636 287) | (54 938 153) | (18 580 811) | (3 887 068) |
| Operating profit / (loss) | 119 206 790 | (1 757 405) | 403 211 008 | 448 237 |
| Net monetary gain / (loss) | 2 748 446 | (46 452 228) | - | - |
| Profit / (loss) before taxation | 121 955 236 | (48 209 633) | 403 211 008 | 448 237 |
| Income tax (expense) / credit | (4 254 610) | 17 641 119 | (12 252 814) | 1 906 |
| Profit / (loss) for the period | 117 700 626 | (30 568 514) | 390 958 194 | 450 143 |
| Other comprehensive income: | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Gains on property and equipment revaluation | 7 694 578 | - | 25 063 104 | - |
| Related tax | (384 729) | - | (1 253 155) | - |
| Other comprehensive income for the period, net of tax | 7 309 849 | - | 23 809 949 | - |
| Total comprehensive income / (loss) for the period | 125 010 475 | (30 568 514) | 414 768 143 | 450 143 |
| Earnings / (loss) per share | | | | |
| Basic and fully diluted earnings / (loss) per share (ZW cents) | 21 | 123.27 | (32.02) | 409.46 |

STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2020

| | Ordinary shares ZWS | Share premium ZWS | Property and equipment revaluation reserve ZWS | Retained income/(loss) ZWS | Total ZWS |
|---|---------------------|--------------------|--|----------------------------|--------------------|
| Inflation Adjusted | | | | | |
| For the half year ended 30 June 2020 | | | | | |
| Balance at 1 January 2020 | 23 144 408 | 215 659 496 | 30 887 061 | 214 710 442 | 484 401 407 |
| Profit or loss | | | | | |
| Profit for the period | - | - | - | 117 700 626 | 117 700 626 |
| Other comprehensive income, net of tax | | | | | |
| Revaluation of property | - | - | 7 309 849 | - | 7 309 849 |
| Balance at 30 June 2020 | 23 144 408 | 215 659 496 | 38 196 910 | 332 411 068 | 609 411 882 |
| For the half year ended 30 June 2019 | | | | | |
| Balance at 1 January 2019 | 23 144 408 | 215 659 496 | 1 347 250 | 50 397 214 | 290 548 368 |
| Profit or loss | | | | | |
| Loss for the period | - | - | - | (30 568 514) | (30 568 514) |
| Transactions with owners of the Society: | | | | | |
| Dividends paid | - | - | - | (2 082 191) | (2 082 191) |
| Balance at 30 June 2019 | 23 144 408 | 215 659 496 | 1 347 250 | 17 746 509 | 257 897 663 |

STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2020

| | Ordinary shares ZWS | Share premium ZWS | Functional currency translation reserve ZWS | Property and equipment revaluation reserve ZWS | Retained income/(loss) ZWS | Total ZWS |
|---|---------------------|-------------------|---|--|----------------------------|--------------------|
| Historical Cost* | | | | | | |
| For the half year ended 30 June 2020 | | | | | | |
| Balance at 1 January 2020 | 954 814 | 8 896 953 | 18 061 563 | 13 867 705 | 142 985 649 | 184 766 684 |
| Profit or loss | | | | | | |
| Profit for the period | - | - | - | - | 390 958 194 | 390 958 194 |
| Other comprehensive income, net of tax | | | | | | |
| Revaluation of property | - | - | - | 23 809 949 | - | 23 809 949 |
| Balance at 30 June 2020 | 954 814 | 8 896 953 | 18 061 563 | 37 677 654 | 533 943 843 | 599 534 827 |
| For the half year ended 30 June 2019 | | | | | | |
| Balance at 1 January 2019 | 954 814 | 8 896 953 | - | 13 867 705 | 142 985 649 | 166 705 121 |
| Profit or loss | | | | | | |
| Profit for the period | - | - | - | - | 450 143 | 450 143 |
| Transactions with owners of the Society: | | | | | | |
| Dividends paid | - | - | - | - | (127 950) | (127 950) |
| Other changes | | | | | | |
| Change in functional currency | - | - | 18 061 563 | - | - | 18 061 563 |
| Balance at 30 June 2019 | 954 814 | 8 896 953 | 18 061 563 | 13 867 705 | 143 307 842 | 185 088 877 |

STATEMENT OF CASH FLOWS For the half year ended 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost* | |
|---|---------------------|----------------------|-------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| Cash flows (used in)/generated from operating activities | (38 981 954) | (252 107 666) | 15 552 394 | (12 072 979) |
| Interest received | 5 777 728 | 22 429 001 | 3 545 163 | 1 380 688 |
| Interest paid | (302 083) | (2 595 734) | (230 215) | (174 531) |
| Net cash (used in)/generated from operating activities | (33 506 309) | (232 274 399) | 18 867 342 | (10 866 822) |
| Cash flows from investing activities | | | | |
| Purchase of property and equipment | - | (963 803) | - | (30 700) |
| Dividends received | 1 702 083 | 723 593 | 1 702 083 | 62 944 |
| Net cash used in investing activities | 1 702 083 | (240 210) | 1 702 083 | 32 244 |
| Cash flows from financing activities | | | | |
| Dividend paid | - | (2 082 191) | - | (127 950) |
| Interest expense on operating lease liabilities | (18 614) | (13 669) | (18 614) | (5 217) |
| Net cash used in financing activities | (18 614) | (2 095 860) | (18 614) | (133 167) |
| Net (decrease)/increase in cash and cash equivalents | (31 822 840) | (234 610 469) | 20 550 811 | (10 967 745) |
| Cash and cash equivalents at beginning of period | 59 477 388 | 294 087 857 | 7 103 737 | 18 071 482 |
| Cash and cash equivalents at end of period | 27 654 548 | 59 477 388 | 27 654 548 | 7 103 737 |
| Cash and cash equivalents comprise of: | | | | |
| Cash on hand | 4 908 904 | 3 094 420 | 4 908 904 | 369 585 |
| Local bank accounts | 21 311 429 | 32 415 400 | 21 311 429 | 3 871 563 |
| Balances at the RBZ | 1 434 215 | 23 967 568 | 1 434 215 | 2 862 589 |
| | 27 654 548 | 59 477 388 | 27 654 548 | 7 103 737 |

NOTES TO THE FINANCIAL STATEMENTS For the half year ended 30 June 2020

| | Inflation Adjusted | | Historical Cost | |
|--|--------------------|-----------------|------------------|-----------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 1. CASH AND CASH EQUIVALENTS | | | | |
| Cash on hand | 4 908 904 | 2 626 213 | 4 908 904 | 1 002 420 |
| Local bank accounts | 21 311 429 | 24 500 211 | 21 311 429 | 9 351 683 |
| Balances at the RBZ | 1 434 215 | 4 254 355 | 1 434 215 | 1 623 879 |
| | 27 654 548 | 31 380 779 | 27 654 548 | 11 977 982 |
| 2. MONEY MARKET INVESTMENTS | | | | |
| Fixed deposits | 8 019 391 | 5 249 075 | 8 019 391 | 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 6.5% per annum (2019: 5.5%). | | | | |
| 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. | | | | |

| | Inflation Adjusted | | Historical Cost | |
|---|--------------------|-------------------|-------------------|-------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 3. LOANS AND ADVANCES | | | | |
| 3.1 Categories of loans and advances | | | | |
| Mortgage loans | | | | |
| Residential properties | 7 544 291 | 12 812 975 | 7 544 291 | 4 890 687 |
| Commercial properties | - | 221 667 | - | 84 610 |
| Consumer loans | 18 191 704 | 28 744 376 | 18 191 704 | 10 971 672 |
| Gross loans and advances | 25 735 995 | 41 779 018 | 25 735 995 | 15 946 969 |
| Less: Allowance for loan impairment | (1 438 070) | (5 294 767) | (1 438 070) | (2 021 002) |
| Loans and advances | 24 297 925 | 36 484 251 | 24 297 925 | 13 925 967 |
| 3.2 Maturity analysis | | | | |
| Within 1 month | 4 083 215 | 8 310 208 | 4 083 215 | 3 171 989 |
| Between 2 – 6 months | 561 083 | 503 762 | 561 083 | 192 285 |
| Between 7 – 12 months | 3 426 533 | 3 009 011 | 3 426 533 | 1 148 534 |
| After 12 months | 17 665 164 | 29 956 037 | 17 665 164 | 11 434 161 |
| | 25 735 995 | 41 779 018 | 25 735 995 | 15 946 969 |
| 3.3 Loans and advances to customers by business line | | | | |
| Mortgage lending | 7 544 291 | 13 034 642 | 7 544 291 | 4 975 297 |
| Consumer lending | 17 567 535 | 28 249 498 | 17 567 535 | 10 782 778 |
| Small business lending | 624 169 | 494 878 | 624 169 | 188 894 |
| | 25 735 995 | 41 779 018 | 25 735 995 | 15 946 969 |
| 3.4 Mortgage loans spread | | | | |
| Residential high density | 3 688 267 | 2 932 355 | 3 688 267 | 1 119 273 |
| Residential medium density | 1 312 452 | 3 438 455 | 1 312 452 | 1 312 452 |
| Residential low density | 2 458 962 | 6 442 165 | 2 458 962 | 2 458 962 |
| Commercial | 84 610 | 221 667 | 84 610 | 84 610 |
| | 7 544 291 | 13 034 642 | 7 544 291 | 4 975 297 |

That dream can finally become a reality



ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

| | Inflation Adjusted | | Historical Cost | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 Dec 2019 ZWS | 31 Dec 2018 ZWS | 31 Dec 2019 ZWS | 31 Dec 2018 ZWS |
| 3.5 Non-performing debt | | | | |
| Non-performing loans and advances | 852 564 | 1 274 685 | 852 564 | 486 545 |
| Less: Allowance for loan impairment | (263 469) | (690 255) | (263 469) | (263 469) |
| Value to be received from security held | 589 095 | 584 430 | 589 095 | 223 076 |

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 Society 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 ZWS1 483 324 as at 30 June 2020 (2019: ZWS1 245 141).

| | 31 Dec 2019 ZWS | Percentage Contribution | 31 Dec 2018 ZWS | Percentage Contribution |
|---------------------------|------------------------------|----------------------------|--------------------|----------------------------|
| | 3.6 Sectoral analysis | | | |
| Inflation adjusted | | | | |
| Private | 25 111 826 | 98% | 41 284 123 | 99% |
| Services | 624 169 | 2% | 494 875 | 1% |
| | 25 735 995 | 100% | 41 779 018 | 100% |
| Historical cost | | | | |
| Private | 25 111 826 | 98% | 15 758 077 | 99% |
| Services | 624 169 | 2% | 188 893 | 1% |
| | 25 735 995 | 100% | 15 946 970 | 100% |

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 June 2020 | | Historical Cost Dec 2019 | |
|---------------------------------|------------------------------|----------------|--------------------------|----------------|
| | STAGE 1 ZWS | STAGE 2 ZWS | STAGE 1 ZWS | STAGE 2 ZWS |
| Total loans and advances | | | | |
| Good (AAA to BBB-) | 24 168 628 | 150 392 | 47 773 | 24 366 793 |
| Special mention (BB+ to CCC-) | 427 646 | 2 607 | 4 291 | 434 544 |
| Non-performing (CC+ to D) | - | - | 934 658 | 848 164 |
| Total | 24 596 274 | 152 999 | 986 722 | 25 735 995 |
| Mortgage lending | | | | |
| Good (AAA to BBB-) | 7 069 070 | - | - | 7 069 070 |
| Special mention (BB+ to CCC-) | 108 370 | - | - | 108 370 |
| Non-performing (CC+ to D) | - | - | 366 851 | 366 851 |
| Total | 7 177 440 | - | 366 851 | 7 544 291 |
| Consumer lending | | | | |
| Good (AAA to BBB-) | 16 629 385 | 148 930 | 47 651 | 16 825 966 |
| Special mention (BB+ to CCC-) | 289 946 | 2 607 | 4 291 | 296 844 |
| Non-performing (CC+ to D) | - | - | 444 725 | 444 725 |
| Total | 16 919 331 | 151 537 | 496 667 | 17 567 535 |
| Small business lending | | | | |
| Good (AAA to BBB-) | 470 173 | 1 462 | 122 | 471 757 |
| Special mention (BB+ to CCC-) | 29 330 | - | - | 29 330 |
| Non-performing (CC+ to D) | - | - | 123 082 | 123 082 |
| Total | 499 503 | 1 462 | 123 204 | 624 169 |

| | Historical Cost June 2020 | | Historical Cost Dec 2019 | |
|---------------------------------|---------------------------|----------------|--------------------------|----------------|
| | STAGE 1 ZWS | STAGE 2 ZWS | STAGE 1 ZWS | STAGE 2 ZWS |
| Total loans and advances | | | | |
| Good (AAA to BBB-) | 24 168 628 | 150 392 | 47 773 | 24 366 793 |
| Special mention (BB+ to CCC-) | 427 646 | 2 607 | 4 291 | 434 544 |
| Non-performing (CC+ to D) | - | - | 934 658 | 848 164 |
| Total | 24 596 274 | 152 999 | 986 722 | 25 735 995 |
| Mortgage lending | | | | |
| Good (AAA to BBB-) | 7 069 070 | - | - | 7 069 070 |
| Special mention (BB+ to CCC-) | 108 370 | - | - | 108 370 |
| Non-performing (CC+ to D) | - | - | 366 851 | 366 851 |
| Total | 7 177 440 | - | 366 851 | 7 544 291 |
| Consumer lending | | | | |
| Good (AAA to BBB-) | 16 629 385 | 148 930 | 47 651 | 16 825 966 |
| Special mention (BB+ to CCC-) | 289 946 | 2 607 | 4 291 | 296 844 |
| Non-performing (CC+ to D) | - | - | 444 725 | 444 725 |
| Total | 16 919 331 | 151 537 | 496 667 | 17 567 535 |
| Small business lending | | | | |
| Good (AAA to BBB-) | 470 173 | 1 462 | 122 | 471 757 |
| Special mention (BB+ to CCC-) | 29 330 | - | - | 29 330 |
| Non-performing (CC+ to D) | - | - | 123 082 | 123 082 |
| Total | 499 503 | 1 462 | 123 204 | 624 169 |

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

| | Inflation Adjusted June 2020 | | Historical Cost Dec 2019 | |
|---|------------------------------|----------------|--------------------------|----------------|
| | STAGE 1 ZWS | STAGE 2 ZWS | STAGE 1 ZWS | STAGE 2 ZWS |
| Total ECL for loans and advances | | | | |
| Good (AAA to BBB-) | 1 267 575 | 19 991 | 20 599 | 1 308 165 |
| Special mention (BB+ to CCC-) | 20 705 | 1 100 | 3 613 | 25 418 |
| Non-performing (CC+ to D) | - | - | 104 487 | 104 487 |
| Total | 1 288 280 | 21 091 | 128 699 | 1 438 070 |
| ECL for mortgage lending | | | | |
| Good (AAA to BBB-) | 555 818 | - | - | 555 818 |
| Special mention (BB+ to CCC-) | - | - | - | 40 042 |
| Non-performing (CC+ to D) | - | - | - | 220 514 |
| Total | 555 818 | - | - | 816 374 |
| ECL for consumer lending | | | | |
| Good (AAA to BBB-) | 610 694 | 18 879 | 20 507 | 650 080 |
| Special mention (BB+ to CCC-) | 19 011 | 740 | 3 613 | 23 364 |
| Non-performing (CC+ to D) | - | - | 77 060 | 77 060 |
| Total | 629 705 | 19 619 | 101 180 | 750 504 |
| ECL for small business lending | | | | |
| Good (AAA to BBB-) | 101 063 | 1 112 | 92 | 102 267 |
| Special mention (BB+ to CCC-) | 1 694 | 360 | - | 2 054 |
| Non-performing (CC+ to D) | - | - | 27 427 | 27 427 |
| Total | 102 757 | 1 472 | 27 519 | 131 748 |

| | Historical Cost June 2020 | | Historical Cost Dec 2019 | |
|---|---------------------------|----------------|--------------------------|----------------|
| | STAGE 1 ZWS | STAGE 2 ZWS | STAGE 1 ZWS | STAGE 2 ZWS |
| Total ECL for loans and advances | | | | |
| Good (AAA to BBB-) | 1 267 575 | 19 991 | 20 599 | 1 308 165 |
| Special mention (BB+ to CCC-) | 20 705 | 1 100 | 3 613 | 25 418 |
| Non-performing (CC+ to D) | - | - | 104 487 | 104 487 |
| Total | 1 288 280 | 21 091 | 128 699 | 1 438 070 |
| ECL for mortgage lending | | | | |
| Good (AAA to BBB-) | 555 818 | - | - | 555 818 |
| Special mention (BB+ to CCC-) | - | - | - | 15 284 |
| Non-performing (CC+ to D) | - | - | - | 84 169 |
| Total | 555 818 | - | - | 105 271 |
| ECL for consumer lending | | | | |
| Good (AAA to BBB-) | 610 694 | 18 879 | 20 507 | 650 080 |
| Special mention (BB+ to CCC-) | 19 011 | 740 | 3 613 | 23 364 |
| Non-performing (CC+ to D) | - | - | 77 060 | 77 060 |
| Total | 629 705 | 19 619 | 101 180 | 750 504 |
| ECL for small business lending | | | | |
| Good (AAA to BBB-) | 101 063 | 1 112 | 92 | 102 267 |
| Special mention (BB+ to CCC-) | 1 694 | 360 | - | 2 054 |
| Non-performing (CC+ to D) | - | - | 27 427 | 27 427 |
| Total | 102 757 | 1 472 | 27 519 | 131 748 |

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 4. INVENTORIES, TRADE AND OTHER RECEIVABLES | | | | |
| Sundry debtors and other accounts | 12 606 073 | 15 772 163 | 12 606 073 | 6 020 203 |
| Inventories | 1 523 853 | 2 105 483 | 675 000 | 675 000 |
| Intercompany balances | 4 897 | 912 344 | 4 897 | 348 240 |
| Prepayments | 10 392 022 | 27 255 881 | 10 392 022 | 10 403 516 |
| | 24 526 845 | 46 045 871 | 23 677 992 | 17 446 959 |

5 INVESTMENT SECURITIES

5.1 Assets at fair value through profit or loss

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 5.1.1 Assets at fair value through profit or loss | | | | |
| Unlisted share investments | | | | |
| Balance at beginning of period | 1 800 343 | 12 205 154 | 687 187 | 120 742 |
| Fair value adjustment | (1 015 087) | (10 404 811) | 98 069 | 566 445 |
| Balance at end of period | 785 256 | 1 800 343 | 785 256 | 687 187 |

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 | |
|--------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 6. RIGHT OF USE ASSETS | | | | |
| Balance at beginning of period | 375 876 | 1 512 458 | 143 471 | 123 920 |
| Modifications | - | 213 551 | - | 50 531 |
| Depreciation charge | (46 044) | (81 164) | (35 868) | (30 980) |
| Impairment loss | - | (1 268 969) | - | - |
| Balance at end of period | 329 832 | 375 876 | 107 603 | 143 471 |

7. INVESTMENT PROPERTIES

7.1 Assets at fair value through profit or loss

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Balance at beginning of period | 273 571 532 | 122 840 334 | 104 421 716 | 7 548 500 |
| Effects of changes in functional currency | - | - | - | 11 322 750 |
| Fair value adjustment | 75 978 628 | 150 731 198 | 245 128 444 | 85 550 466 |
| Balance at end of period | 349 550 160 | 273 571 532 | 349 550 160 | 104 421 716 |

7.2 Measurement of fair value

The fair value of investment properties has been categorised under level 3 in the fair value hierarchy based on the inputs to the valuation technique used and the significant amount of judgement applied. The reconciliation of carrying amount shown above reconciles the opening balance and the closing balances for level 3 fair values.

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 8. INVESTMENT IN SUBSIDIARIES | | | | |
| 8.1 Assets at fair value through profit or loss | | | | |
| Balance at beginning of period | 170 748 775 | 47 269 595 | 65 174 750 | 5 527 766 |
| Effects of changes in functional currency | - | - | - | 5 940 720 |
| Fair value gain | 51 574 810 | 123 479 180 | 157 138 617 | 53 706 264 |
| Balance at beginning of period | 222 323 585 | 170 748 775 | 222 313 367 | 65 174 750 |

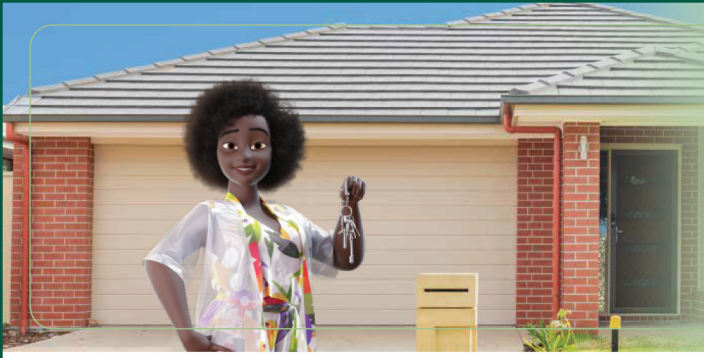
8.2 Measurement of fair value

The fair value of investment in subsidiaries has been categorised under level 3 in the fair value hierarchy based on the inputs to the valuation technique used and the significant amount of judgement applied. The reconciliation of carrying amount shown above reconciles the opening balance and the closing balances for level 3 fair values.

9. PROPERTY AND EQUIPMENT

| | Freehold properties ZWS | Leasehold improvements ZWS | Motor vehicles ZWS | Office furniture & equipment ZWS | Computer equipment ZWS | Total ZWS |
|--|-------------------------------|----------------------------------|--------------------------|---|------------------------------|--------------|
| | Inflation adjusted | | | | | |
| 2020 | | | | | | |
| Cost / Valuation | | | | | | |
| Balance at beginning of period | 33 332 962 | 7 898 613 | 7 141 692 | 19 017 596 | 8 682 063 | 76 072 926 |
| Revaluation gains | 7 694 578 | - | - | - | - | 7 694 578 |
| Balance at end of period | 41 027 540 | 7 898 613 | 7 141 692 | 19 017 596 | 8 682 063 | 83 767 504 |
| Accumulated depreciation and impairment charges | | | | | | |
| Balance at beginning of period | 5 124 079 | 4 978 937 | 5 449 207 | 10 244 891 | 6 939 643 | 32 736 757 |
| Charge to statement of profit or loss | 89 214 | 160 376 | 87 754 | 467 427 | 72 309 | 877 080 |
| Balance at end of period | 5 213 293 | 5 139 313 | 5 536 961 | 10 712 318 | 7 011 952 | 33 613 837 |
| Carrying amount at end of period | 35 814 247 | 2 759 300 | 1 604 731 | 8 305 278 | 1 670 111 | 50 153 667 |
| 2019 | | | | | | |
| Cost / Valuation | | | | | | |
| Balance at beginning of period | 17 311 800 | 5 017 423 | 5 008 121 | 10 773 570 | 7 121 339 | 45 232 253 |
| Additions | - | - | - | - | 499 599 | 499 599 |
| Revaluation gains | 16 021 162 | 2 881 190 | 2 133 571 | 8 244 026 | 1 061 125 | 30 341 074 |
| Balance at end of period | 33 332 962 | 7 898 613 | 7 141 692 | 19 017 596 | 8 682 063 | 76 072 926 |
| Accumulated depreciation and impairment charges | | | | | | |
| Balance at beginning of period | 4 130 190 | 4 840 537 | 4 302 384 | 8 292 019 | 6 438 914 | 28 004 044 |
| Charge to statement of profit or loss | 993 889 | 138 400 | 1 146 823 | 1 952 872 | 500 729 | 4 732 713 |
| Balance at end of period | 5 124 079 | 4 978 937 | 5 449 207 | 10 244 891 | 6 939 643 | 32 736 757 |
| Carrying amount at end of period | 28 208 883 | 2 919 676 | 1 692 485 | 8 772 705 | 1 742 420 | 43 336 169 |

| | Freehold properties ZWS | Leasehold improvements ZWS | Motor vehicles ZWS | Office furniture & equipment ZWS | Computer equipment ZWS | Total ZWS |
|--|-------------------------------|----------------------------------|--------------------------|---|------------------------------|--------------|
|--|-------------------------------|----------------------------------|--------------------------|---|------------------------------|--------------|



That dream can finally become a reality



ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

| | Inflation Adjusted | | | | Historical Cost | | | |
|--------------------------------|---------------------|----------------|--------------------|----------------|---------------------|----------------|--------------------|----------------|
| | 30 June 2020 ZWS | % Contribution | 31 Dec 2019 ZWS | % Contribution | 30 June 2020 ZWS | % Contribution | 31 Dec 2019 ZWS | % Contribution |
| 10.3 Sectorial analysis | | | | | | | | |
| Private individuals | 46 821 942 | 66% | 81 581 155 | 80% | 46 821 942 | 66% | 31 139 367 | 80% |
| Financial institutions | 640 560 | 1% | 479 482 | 0% | 640 560 | 1% | 183 017 | 0% |
| Communication | 420 484 | 1% | 275 404 | 0% | 420 484 | 1% | 105 121 | 0% |
| Manufacturing | 56 343 | 0% | 90 417 | 0% | 56 343 | 0% | 34 512 | 0% |
| Distribution | 8 723 421 | 12% | 6 710 315 | 7% | 8 723 421 | 12% | 2 561 314 | 7% |
| Construction | 231 276 | 0% | 134 245 | 0% | 231 276 | 0% | 51 241 | 0% |
| Agriculture | 6 745 319 | 10% | 3 707 436 | 4% | 6 745 319 | 10% | 1 415 121 | 4% |
| Services | 6 878 917 | 10% | 8 492 876 | 8% | 6 878 917 | 10% | 3 241 714 | 8% |
| | 70 518 262 | 100% | 101 471 330 | 100% | 70 518 262 | 100% | 38 731 407 | 100% |

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |

| | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| 11. TRADE AND OTHER PAYABLES | | | | |
| Leave pay provision | 327 778 | 101 115 | 327 778 | 38 595 |
| Creditors and other accounts | 5 620 310 | 718 735 | 5 620 310 | 274 340 |
| Deferred income | 501 882 | 917 665 | 501 882 | 350 271 |
| Intercompany balances | 1 428 370 | 5 917 532 | 1 428 370 | 2 258 711 |
| | 7 878 340 | 7 655 047 | 7 878 340 | 2 921 917 |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| 12. LEASE LIABILITIES | | | | |
| Balance at beginning of period | 375 876 | 243 745 | 143 471 | 93 037 |
| Lease liabilities reassessment | - | 225 515 | - | 86 079 |
| Accrued interest expense posted to profit or loss | 18 614 | 13 669 | 18 614 | 5 217 |
| Lease commitments paid during the period | (57 710) | (107 053) | (57 710) | (40 862) |
| Effects of changes in the general price level | (232 405) | - | - | - |
| Balance at end of period | 104 375 | 375 876 | 104 375 | 143 471 |

| | | | | |
|---|-------------------|-------------------|-------------------|------------------|
| 13. DEFERRED TAX LIABILITIES | | | | |
| Deferred tax movement; | | | | |
| Balance at beginning of period | 15 089 011 | 24 366 975 | 5 759 446 | 417 925 |
| Charge to statement of profit or loss | 4 254 610 | (10 079 017) | 12 252 814 | 4 274 470 |
| From revaluation of property | 384 729 | 801 053 | 1 253 155 | 440 164 |
| Effects of changes in functional currency | - | - | - | 626 887 |
| Balance at end of period | 19 728 350 | 15 089 011 | 19 265 415 | 5 759 446 |
| Deferred tax comprises; | | | | |
| Property and equipment | 11 128 160 | 1 410 434 | 1 787 907 | 538 360 |
| Investment property | 8 600 190 | 13 678 577 | 17 477 508 | 5 221 086 |
| | 19 728 350 | 15 089 011 | 19 265 415 | 5 759 446 |

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 | 23 144 408 | 23 144 408 | 954 814 | 954 814 |
| Share premium | 215 659 496 | 215 659 496 | 8 896 953 | 8 896 953 |

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| 14.2 Reserves | | | | |
| Functional currency translation reserve | - | - | 18 061 563 | 18 061 563 |
| Revaluation reserves | 38 196 910 | 30 887 061 | 37 677 655 | 13 867 706 |
| Retained income | 332 411 067 | 214 710 442 | 533 943 843 | 142 985 648 |
| Total reserves | 370 607 977 | 245 597 503 | 589 683 060 | 174 914 917 |

| | | | | |
|------------------------------|-------------|-------------|-------------|-------------|
| 14.3 Capital adequacy | | | | |
| Share capital | 23 144 408 | 23 144 408 | 954 814 | 954 814 |
| Share premium | 215 659 496 | 215 659 496 | 8 896 953 | 8 896 953 |
| Retained income | 332 411 067 | 214 710 442 | 533 943 843 | 142 985 648 |

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Tier 1 Capital | 571 214 971 | 453 514 346 | 543 795 610 | 152 837 415 |
| Functional currency translation reserve | - | - | 37 677 655 | 18 061 563 |
| Revaluation reserves | 38 196 910 | 30 887 061 | 18 061 563 | 13 867 706 |

| | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| Tier 2 Capital | 38 196 910 | 30 887 061 | 55 739 218 | 31 929 269 |
| Total capital base | 609 411 881 | 484 401 407 | 599 534 828 | 184 766 684 |

| | | | | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Credit risk weighted assets | 241 683 048 | 576 454 776 | 241 683 048 | 220 030 133 |
| Operational risk equivalent assets | 22 880 443 | 215 331 429 | 22 880 443 | 82 191 015 |
| Total risk weighted assets | 264 563 491 | 791 786 205 | 264 563 491 | 302 221 148 |

| | | | | |
|------------------------|--------|-------|--------|-------|
| Tier 1 ratio | 215.9% | 57.3% | 205.5% | 50.6% |
| Tier 2 ratio | 14.4% | 3.9% | 21.1% | 10.6% |
| Capital adequacy ratio | 230.4% | 61.2% | 226.6% | 61.1% |

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |

15. NET INTEREST AND RELATED INCOME

| | | | | |
|---|------------------|-------------------|------------------|------------------|
| 15.1 Interest and related income | | | | |
| Mortgage advances | 980 579 | 2 830 444 | 630 319 | 192 999 |
| Consumer loans | 4 530 697 | 11 926 733 | 2 718 770 | 608 120 |
| Short term funds and securities | 232 263 | 7 496 914 | 161 885 | 567 809 |
| Other | 34 189 | 174 910 | 34 189 | 11 760 |
| | 5 777 728 | 22 429 001 | 3 545 163 | 1 380 688 |

| | | | | |
|--|----------------|------------------|----------------|----------------|
| 15.2 Interest and related expense | | | | |
| Fixed deposits | 107 524 | 2 040 171 | 106 691 | 137 177 |
| Savings accounts | 194 559 | 555 563 | 123 524 | 37 354 |
| | 302 083 | 2 595 734 | 230 215 | 174 531 |

| | | | | |
|---------------------------------|------------------|-------------------|------------------|------------------|
| Net interest and related income | 5 475 645 | 19 833 267 | 3 314 948 | 1 206 157 |
|---------------------------------|------------------|-------------------|------------------|------------------|

16. LOAN IMPAIRMENT MOVEMENT

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Balance at beginning of period | 5 294 768 | 20 993 008 | 2 021 003 | 1 290 005 |
| Effect of changes in the general price level | (3 273 765) | (10 192 200) | - | - |
| Charge to statement of profit or loss | (582 933) | (1 535 300) | (582 933) | (183 370) |
| Balance at end of period | 1 438 070 | 9 265 508 | 1 438 070 | 1 106 635 |

17. COMMISSIONS, FEES AND OTHER INCOME

| | | | | |
|-------------------------------|-------------------|-------------------|-------------------|------------------|
| Commissions and fees | 8 523 839 | 37 434 619 | 8 419 726 | 2 158 925 |
| Operating lease rental income | 2 035 613 | 2 579 381 | 1 770 098 | 193 280 |
| Exchange gains | 3 614 465 | 2 970 710 | 3 509 189 | 354 809 |
| Dividend income | 1 872 291 | 723 593 | 1 702 083 | 62 944 |
| Other | 199 940 | 423 768 | 127 713 | 28 496 |
| | 16 246 148 | 44 132 071 | 15 528 809 | 2 798 454 |

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |

| | | | | |
|---|--------------------|---------------------|--------------------|----------------|
| 18. FAIR VALUE ADJUSTMENT | | | | |
| Arising from fair value through profit or loss instruments: | | | | |
| Investment securities | (1 015 087) | (964 671) | 98 069 | (1 278) |
| Investment properties | 75 978 628 | - | 245 128 443 | - |
| Investments in subsidiaries | 51 574 810 | (11 355 219) | 157 138 617 | 148 602 |
| | 126 538 351 | (12 319 890) | 402 365 129 | 147 324 |

| | | | | |
|--|-------------------|-------------------|-------------------|------------------|
| 19. OPERATING EXPENSES | | | | |
| Operating expenses comprise the following: | | | | |
| Staff costs | 4 469 113 | 10 091 536 | 2 865 173 | 746 106 |
| Communication expenses | 109 003 | 186 536 | 61 735 | 14 966 |
| Computer and information technology expenses | 2 914 036 | 7 274 147 | 1 834 368 | 571 300 |
| Occupation expenses | 1 396 342 | 1 420 083 | 974 639 | 96 693 |
| Transport costs | 122 599 | 172 444 | 86 922 | 13 211 |
| Security | 440 960 | 856 182 | 440 960 | 57 568 |
| Administration expenses | 20 184 235 | 34 937 225 | 12 317 014 | 2 387 224 |
| | 29 636 288 | 54 938 153 | 18 580 811 | 3 887 068 |

| | | | | |
|--|-----------|-----------|-----------|---------|
| Included in administration expenses are the following: | | | | |
| Audit fees | 1 034 486 | 1 332 567 | 1 034 486 | 74 414 |
| Directors fees | 270 576 | 330 647 | 270 576 | 22 704 |
| Depreciation of property and equipment | 877 080 | 1 109 957 | 709 459 | 101 259 |
| Depreciation of right of use assets | 46 044 | 81 164 | 35 868 | 30 980 |
| Operating lease liabilities finance cost | 18 614 | 13 669 | 18 614 | 5 217 |

| | | | | |
|---|------------------|---------------------|-------------------|----------------|
| 20. INCOME TAX EXPENSE / (CREDIT) | | | | |
| Deferred tax expense / (credit) | 4 254 610 | (17 641 119) | 12 252 814 | (1 906) |
| Total tax expense/ (credit) recognised in statement of profit or loss | 4 254 610 | (17 641 119) | 12 252 814 | (1 906) |

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 FVTPL ZWS | Amortised cost ZWS | Designated at FVOCI ZWS | Total ZWS | Level 1 ZWS | Level 2 ZWS | Level 3 ZWS | Total ZWS |

Inflation Adjusted

As at 30 June 2020

| | | | | | | | | |
|--|---------|---|---|---------|---|---|---------|---------|
| Financial assets measured at fair value | | | | | | | | |
| Investment securities | 785 256 | - | - | 785 256 | - | - | 785 256 | 785 256 |

| | | | | | | | | |
|--|---|-------------------|---|-------------------|---|---|---|-------------------|
| Financial assets not measured at fair value | | | | | | | | |
| Trade and other receivables | - | 23 002 992 | - | 23 002 992 | - | - | - | 23 002 992 |
| Loans and advances | - | 24 297 925 | - | 24 297 925 | - | - | - | 24 297 925 |
| Money market investments | - | 8 019 391 | - | 8 019 391 | - | - | - | 8 019 391 |
| Cash and cash equivalents | - | 27 654 548 | - | 27 654 548 | - | - | - | 27 654 548 |
| | - | 82 974 856 | - | 82 974 856 | - | - | - | 82 974 856 |

| | | | | | | | | |
|---|---|---|---------------------|---------------------|---|---|---|---------------------|
| Financial liabilities not measured at fair value | | | | | | | | |
| Trade and other payables | - | - | (7 878 340) | (7 878 340) | - | - | - | (7 878 340) |
| Deposits from customers | - | - | (70 518 262) | (70 518 262) | - | - | - | (70 518 262) |
| | - | - | (78 396 602) | (78 396 602) | - | - | - | (78 396 602) |

As at 31 December 2019

| | | | | | | | | |
|--|-----------|---|---|-----------|---|---|-----------|-----------|
| Financial assets measured at fair value | | | | | | | | |
| Investment securities | 1 800 343 | - | - | 1 800 343 | - | - | 1 800 343 | 1 800 343 |

| | | | | | | | | |
|--|---|--------------------|---|--------------------|---|---|---|--------------------|
| Financial assets not measured at fair value | | | | | | | | |
| Trade and other receivables | - | 43 940 388 | - | 43 940 388 | - | - | - | 43 940 388 |
| Loans and advances | - | 36 484 251 | - | 36 484 251 | - | - | - | 36 484 251 |
| Money market investments | - | 5 249 075 | - | 5 249 075 | - | - | - | 5 249 075 |
| Cash and cash equivalents | - | 31 380 779 | - | 31 380 779 | - | - | - | 31 380 779 |
| | - | 117 054 493 | - | 117 054 493 | - | - | - | 117 054 493 |

| | | | | | | | | |
|---|---|---|-------------|-------------|---|---|---|-------------|
| Financial liabilities not measured at fair value | | | | | | | | |
| Trade and other payables | - | - | (7 655 047) | (7 655 047) | - | - | - | (7 655 047) |
| Deposits from customers | - | | | | | | | |

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

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 30 June 2020 | | | | | |
| Financial assets by type | | | | | |
| Local bank accounts | 21 311 429 | - | - | - | 21 311 429 |
| Money market investments | 8 019 391 | - | - | - | 8 019 391 |
| Loans and other advances | 3 571 080 | 525 842 | 3 385 319 | 16 815 684 | 24 297 925 |
| | 32 901 900 | 525 842 | 3 385 319 | 16 815 684 | 53 628 745 |
| Financial liabilities by type | | | | | |
| Deposits from customers | 61 621 041 | 46 748 | 4 667 451 | 4 183 022 | 70 518 262 |
| Sensitivity gap | (28 719 141) | 479 094 | (1 282 132) | 12 632 662 | (16 889 517) |
| Cumulative gap | (28 719 141) | (28 240 047) | (29 522 179) | (16 889 517) | - |
| As at 31 December 2019 | | | | | |
| Financial assets by type | | | | | |
| Local bank accounts | 24 500 210 | - | - | - | 24 500 210 |
| Money market investments | 5 249 075 | - | - | - | 5 249 075 |
| Loans and other advances | 6 968 277 | 411 438 | 2 901 056 | 26 203 480 | 36 484 251 |
| | 36 717 562 | 411 438 | 2 901 056 | 26 203 480 | 66 233 536 |
| Financial liabilities by type | | | | | |
| Deposits from customers | 78 161 587 | 122 475 | 12 228 209 | 10 959 059 | 101 471 330 |
| Sensitivity gap | (41 444 025) | 288 963 | (9 327 153) | 15 244 421 | (35 237 794) |
| Cumulative gap | (41 444 025) | (41 155 062) | (50 482 215) | (35 237 794) | - |

| | 1 month ZWS | 2 to 6 months ZWS | 7 to 12 months ZWS | Above 12 months ZWS | Carrying amount ZWS |
|--------------------------------------|----------------|-------------------------|--------------------------|---------------------------|---------------------------|
| Historical cost | | | | | |
| As at 30 June 2020 | | | | | |
| Financial assets by type | | | | | |
| Local bank accounts | 21 311 429 | - | - | - | 21 311 429 |
| Money market investments | 8 019 391 | - | - | - | 8 019 391 |
| Loans and other advances | 3 571 080 | 525 842 | 3 385 319 | 16 815 684 | 24 297 925 |
| | 32 901 900 | 525 842 | 3 385 319 | 16 815 684 | 53 628 745 |
| Financial liabilities by type | | | | | |
| Deposits from customers | 61 621 041 | 46 748 | 4 667 451 | 4 183 022 | 70 518 262 |
| Sensitivity gap | (28 719 141) | 479 094 | (1 282 132) | 12 632 662 | (16 889 517) |
| Cumulative gap | (28 719 141) | (28 240 047) | (29 522 179) | (16 889 517) | - |
| 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) | - |

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 30 June 2020 | | | | | | |
| Financial assets by type | | | | | | |
| Cash and cash equivalents | 27 654 548 | - | - | - | 27 654 548 | 27 654 548 |
| Money market investments | 8 028 803 | - | - | - | 8 028 803 | 8 019 391 |
| Loans and other advances | 4 095 335 | 606 425 | 3 549 659 | 22 199 290 | 30 450 709 | 24 297 925 |
| Investment securities | - | - | - | 785 256 | 785 256 | 785 256 |
| | 39 778 686 | 606 425 | 3 549 659 | 22 984 546 | 66 919 316 | 60 757 120 |
| Financial liabilities by type | | | | | | |
| Deposits from customers | 61 621 041 | 53 482 | 4 690 689 | 5 570 667 | 71 935 879 | 70 518 262 |
| Trade and other payables | - | 7 878 340 | - | - | 7 878 340 | 7 878 340 |
| | 61 621 041 | 7 931 822 | 4 690 689 | 5 570 667 | 79 814 219 | 78 396 602 |
| Sensitivity gap | (21 842 355) | (7 325 397) | (1 141 030) | 17 413 879 | (12 894 903) | (17 639 482) |
| Cumulative gap | (21 842 355) | (29 167 752) | (30 308 782) | (13 097 882) | - | - |
| As at 31 December 2019 | | | | | | |
| Financial assets by type | | | | | | |
| Cash and cash equivalents | 31 380 779 | - | - | - | 31 380 779 | 31 380 779 |
| Money market investments | 5 237 536 | - | - | - | 5 237 536 | 5 249 075 |
| Loans and other advances | 8 342 021 | 637 941 | 3 174 402 | 46 045 551 | 58 199 915 | 36 484 251 |
| Investment securities | - | - | - | 1 800 343 | 1 800 343 | 1 800 343 |
| | 44 960 336 | 637 941 | 3 174 402 | 47 845 894 | 96 618 573 | 74 914 448 |
| Financial liabilities by type | | | | | | |
| Deposits from customers | 78 162 289 | 126 205 | 12 260 751 | 14 139 897 | 104 689 142 | 101 471 330 |
| Trade and other payables | - | 7 655 047 | - | - | 7 655 047 | 7 655 047 |
| | 78 162 289 | 7 781 252 | 12 260 751 | 14 139 897 | 112 344 189 | 109 126 377 |
| Sensitivity gap | (33 201 953) | (7 143 311) | (9 086 349) | 33 705 997 | (15 725 616) | (34 211 929) |
| Cumulative gap | (33 201 953) | (40 345 264) | (49 431 613) | (15 725 616) | - | - |

| | 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 30 June 2020 | | | | | | |
| Financial assets by type | | | | | | |
| Cash and cash equivalents | 27 654 548 | - | - | - | 27 654 548 | 27 654 548 |
| Money market investments | 8 028 803 | - | - | - | 8 028 803 | 8 019 391 |
| Loans and other advances | 4 095 335 | 606 425 | 3 549 659 | 22 199 290 | 30 450 709 | 24 297 925 |
| Investment securities | - | - | - | 785 256 | 785 256 | 785 256 |
| | 39 778 686 | 606 425 | 3 549 659 | 22 984 546 | 66 919 316 | 60 757 120 |
| Financial liabilities by type | | | | | | |
| Deposits from customers | 61 621 041 | 53 482 | 4 690 689 | 5 570 667 | 71 935 879 | 70 518 262 |
| Trade and other payables | - | 7 878 340 | - | - | 7 878 340 | 7 878 340 |
| | 61 621 041 | 7 931 822 | 4 690 689 | 5 570 667 | 79 814 219 | 78 396 602 |
| Sensitivity gap | (21 842 355) | (7 325 397) | (1 141 030) | 17 413 879 | (12 894 903) | (17 639 482) |
| Cumulative gap | (21 842 355) | (29 167 752) | (30 308 782) | (12 894 903) | - | - |
| 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 | - | 2 921 917 | - | - | 2 921 917 | 2 921 917 |
| | 29 834 186 | 2 970 089 | 4 679 872 | 5 397 133 | 42 881 280 | 41 653 324 |
| Sensitivity gap | (12 659 119) | (2 726 590) | (3 468 217) | 12 865 429 | (5 988 497) | (13 058 626) |
| Cumulative gap | (12 659 119) | (15 385 709) | (18 853 926) | (5 988 497) | - | - |

| | Inflation Adjusted | | Historical Cost | |
|-----------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 21.3.2 Liquidity ratios | | | | |
| Total liquid assets | 35 673 939 | 36 629 854 | 35 673 939 | 13 981 544 |
| Deposits from customers | 70 518 262 | 101 471 330 | 70 518 262 | 38 731 407 |
| Liquidity ratio | 51% | 36% | 51% | 36% |
| Average for the period | 56% | 80% | 56% | 80% |
| Maximum for the period | 93% | 112% | 93% | 112% |
| Minimum for the period | 35% | 54% | 35% | 54% |
| Minimum statutory liquidity ratio | 30% | 30% | 30% | 30% |

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REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



REVIEWED FINANCIAL RESULTS for the half year ended 30 June 2020

STATEMENTS OF FINANCIAL POSITION As at 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost | |
|---|----------------------|----------------------|----------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| ASSETS | | | | |
| Non-current assets | | | | |
| Cash and cash equivalents | 1 700 004 | 452 289 | 1 700 004 | 172 638 |
| Funds on deposit | 463 996 | 6 467 293 | 463 996 | 2 468 553 |
| Reinsurance claim receivable | 22 270 | 569 701 | 22 270 | 217 452 |
| Inventories Trade and other receivables | 1 555 502 | 4 483 325 | 1 391 225 | 1 711 281 |
| Investment securities | 419 125 975 | 283 296 608 | 419 125 975 | 108 133 759 |
| Investment properties | 164 961 032 | 121 307 715 | 164 961 032 | 46 302 916 |
| Right of use asset | 812 595 | 2 838 527 | 812 595 | 1 083 460 |
| Equity accounted investments | 861 254 368 | 961 813 610 | 539 994 507 | 364 786 118 |
| Intangible assets | 79 132 715 | 84 041 509 | 29 346 252 | 32 078 478 |
| Equipment | 13 127 503 | 13 975 176 | 4 751 940 | 5 334 298 |
| TOTAL ASSETS | 1 542 155 960 | 1 479 245 753 | 1 162 569 796 | 562 288 953 |
| LIABILITIES | | | | |
| Life assurance funds | 641 191 474 | 627 778 182 | 520 709 315 | 238 655 969 |
| Operating Lease Liability | 763 283 | 2 773 201 | 763 282 | 1 058 525 |
| Deferred tax liability | 75 734 930 | 63 073 135 | 24 492 919 | 11 831 124 |
| Trade and other payables | 11 478 818 | 17 018 648 | 11 478 818 | 6 495 984 |
| Provisions | 3 251 223 | 6 738 620 | 3 251 223 | 2 572 118 |
| Reinsurance premium payable | 190 334 | 451 962 | 190 334 | 172 513 |
| Taxation | 1 905 591 | 1 792 731 | 1 905 591 | 684 282 |
| | 734 515 653 | 719 626 479 | 562 791 482 | 261 470 515 |
| EQUITY | | | | |
| Share capital | 5 627 110 | 5 627 110 | 231 908 | 231 908 |
| Share premium | 107 522 482 | 107 522 482 | 4 431 623 | 4 431 623 |
| Investment reserve | 307 445 460 | 307 445 460 | 117 351 328 | 117 351 328 |
| Revaluation reserve | 82 416 284 | 75 179 388 | 44 590 121 | 37 353 225 |
| Foreign currency translation reserve | - | - | 29 155 989 | 29 155 989 |
| Retained earnings | 304 628 971 | 263 844 834 | 404 017 345 | 112 294 365 |
| Total equity | 807 640 307 | 759 619 274 | 599 778 314 | 300 818 438 |
| TOTAL EQUITY AND LIABILITIES | 1 542 155 960 | 1 479 245 753 | 1 162 569 796 | 562 288 953 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost | |
|---|---------------------|---------------------|----------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| INCOME | | | | |
| Gross premium income | 40 122 218 | 91 253 096 | 25 298 486 | 7 389 882 |
| Premiums ceded to reinsurers | (1 404 236) | (5 351 034) | (924 611) | (433 938) |
| Net premiums | 38 717 982 | 85 902 062 | 24 373 875 | 6 955 944 |
| Fair value gains on fair value Through profit or loss financial instruments | 141 258 037 | (28 806 645) | 309 536 554 | 8 940 251 |
| Fair value gain on investment properties | 43 653 318 | - | 118 658 116 | - |
| Investment income | 2 500 793 | 7 864 994 | 1 499 392 | 634 901 |
| Profit on disposal of listed equity investments | 11 232 972 | 2 243 928 | 6 328 645 | 162 069 |
| Other income | 591 303 | 1 648 478 | 351 350 | 130 825 |
| Total income | 237 954 405 | 68 852 817 | 460 747 932 | 16 823 990 |
| Expenses and Policyholder Benefits | | | | |
| Policyholders' benefits | (15 813 015) | (31 666 401) | (9 608 322) | (2 590 369) |
| Changes to policyholder liabilities | (13 413 291) | 59 867 801 | (282 053 348) | (8 144 833) |
| Operating expenses | (37 058 906) | (55 431 837) | (22 540 526) | (4 755 446) |
| Commissions | (9 215 606) | (13 945 218) | (5 526 806) | (1 125 256) |
| Profit share under bancassurance agreements | (1 840 646) | (1 176 624) | (1 058 220) | (92 715) |
| Total expenses and policyholder benefits | (77 341 464) | (42 352 278) | (320 787 222) | (16 708 619) |
| Operating profit before taxation | 160 612 941 | 26 500 540 | 139 960 710 | 115 371 |
| Share of profit/ (loss) of equity accounted investee net of tax | (107 796 138) | 31 624 550 | 167 971 493 | 1 898 293 |
| Net monetary loss | (1 539 231) | (6 599 836) | - | - |
| Profit before taxation | 51 277 572 | 51 525 253 | 307 932 203 | 2 013 664 |
| Income tax expense | (9 293 435) | (5 418 682) | (15 009 229) | (426 979) |
| Profit for the period | 41 984 137 | 46 106 571 | 292 922 974 | 1 586 685 |
| Other comprehensive income | | | | |
| Share of other comprehensive income of equity accounted investee net of tax | 7 236 896 | - | 7 236 896 | - |
| Other comprehensive income for the period | 7 236 896 | - | 7 236 896 | - |
| Total comprehensive income for the period | 49 221 033 | 46 106 571 | 300 159 870 | 1 586 685 |

STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2020

| | Share capital ZWS | Share premium ZWS | Revaluation reserve ZWS | Investment reserve ZWS | Retained earnings ZWS | Total ZWS |
|---|-------------------|--------------------|-------------------------|------------------------|-----------------------|--------------------|
| Inflation adjusted | | | | | | |
| Balance at 31 December 2018 | 5 627 110 | 107 522 482 | 8 990 159 | - | 181 196 413 | 303 336 164 |
| Total comprehensive income for the period | - | - | 66 189 229 | - | 396 505 631 | 462 694 860 |
| Dividend paid | - | - | - | - | (6 411 750) | (6 411 750) |
| Transfer to investment reserve | - | - | - | 307 445 460 | (307 445 460) | - |
| Balance at 31 December 2019 | 5 627 110 | 107 522 482 | 75 179 388 | 307 445 460 | 263 844 834 | 759 619 274 |
| Total comprehensive income for the period | - | - | 7 236 896 | - | 41 984 137 | 49 221 033 |
| Dividend paid | - | - | - | - | (1 200 000) | (1 200 000) |
| Balance at 30 June 2020 | 5 627 110 | 107 522 482 | 82 416 284 | 307 445 460 | 304 628 971 | 807 640 307 |

STATEMENT OF CHANGES IN EQUITY (continued) For the half year ended 30 June 2020

| | 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 2018 | 231 908 | 4 431 623 | 508 637 | 9 217 528 | 4 537 927 | - | 18 927 623 |
| Total comprehensive income for the period | - | - | 36 844 588 | - | 216 284 243 | - | 253 128 831 |
| Foreign currency translation | - | - | - | - | 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 | 112 294 370 | 29 155 989 | 300 818 443 |
| Total comprehensive income for the period | - | - | 7 236 896 | - | 292 922 975 | - | 300 159 871 |
| Dividend paid | - | - | - | - | (1 200 000) | - | (1 200 000) |
| Balance at 30 June 2020 | 231 908 | 4 431 623 | 44 590 121 | 117 351 328 | 404 017 345 | 29 155 989 | 599 778 314 |

STATEMENT OF CASH FLOWS For the year ended 30 June 2020

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|---------------------|--------------------|------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| Cash flows from operating activities | | | | |
| Cash (used)/generated from operations | (1 969 533) | (12 231 458) | (8 779 404) | 575 353 |
| Cash generated/(used) to increase working capital | (5 649 324) | 845 921 | 6 195 000 | (63 318) |
| Cash generated from operating activities | (7 618 857) | (11 385 538) | (2 584 404) | 512 035 |
| Interest received | 788 595 | 2 339 534 | 457 465 | 279 426 |
| Dividends received | 219 228 | 2 666 092 | 164 261 | 223 078 |
| Taxation paid | (3 970 218) | (12 005 458) | (1 126 125) | (88 155) |
| Dividends paid | (3 143 846) | (5 455 119) | (1 200 000) | (394 000) |
| Cash generated from operating activities | (13 725 098) | (23 840 489) | (4 288 803) | 532 385 |
| Cash flows from investing activities | | | | |
| Purchase of property and equipment | (491 745) | (308 544) | (187 698) | (45 705) |
| Purchase of intangible assets | (848 183) | (1 449 593) | (475 621) | (89 077) |
| Net (purchase) / disposal of financial assets at amortised cost | 614 904 | 42 255 635 | (728 822) | 1 039 458 |
| Purchase of equity investments (Purchase)/maturity of funds on deposit | (3 210 877) | (55 376 597) | (1 909 082) | (3 401 174) |
| Proceeds on disposal of listed equity investments | 6 003 298 | 38 050 020 | 2 004 558 | 1 937 795 |
| Cash used in investing activities | 13 303 470 | 2 976 797 | 7 510 888 | 314 260 |
| Cash flows from financing activities | (398 054) | - | (398 054) | - |
| Operating Lease payment | (398 054) | - | (398 054) | - |
| Cash used in financing activities | (398 054) | - | (398 054) | - |
| (Decrease)/Increase in cash and cash equivalents | 1 247 715 | 2 307 229 | 1 527 366 | 287 942 |
| Cash and cash equivalents at the beginning of the period | 452 289 | 213 393 | 172 638 | 13 113 |
| Cash and cash equivalents at the end of the period | 1 700 004 | 2 520 622 | 1 700 004 | 301 055 |

NOTES TO THE FINANCIAL STATEMENTS For the half year ended 30 June 2020

| | Inflation Adjusted | | Historical Cost | |
|----------------------------|--------------------|-----------------|------------------|-----------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 1. FUNDS ON DEPOSIT | | | | |
| Fixed deposits | 463 996 | 6 467 293 | 463 996 | 2 468 553 |

These are money market placements with terms of not more than a year.

| | Inflation Adjusted | | Historical Cost | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 2. INVENTORIES TRADE AND OTHER RECEIVABLES | | | | |
| Inventories | 130 632 | 67 811 | 130 632 | 25 887 |
| Prepayments | 78 633 | 88 725 | 78 633 | 33 866 |
| Related party balances | 179 015 | 99 649 | 179 015 | 38 036 |
| Rent debtors | 60 808 | 205 060 | 60 808 | 78 271 |
| Sundry debtors | 472 630 | 3 130 661 | 472 630 | 1 194 971 |
| Advances for sales agents | 580 720 | 1 182 782 | 580 720 | 451 466 |
| Allowance for credit losses | (111 213) | (291 363) | (111 213) | (111 216) |
| Total | 1 555 502 | 4 483 325 | 1 391 225 | 1 711 281 |
| 3. INVESTMENT SECURITIES | | | | |
| <u>Designated as fair value through profit and loss:-</u> | | | | |
| Equity securities – Listed | 159 758 128 | 75 286 547 | 159 758 128 | 28 736 727 |
| Equity securities – Unlisted Gold Fund | 231 212 463 | 181 504 136 | 231 212 463 | 69 279 772 |
| | 22 921 349 | 14 702 840 | 22 921 349 | 5 612 045 |
| Total | 413 891 939 | 271 493 522 | 413 891 939 | 103 628 544 |
| <u>At Amortised cost</u> | | | | |
| Bonds | 1 913 059 | 2 372 887 | 1 913 059 | 905 726 |
| Treasury bills | 2 919 894 | 9 260 719 | 2 919 894 | 3 534 798 |
| Debentures | 21 224 | 54 411 | 21 224 | 20 769 |
| Paid up Permanent | 379 860 | 115 069 | 379 860 | 43 922 |
| Total | 5 234 036 | 11 803 086 | 5 234 036 | 4 505 215 |

Fair Value Measurement

The table below summarises the various assets measured at fair value and the level on the fair value hierarchy:

| | Inflation Adjusted | | Historical Cost | |
|---------------------------|--------------------|-----------------|------------------|-----------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Level 1 | | | | |
| Quoted equities Gold Fund | 159 758 128 | 75 286 547 | 159 758 128 | 28 736 727 |
| | 22 921 349 | 14 702 840 | 22 921 349 | 5 612 045 |
| Level 3 | | | | |
| Unquoted equities | 231 212 463 | 181 504 136 | 231 212 463 | 69 279 772 |
| At Amortised cost | | | | |
| Bonds | 1 913 059 | 2 372 887 | 1 913 059 | 905 726 |
| Treasury bills | 2 919 894 | 9 260 719 | 2 919 894 | 3 534 798 |
| Debentures | 21 224 | 54 411 | 21 224 | 20 769 |
| Paid up Permanent | 379 860 | 115 069 | 379 860 | 43 922 |

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

3.1 Reconciliation of carrying amount

| | Equities listed ZWS | Equities unlisted ZWS | Gold fund ZWS | At amortised cost ZWS | Total ZWS |
|---------------------------|------------------------|--------------------------|------------------|--------------------------|--------------|
| 30 June 2020 | | | | | |
| Inflation Adjusted | | | | | |
| Opening Balance | 75 286 548 | 181 504 130 | 14 702 837 | 11 803 086 | 283 296 601 |
| Additions | 3 210 877 | - | - | 1 888 640 | 5 099 517 |
| Disposals | (2 070 490) | - | - | (614 904) | (2 685 394) |
| Fair value gains | 83 331 193 | 49 708 333 | 8 218 511 | - | 141 258 037 |
| Monetary adjustments | - | - | - | (7 842 785) | (7 842 785) |
| Closing balance | 159 758 128 | 231 212 463 | 22 921 348 | 5 234 037 | 419 125 976 |
| Historical Cost | | | | | |
| Opening Balance | 28 736 727 | 69 279 770 | 5 612 044 | 4 505 215 | 108 133 756 |
| Additions | 1 909 082 | - | - | 1 343 726 | 3 252 808 |
| Disposals | (1 182 239) | - | - | (614 904) | (1 797 143) |
| Fair value gains | 130 294 557 | 161 932 693 | 17 309 305 | - | 309 536 555 |
| Closing balance | 159 758 127 | 231 212 463 | 22 921 349 | 5 234 037 | 419 125 976 |

| | Equities listed ZWS | Equities unlisted ZWS | Gold fund ZWS | At amortised cost ZWS | Total ZWS |
|------------------------------|------------------------|--------------------------|------------------|--------------------------|--------------|
| 31 December 2019 | | | | | |
| Inflation Adjusted | | | | | |
| Opening Balance | 207 656 613 | 98 783 983 | 6 853 336 | 70 076 421 | 383 370 353 |
| Additions | 43 938 657 | - | - | 2 531 747 | 46 470 404 |
| Disposals | (7 235 811) | - | - | (2 010 251) | (9 246 063) |
| Fair value gains | (169 072 911) | 82 720 153 | 7 849 503 | (836 423) | (79 339 678) |
| Monetary adjustments | - | - | - | (57 958 407) | (57 958 407) |
| Closing balance | 75 286 548 | 181 504 136 | 14 702 839 | 11 803 087 | 283 296 610 |
| Historical Cost | | | | | |
| 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 |

| | Inflation Adjusted | | Historical Cost | |
|-----------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 4. INVESTMENT PROPERTIES | | | | |
| Reconciliation of carrying amount | | | | |
| Opening balance | 121 307 715 | 54 399 790 | 46 302 916 | 3 342 850 |
| Fair value adjustment | 43 653 317 | 66 907 925 | 118 658 116 | 37 945 791 |
| Foreign currency translation | - | - | - | 5 014 275 |
| Closing balance | 164 961 032 | 121 307 715 | 164 961 032 | 46 302 916 |

Investment properties comprise an undeveloped stand, an office block, an industrial property, a cinema building and a hospital that are leased out to third parties to earn rental income. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

None of the properties are mortgaged as security for liabilities.

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 5. RIGHT OF USE ASSET | | | | |
| Cost | | | | |
| Opening balance | 12 455 104 | 17 125 734 | 1 674 396 | 1 052 371 |
| Remeasurement of lease asset | - | 1 629 626 | - | 622 025 |
| Monetary adjustment | (1 755 068) | (6 300 257) | - | - |
| Closing balance | 10 700 036 | 12 455 103 | 1 674 396 | 1 674 396 |
| Amortisation and impairment losses | | | | |
| Opening balance | 9 616 576 | 6 850 287 | 590 936 | 420 948 |
| Amortisation | 270 865 | 2 766 289 | 270 865 | 169 988 |
| Closing balance | 9 887 441 | 9 616 576 | 861 801 | 590 936 |
| Net book value as at 30 June 2020 | 812 595 | 2 838 527 | 812 595 | 1 083 460 |

6. EQUITY ACCOUNTED INVESTMENTS

| | Associate ZWS | Subsidiary ZWS | Total ZWS |
|---------------------------------------|------------------|-------------------|---------------|
| 30 June 2020 | | | |
| Inflation Adjusted | | | |
| Balance at 1 January 2020 | 955 704 007 | 6 109 603 | 961 813 610 |
| Share of profit/(loss) for the period | (107 330 498) | (465 640) | (107 796 138) |
| Share of other comprehensive income | - | 7 236 896 | 7 236 896 |
| Balance at 30 June 2020 | 848 373 509 | 12 880 859 | 861 254 368 |
| Historical Cost | | | |
| Balance at 1 January 2020 | 362 455 672 | 2 330 446 | 364 786 118 |
| Share of profit/(loss) for the period | 168 149 227 | (177 734) | 167 971 493 |
| Share of other comprehensive income | - | 7 236 896 | 7 236 896 |
| Balance at 30 June 2020 | 530 604 899 | 9 389 608 | 539 994 507 |

| | Associate ZWS | Subsidiary ZWS | Total ZWS |
|---------------------------------------|------------------|-------------------|--------------|
| 31 December 2019 | | | |
| Inflation Adjusted | | | |
| Balance at 1 January 2019 | 425 379 049 | 1 384 139 | 426 763 187 |
| Share of profit/(loss) for the period | 530 324 958 | (158 651) | 530 166 307 |
| Share of other comprehensive income | - | 4 884 116 | 4 884 116 |
| Balance at 31 December 2019 | 955 704 007 | 6 109 603 | 961 813 610 |
| Historical Cost | | | |
| Balance at 1 January 2019 | 28 469 599 | 99 831 | 28 569 430 |
| Share of profit/(loss) for the period | 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 |

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 7. INTANGIBLE ASSETS | | | | |
| Cost | | | | |
| Balance at 1 January | 84 041 509 | 26 048 544 | 32 078 478 | 1 104 983 |
| Additions | 848 183 | 49 285 861 | 475 622 | 1 204 182 |
| Revaluation mvt | - | 17 341 412 | - | 30 137 828 |
| Write-off | - | (8 634 308) | - | (368 515) |
| Closing balance | 84 889 692 | 84 041 509 | 32 554 100 | 32 078 478 |
| Amortisation and impairment losses | | | | |
| Balance as at 1 January | - | 8 634 308 | - | 368 515 |
| Amortisation | 5 756 977 | 810 642 | 3 207 848 | 201 696 |
| Write off | - | (8 634 308) | - | (368 515) |
| Revaluation | - | (810 642) | - | (201 696) |
| Closing balance | 5 756 977 | - | 3 207 848 | - |
| Closing balance | 79 132 715 | 84 041 509 | 29 346 252 | 32 078 478 |

8. EQUIPMENT

| | Motor vehicles ZWS | Equipment furniture & fittings ZWS | Computers ZWS | Total ZWS |
|--|-----------------------|---------------------------------------|------------------|-------------------|
| 30 June 2020 | | | | |
| Inflation Adjusted | | | | |
| Cost or valuation | | | | |
| At 1 January 2019 | 7 764 190 | 2 893 821 | 3 317 165 | 13 975 176 |
| Additions | - | 419 436 | 72 308 | 491 745 |
| Balance as at 30 June 2020 | 7 764 190 | 3 313 257 | 3 389 473 | 14 466 921 |
| Accumulated depreciation and impairment | | | | |
| Balance at 1 January 2019 | - | - | - | - |
| Charge for the period | 876 040 | 212 910 | 250 468 | 1 339 418 |
| Balance as at 30 June 2020 | 876 040 | 212 910 | 250 468 | 1 339 418 |
| Carrying amount balance at 30 June 2020 | 6 888 151 | 3 100 347 | 3 139 005 | 13 127 503 |
| Balance at 31 December 2019 | 7 764 190 | 2 893 821 | 3 317 165 | 13 975 176 |
| Historical Cost | | | | |
| Cost or valuation | | | | |
| At 31 December 2019 | 2 963 576 | 1 104 566 | 1 266 155 | 5 334 297 |
| Additions | - | 160 098 | 27 600 | 187 698 |
| At 30 June 2020 | 2 963 576 | 1 264 664 | 1 293 755 | 5 521 995 |
| Accumulated depreciation and impairment | | | | |
| Balance at 1 January 2020 | - | - | - | - |
| Charge for the period | 503 651 | 122 406 | 143 999 | 770 055 |
| Balance at 30 June 2020 | 503 651 | 122 406 | 143 999 | 770 055 |
| Carrying amount Balance at 30 June 2020 | 2 459 926 | 1 142 258 | 1 149 756 | 4 751 940 |
| Balance at 31 December 2019 | 2 963 575 | 1 104 566 | 1 266 155 | 5 334 296 |

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 9. LIFE ASSURANCE FUNDS | | | | |
| At 1 January | 627 778 182 | 573 885 426 | 238 655 968 | 37 349 715 |
| Changes to policyholder liabilities | 13 413 292 | 53 892 756 | 282 053 347 | 179 186 906 |
| Foreign currency translation reserve | - | - | - | 22 029 347 |
| At 30 June | 641 191 474 | 627 778 182 | 520 709 315 | 238 655 968 |
| 10. OPERATING LEASE LIABILITY | | | | |
| Balance as at 1 January | 2 773 201 | 10 286 188 | 1 058 525 | 632 083 |
| Remeasurement | - | 1 694 952 | - | 646 960 |
| Finance charge | 102 811 | 246 104 | 102 811 | 28 628 |
| Monetary adjustment | (1 714 676) | (5 399 568) | - | - |
| Lease payments | (398 053) | (4 054 474) | (398 054) | (249 146) |
| Balance as at 30 June 2020 | 763 283 | 2 773 201 | 763 282 | 1 058 525 |
| 11. TRADE AND OTHER PAYABLES | | | | |
| Policyholders claims intimated but not paid | (2 800 748) | 1 267 384 | (2 800 748) | 483 758 |
| Other liabilities | 3 817 078 | 7 480 805 | 3 817 078 | 2 855 409 |
| Related parties | 2 351 275 | 2 369 636 | 2 351 275 | 904 485 |
| Unearned Premium | 8 111 214 | 5 900 823 | 8 111 214 | 2 252 332 |
| | 11 478 818 | 17 018 648 | 11 478 818 | 6 495 984 |

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| 12. GROSS PREMIUM INCOME | | | | |
| Individual life | 5 074 616 | 34 493 353 | 3 157 227 | 2 864 228 |
| Group business | 35 047 602 | 56 759 743 | 22 141 259 | 4 525 654 |
| | 40 122 218 | 91 235 096 | 25 298 486 | 7 389 882 |
| 13. PREMIUMS CEDED TO REINSURERS | | | | |
| Individual life | 257 950 | (731 519) | 90 361 | (57 575) |
| Group business | (1 662 186) | (4 619 515) | (1 014 972) | (376 363) |
| | (1 404 236) | (5 351 034) | (924 611) | (433 938) |
| 14. INVESTMENT INCOME | | | | |
| Interest income on held to maturity financial instruments | 788 595 | 3 546 129 | 457 465 | 279 426 |
| Rentals from investment properties | 219 228 | 1 652 773 | 877 667 | 132 397 |
| Dividends from financial assets designated at fair value through profit or loss | 1 492 470 | 2 666 092 | 164 260 | 223 078 |
| | 2 500 293 | 7 864 994 | 1 499 392 | 634 901 |
| 15. OTHER INCOME | | | | |
| Sundry income | 73 181 | 368 654 | 48 877 | 29 049 |
| Reinsurance commission | 334 779 | 1 050 798 | 197 066 | 82 800 |
| Asset Management income | 183 343 | 229 027 | 105 407 | 18 976 |
| | 591 303 | 1 648 478 | 351 350 | 130 825 |
| 16. POLICYHOLDERS' BENEFITS | | | | |
| Claims during the year were as follows:- | | | | |
| Death and disability benefits | 6 160 476 | 15 995 513 | 3 603 913 | 1 308 960 |
| Maturities | 3 865 875 | 1 533 795 | 1 880 979 | 134 747 |
| Annuities | 1 022 727 | 980 887 | 585 679 | 77 714 |
| Surrenders and pensions withdrawals | 4 763 937 | 13 156 206 | 3 537 751 | 1 068 948 |
| | 15 813 015 | 31 666 401 | 9 608 322 | 2 590 369 |
| 17. OPERATING EXPENSES | | | | |
| Staff expenses | 11 458 784 | 17 373 366 | 7 463 344 | 1 414 941 |
| Administration expenses | 14 197 822 | 15 996 348 | 8 597 740 | 1 307 756 |
| Amortization of software | 5 756 977 | - | 3 207 848 | - |
| Depreciation of property and equipment | 1 339 418 | 3 106 728 | 770 055 | 244 803 |
| Depreciation of right of use asset | - | - | - | - |
| Foreign exchange loss | 2 635 963 | 17 745 196 | 1 444 590 | 1 680 727 |
| Directors Fees | 866 415 | 295 938 | 613 565 | 21 824 |
| Audit Fees | 803 5 | | | |

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



ZB REINSURANCE LIMITED

REVIEWED FINANCIAL RESULTS for the half year ended 30 June 2020

STATEMENT OF FINANCIAL POSITION As at 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| ASSETS | | | | |
| Non-current assets | | | | |
| Cash and cash equivalents | 207 834 561 | 133 212 668 | 207 834 561 | 50 847 014 |
| Investments | 67 531 797 | 57 424 872 | 67 531 797 | 21 918 961 |
| Balances receivable from | | | | |
| Insurance companies | 85 263 799 | 77 283 863 | 85 263 799 | 29 499 099 |
| Trade and other receivables | 1 057 793 | 211 807 | 701 191 | 80 846 |
| Investment properties | 165 611 818 | 117 081 368 | 165 611 818 | 44 689 728 |
| Right of use assets | 654 509 | 770 149 | 220 473 | 293 965 |
| Equipment | 9 392 432 | 10 110 167 | 3 442 336 | 3 859 030 |
| Total assets | 537 346 709 | 396 094 894 | 530 605 975 | 151 188 643 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Unearned premium reserve | 61 263 488 | 40 765 714 | 61 263 488 | 15 560 193 |
| Incur but not reported claims reserve (IBNR) | 26 210 165 | 31 736 577 | 26 210 165 | 12 113 789 |
| Outstanding claims reserve | 12 319 724 | - | 12 319 724 | - |
| Balances payable to | | | | |
| insurance companies | 10 900 904 | 14 862 425 | 10 900 904 | 5 672 958 |
| Taxation | 3 606 783 | 1 659 603 | 3 606 783 | 633 467 |
| Trade and other payables | 4 850 589 | 9 544 955 | 4 850 589 | 3 643 291 |
| Deferred tax liability | 29 831 932 | 38 117 497 | 28 253 775 | 14 549 374 |
| Total current liabilities | 148 983 585 | 136 686 771 | 147 405 428 | 52 173 072 |
| Equity | | | | |
| Share capital | 119 608 | 119 608 | 5 000 | 5 000 |
| Share premium | 59 684 538 | 59 684 538 | 2 495 000 | 2 495 000 |
| Non-distributable reserves | 2 863 336 | 2 863 336 | 12 769 705 | 12 769 705 |
| Retained earnings | 325 695 642 | 196 740 641 | 367 930 842 | 83 745 866 |
| Total shareholders' equity | 388 363 124 | 259 408 123 | 383 200 547 | 99 015 571 |
| Total equity and liabilities | 537 346 709 | 396 094 894 | 530 605 975 | 151 188 643 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2020

| Notes | Inflation Adjusted | | Historical Cost | |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| Gross premium | 326 083 289 | 185 186 916 | 224 237 563 | 15 497 611 |
| Retrocession premium | (79 584 197) | (21 487 319) | (46 299 236) | (1 664 041) |
| Net premium income | 246 499 092 | 163 699 597 | 177 938 327 | 13 833 570 |
| Unearned premium | (53 350 595) | (33 143 788) | (45 703 295) | (2 306 939) |
| Net earned premium | 193 148 497 | 130 555 809 | 132 235 032 | 11 526 631 |
| Net claims | (97 789 427) | (56 479 294) | (68 456 964) | (5 561 335) |
| Net commission | (62 345 136) | (39 592 243) | (44 805 189) | (3 330 537) |
| Operating expenses | (23 534 235) | (30 650 410) | (11 643 723) | (2 335 735) |
| Underwriting result | 9 479 699 | 3 833 862 | 7 329 156 | 299 024 |
| Investment and other income | 126 111 347 | 81 585 263 | 125 655 447 | 9 615 305 |
| Fair value adjustment | 64 126 051 | (6 438 243) | 168 617 397 | 4 284 005 |
| Operating profit | 199 717 097 | 78 980 882 | 301 602 000 | 14 198 334 |
| Net monetary loss | (66 496 612) | (15 890 870) | - | - |
| Profit before taxation | 133 220 485 | 63 090 012 | 301 602 000 | 14 198 334 |
| Income tax expense | (4 265 484) | (4 197 665) | (17 417 024) | (374 305) |
| Profit for the period | 128 955 001 | 58 892 347 | 284 184 976 | 13 824 029 |
| Earnings per share | | | | |
| Basic earnings per share (ZWS) | 257.91 | 117.78 | 568.37 | 27.65 |

STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2020

| | Share capital ZWS | Share premium ZWS | Non distributable reserve ZWS | Retained earnings ZWS | Total equity ZWS |
|---|----------------------|----------------------|----------------------------------|--------------------------|---------------------|
| Inflation Adjusted | | | | | |
| 2020 | | | | | |
| Balance at 1 January 2020 | 119 608 | 59 684 538 | 2 863 336 | 196 740 641 | 259 408 123 |
| Total comprehensive income for the period | - | - | - | 128 955 001 | 128 955 001 |
| Balance at 30 June 2020 | 119 608 | 59 684 538 | 2 863 336 | 325 695 642 | 388 363 124 |
| For the half year ended 30 June 2019 | | | | | |
| 2019 | | | | | |
| Balance at 1 January 2019 | 119 608 | 59 684 538 | 423 987 | 139 713 515 | 199 941 648 |
| Total comprehensive income for the period | - | - | - | 58 892 347 | 58 892 347 |
| Dividend paid | - | - | - | (4 712 946) | (4 712 946) |
| Balance at 30 June 2019 | 119 608 | 59 684 538 | 423 987 | 193 892 916 | 259 121 049 |
| For the half year ended 30 June 2020 | | | | | |
| Historical cost | | | | | |
| 2020 | | | | | |
| Balance at 1 January 2020 | 5 000 | 2 495 000 | 12 769 705 | 83 745 866 | 99 015 571 |
| Total comprehensive income for the period | - | - | - | 284 184 976 | 284 184 976 |
| Balance at 30 June 2020 | 5 000 | 2 495 000 | 12 769 705 | 367 930 842 | 383 200 547 |
| For the half year ended 30 June 2019 | | | | | |
| 2019 | | | | | |
| Balance at 1 January 2019 | 5 000 | 2 495 000 | 6 255 566 | 9 432 688 | 18 188 254 |
| Total comprehensive income for the period | - | - | - | 13 824 029 | 13 824 029 |
| Dividend paid | - | - | - | (562 899) | (562 899) |
| Balance at 30 June 2019 | 5 000 | 2 495 000 | 6 255 566 | 22 693 818 | 31 449 384 |

STATEMENT OF CASH FLOWS For the half year ended 30 June 2020

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| Cash generated from operating activities | (52 292 998) | 25 951 022 | 30 569 492 | 3 266 037 |
| Income taxes paid | (1 028 036) | (523 793) | (739 307) | (87 083) |
| Interest received | 401 969 | 1 516 917 | 195 386 | 131 498 |
| Dividend received | (363 006) | (1 401 150) | (265 724) | (106 016) |
| Net cash generated from operating activities | (53 282 071) | 25 542 996 | 29 759 847 | 3 204 436 |
| Cash flows from investing activities | | | | |
| Additions to equipment | (29 563) | (3 326 784) | (13 095) | (234 775) |
| Maturity of prescribed assets | 2 733 592 | 2 369 635 | 2 076 202 | 161 833 |
| Disposal of equity investments | (375 006) | - | (375 006) | - |
| Sale of equity investments | 381 276 | - | 381 276 | - |
| Proceeds from disposal of equipment | - | 44 665 | - | 3 226 |
| Dividend received | 363 006 | 1 401 150 | 265 724 | 106 016 |
| Net cash generated from investing activities | 3 073 305 | 488 666 | 2 335 101 | 36 300 |
| Cash flows from financing activities | | | | |
| Lease liability paid | (169 941) | (233 503) | (108 000) | (38 821) |
| Net cash utilised in financing activities | (169 941) | (233 503) | (108 000) | (38 821) |
| Net decrease in cash and cash equivalents | (50 378 707) | 25 798 160 | 31 986 947 | 3 201 915 |
| Cash and cash equivalents at the beginning of the period | 133 212 668 | 33 303 197 | 250 847 014 | 2 046 471 |
| Effects in movement for exchange rates | 125 000 600 | 77 919 604 | 125 000 600 | 11 116 953 |
| Cash and cash equivalents at the end of the period | 207 834 561 | 137 020 961 | 207 834 561 | 16 365 339 |

NOTES TO THE FINANCIAL STATEMENTS For the half year ended 30 June 2020

| | Inflation Adjusted | | Historical Cost | |
|-------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 1. CASH AND CASH EQUIVALENTS | | | | |
| Local banks | 40 162 452 | 72 819 882 | 40 162 452 | 27 795 206 |
| Foreign banks | 167 672 109 | 60 392 786 | 167 672 109 | 23 051 808 |
| | 207 834 561 | 133 212 668 | 207 834 561 | 50 847 014 |
| 2. INVESTMENTS | | | | |

| | Quoted Shares ZWS | Bonds & Bills ZWS | Unquoted investment ZWS | Total ZWS |
|-------------------------|---------------------------|----------------------|----------------------------|-------------------|
| | Inflation adjusted | | | |
| 2020 | | | | |
| Opening balances | 50 555 314 | 5 508 967 | 1 360 591 | 57 424 872 |
| Fair value adjustments | 16 436 858 | - | (841 256) | 15 595 602 |
| Effects of monetary | - | (2 748 815) | - | (2 748 815) |
| Additions | 375 006 | - | - | 375 006 |
| Maturities | (381 276) | (2 733 592) | - | (3 114 868) |
| Closing Balances | 66 985 902 | 26 560 | 519 335 | 67 531 797 |
| 2019 | | | | |
| Opening balances | 15 033 313 | 7 645 365 | 161 326 | 22 840 004 |
| Fair value adjustments | 35 522 001 | - | - | 35 522 001 |
| Effects of monetary | - | (2 136 398) | 1 199 265 | (937 133) |
| Closing Balances | 50 555 314 | 5 508 967 | 1 360 591 | 57 424 872 |
| Historical cost | | | | |
| 2020 | | | | |
| Opening balances | 19 296 864 | 2 102 762 | 519 335 | 21 918 961 |
| Fair value adjustments | 47 695 308 | - | - | 47 695 308 |
| Additions | 375 006 | - | - | 375 006 |
| Maturities | (381 276) | (2 076 202) | - | (2 457 478) |
| | 66 985 902 | 26 560 | 519 335 | 67 531 797 |
| 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 |

Fair value hierarchy

| | Level 1 ZWS | Level 2 ZWS | Level 3 ZWS | Total carrying amount ZWS |
|--|---------------------------|------------------|------------------|------------------------------|
| | Inflation adjusted | | | |
| 2020 | | | | |
| Quoted shares | 66 985 902 | - | - | 66 985 902 |
| Unquoted shares | - | - | 519 335 | 519 335 |
| Bonds | - | 26 560 | - | 26 560 |
| Total financial assets measured at fair value | 66 985 902 | 26 560 | 519 335 | 67 531 797 |
| 2019 | | | | |
| Quoted shares | 50 555 314 | - | - | 50 555 314 |
| Unquoted shares | - | - | 1 360 591 | 1 360 591 |
| Bonds | - | 5 508 967 | - | 5 508 967 |
| Total financial assets measured at fair value | 50 555 314 | 5 508 967 | 1 360 591 | 57 424 872 |
| Historical cost | | | | |
| 2020 | | | | |
| Quoted shares | 66 985 902 | - | - | 66 985 902 |
| Unquoted shares | - | - | 519 335 | 519 335 |
| Bonds | - | 26 560 | - | 26 560 |
| Total financial assets measured at fair value | 66 985 902 | 26 560 | 519 335 | 67 531 797 |
| 2019 | | | | |
| Quoted shares | 19 296 864 | - | - | 19 296 864 |
| Unquoted shares | - | - | 519 335 | 519 335 |
| Bonds | - | 2 102 762 | - | 2 102 762 |
| Total financial assets measured at fair value | 19 296 864 | 2 102 762 | 519 335 | 21 918 961 |

The fair values of listed investments were determined using the quoted market prices provided by the Zimbabwe Stock Exchange at the reporting date. The entire fair value of the listed securities of ZWS66 985 902.

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

3. BALANCES RECEIVABLE FROM INSURANCE COMPANIES

| | Inflation Adjusted | | Historical Cost | |
|----------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Balances receivable | 96 491 813 | 109 851 112 | 96 491 813 | 41 929 954 |
| Impairment allowance | (11 228 014) | (32 567 249) | (11 228 014) | (12 430 855) |
| | 85 263 799 | 77 283 863 | 85 263 799 | 29 499 099 |

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. INVESTMENTS PROPERTY

| | Inflation Adjusted | | Historical Cost | |
|-----------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Reconciliation of carrying amount | | | | |
| Opening balances | 117 081 368 | 36 744 695 | 44 689 728 | 2 257 950 |
| Translation gain | - | - | - | 3 386 925 |
| Fair value adjustment | 48 530 450 | 80 336 673 | 120 922 090 | 39 044 853 |
| | 165 611 818 | 117 081 368 | 165 611 818 | 44 689 728 |

Investment properties comprises of a number of residential properties that are leased out to third parties to earn rental income. The Company recognises the rental income from its investment in 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 appropriately recognised professional qualifications and recent experience in the Level 3

The fair value of investment properties of ZW\$165 611 818 (2019: ZW\$117 081 368) has been categorised under level 3 in the fair value hierarchy based on the inputs to the valuation technique used.

The reconciliation of carrying amount shown above reconciles the opening balance and closing balances for level 3 fair values.

5. RIGHT OF USE ASSETS

| | Inflation Adjusted | | Historical Cost | |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| Balance at beginning of year | 770 149 | 431 708 | 293 965 | 164 782 |
| Arising from lease reassessments | - | 482 345 | - | 184 110 |
| Current year depreciation | (115 640) | (143 904) | (73 492) | (54 927) |
| Closing Balance | 654 509 | 770 149 | 220 473 | 293 965 |

6. EQUIPMENT

| | Office Equipment ZWS | Motor vehicles ZWS | Computer equipment ZWS | Total ZWS |
|--|----------------------------|--------------------------|------------------------------|--------------|
| | Inflation adjusted | | | |
| Cost /Valuation | | | | |
| Balance as at 1 January 2020 | 1 255 051 | 19 931 602 | 42 955 036 | 64 141 689 |
| Additions | - | - | 29 563 | 29 563 |
| Balance as a 30 June 2020 | 1 255 051 | 19 931 602 | 42 984 599 | 64 171 252 |
| Accumulated depreciation and Impairment | | | | |
| Balance as at 1 January 2020 | 764 958 | 10 775 361 | 42 491 203 | 54 031 522 |
| Current year depreciation | 14 642 | 683 886 | 48 770 | 747 298 |
| Balance as at 30 June 2020 | 779 600 | 11 459 247 | 42 539 973 | 54 778 820 |
| Carrying amount as at 30 June 2020 | 475 451 | 8 472 355 | 444 626 | 9 392 432 |
| Cost /Valuation | | | | |
| Balance as at 1 January 2019 | 1 255 051 | 14 119 886 | 42 636 434 | 58 011 371 |
| Additions | - | 3 194 181 | 132 602 | 3 326 783 |
| Disposals | - | (406 735) | (30 098) | (436 833) |
| Revaluation | - | 3 024 270 | 216 098 | 3 240 368 |
| Balance as a 31 December 2019 | 1 255 051 | 19 931 602 | 42 955 036 | 64 141 689 |
| Accumulated depreciation and Impairment | | | | |
| Balance as at 1 January 2019 | 649 857 | 9 353 455 | 42 412 518 | 52 415 830 |
| Current year depreciation | 71 931 | 1 763 564 | 99 138 | 1 934 633 |
| Disposals | - | (341 658) | (20 453) | (362 111) |
| Valuation | 43 170 | - | - | 43 170 |
| Balance as at 31 December 2019 | 764 958 | 10 775 361 | 42 491 203 | 54 031 522 |
| Carrying amount as at 31 December 2019 | 490 093 | 9 156 241 | 463 833 | 10 110 167 |
| Historical cost | | | | |
| Cost /Valuation | | | | |
| Balance as at 1 January 2020 | 409 212 | 7 221 333 | 1 054 821 | 8 685 366 |
| Additions | - | - | 13 095 | 13 095 |
| Balance as a 30 June 2020 | 409 212 | 7 221 333 | 1 067 916 | 8 698 461 |
| Accumulated depreciation and Impairment | | | | |
| Balance as at 1 January 2020 | 222 145 | 3 726 413 | 877 778 | 4 826 336 |
| Current year depreciation | 8 418 | 393 178 | 28 193 | 429 789 |
| Balance as at 30 June 2020 | 230 563 | 4 199 591 | 905 971 | 5 256 125 |
| Carrying amount as at 31 December 2019 | 178 649 | 3 101 742 | 161 945 | 3 442 336 |
| 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 | 137 555 | 234 775 |
| Disposals | - | (25 000) | (1 850) | (26 850) |
| Revaluation | 220 827 | 5 689 899 | 845 529 | 6 756 255 |
| Balance as a 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 |

| | Inflation Adjusted | | Historical Cost | |
|---|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 7. UNEARNED PREMIUM RESERVE (UPR) | | | | |
| Opening balance | 40 765 714 | 21 130 442 | 15 560 193 | 1 298 459 |
| Charge/ (credit) to profit or loss | 53 350 595 | 83 018 984 | 45 703 295 | 14 261 734 |
| Effects of monetary movements | (32 852 821) | (63 383 712) | - | - |
| Closing balance | 61 263 488 | 40 765 714 | 61 263 488 | 15 560 193 |
| 8. OUTSTANDING CLAIMS RESERVE | | | | |
| Opening balance | 16 725 881 | - | 12 319 724 | - |
| Charge/ (credit) to profit or loss | (4 406 157) | - | - | - |
| Effects of monetary movements | - | - | - | - |
| Closing balance | 12 319 724 | - | 12 319 724 | - |
| 9. INCURRED BUT NOT REPORTED CLAIMS RESERVE (IBNR) | | | | |
| Opening balance | 31 736 577 | 38 293 328 | 12 113 789 | 2 353 113 |
| Charge / (Credit) to profit or loss | 12 084 106 | 29 035 897 | 14 096 376 | 9 760 676 |
| Effects of monetary movements | (17 610 518) | (35 592 648) | - | - |
| Closing balance | 26 210 165 | 31 736 577 | 26 210 165 | 12 113 789 |

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).

| | Inflation Adjusted | | Historical Cost | |
|-------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 10. TRADE AND OTHER PAYABLES | | | | |
| Accrued expenses | 4 216 740 | 8 406 163 | 4 216 740 | 3 208 616 |
| Payroll liabilities | 633 849 | 1 138 792 | 633 849 | 434 675 |
| | 4 850 589 | 9 544 955 | 4 850 589 | 3 643 291 |

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

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 30 June 2020 ZWS | 31 Dec 2019 ZWS | 30 June 2020 ZWS | 31 Dec 2019 ZWS |
| 11. SHARE CAPITAL | | | | |
| 11.1 Authorised, issued and fully paid: | | | | |
| 500 000 ordinary shares of ZW\$0.01 each | 119 608 | 119 608 | 5 000 | 5 000 |
| | 119 608 | 119 608 | 5 000 | 5 000 |
| 11.2 Share premium | | | | |
| Share premium of ZW\$4.99 (2018: ZW\$4.99) per share | 59 684 538 | 59 684 538 | 2 495 000 | 2 495 000 |
| | 59 684 538 | 59 684 538 | 2 495 000 | 2 495 000 |
| Fully paid ordinary shares carry one vote per share and bear a right to dividends. | | | | |
| 12. DEFERRED TAX LIABILITY | | | | |
| Opening balance | 38 117 497 | 6 936 668 | 14 549 374 | 611 636 |
| Charge to profit and loss | (8 285 565) | 31 180 829 | 13 704 401 | 13 937 738 |
| Closing balance | 29 831 932 | 38 117 497 | 28 253 775 | 14 549 374 |
| Deferred tax comprises: | | | | |
| Temporary differences arising from: | | | | |
| Assets | | | | |
| Equipment | 1 817 628 | 2 473 049 | 239 471 | 943 958 |
| Fair value assets | 11 657 181 | 8 643 723 | 11 657 181 | 3 299 292 |
| Balances receivable from insurance Companies | 25 715 236 | 38 903 776 | 25 715 236 | 14 849 495 |
| Prepayments | 155 273 | 789 | 155 273 | 301 |
| | 39 345 318 | 50 021 337 | 37 767 161 | 19 093 046 |
| Liabilities | | | | |
| IBNR | (6 479 153) | (7 845 283) | (6 479 153) | (2 994 529) |
| Balances payable to insurance companies | (2 694 704) | (3 673 991) | (2 694 704) | (1 402 355) |
| Accrued expenses | (339 529) | (384 566) | (339 529) | (146 788) |
| | (9 513 386) | (11 903 840) | (9 513 387) | (4 543 672) |
| Net liability | 29 831 932 | 38 117 495 | 28 253 775 | 14 549 374 |

| | Inflation Adjusted | | Historical Cost | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30 June 2020 ZWS | 30 June 2019 ZWS | 30 June 2020 ZWS | 30 June 2019 ZWS |
| 13. NET CLAIMS | | | | |
| Gross claims | 72 626 439 | 71 145 385 | 44 174 086 | 6 383 277 |
| Retrocession recoveries | (3 646 999) | (2 109 899) | (2 133 222) | (154 194) |
| IBNR movement | 12 084 106 | (12 556 192) | 14 096 376 | (667 744) |
| Outstanding claims movement | 16 725 881 | - | 12 319 724 | - |
| | 97 789 427 | 56 479 294 | 68 456 964 | 5 561 335 |
| 14. NET COMMISSIONS | | | | |
| Gross commissions | 83 369 312 | 45 474 888 | 57 638 401 | 3 784 348 |
| Retrocession commissions | (21 024 176) | (5 882 645) | (12 833 212) | (453 811) |
| | 62 345 136 | 39 592 243 | 44 805 189 | 3 330 537 |
| 15. OPERATING EXPENSES | | | | |
| Staff expenses | 6 647 101 | 7 399 676 | 4 337 990 | 593 309 |
| Impairment on balances receivable from insurance companies | 3 278 320 | 5 403 523 | (1 202 841) | 290 185 |
| Administration expenses | 10 537 032 | 15 720 640 | 6 964 924 | 1 265 338 |
| Depreciation of equipment | 862 938 | 1 537 967 | 503 281 | 139 079 |
| Directors' remuneration | 743 645 | 238 089 | 438 250 | 21 432 |
| Current year audit fees | 1 465 199 | 350 515 | 602 119 | 26 392 |
| | 23 534 235 | 30 650 410 | 11 643 723 | 2 335 735 |
| 16. INVESTMENT AND OTHER INCOME | | | | |
| Interest income | 401 969 | 1 516 917 | 195 386 | 131 498 |
| Dividend income | 363 006 | 1 401 150 | 265 724 | 106 016 |
| Exchange gain/loss | 125 000 600 | 77 919 604 | 125 000 600 | 9 306 465 |
| Loss on disposal of assets | - | (63 049) | - | (1 367) |
| Rental Income | 345 772 | 810 641 | 193 737 | 72 693 |
| | 126 111 347 | 81 585 263 | 125 655 447 | 9 615 305 |
| 17. FAIR VALUE ADJUSTMENT | | | | |
| Increase in fair value of equity investments | 15 595 601 | (6 438 243) | 47 695 307 | 4 284 005 |
| Increase in fair value of investment property | 48 530 450 | - | 120 922 090 | - |
| | 64 126 051 | (6 438 243) | 168 617 397 | 4 284 005 |

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

| | Inflation Adjusted | | Historical Cost | |
|-------------------------------|--------------------|--------------|-----------------|--------------|
| | 30 June 2020 | 30 June 2019 | 30 June 2020 | 30 June 2019 |
| | ZW\$ | ZW\$ | ZW\$ | ZW\$ |
| 18. INCOME TAX EXPENSE | | | | |
| Current tax expense | 12 551 049 | 5 272 494 | 3 712 623 | 34 212 |
| Deferred tax charge to profit | (8 285 565) | (1 074 829) | 13 704 401 | 340 093 |
| | 4 265 484 | 4 197 665 | 17 417 024 | 374 305 |

19. 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 30 June 2020 the company had a solvency margin of 151% (December 2019: 142%). The company is also compliant with the IPEC prescribed minimum capital requirement of ZW\$75 000 000.

20. RISK MANAGEMENT

20.1 Solvency risk management

The Company's primary objectives in managing capital are:

- To guarantee the ability to continue as a going concern whilst providing an equitable return to shareholders and benefit to clients and other stakeholders.
- To maintain a strong fall-back position which commensurate with the level of risk undertaken in the normal course of business.
- To comply with the regulatory capital requirements as prescribed by relevant authorities.

The Company's capital consists of equity attributable to shareholders, comprising issued share capital, retained income and reserves. The Company's operating target is to maintain operating assets at a level that is higher than the available operating funds at all times in order to restrict recourse on shareholder's equity for operational funding.

This objective was met at all times during the course of the year under review. Consequently, gearing was maintained at nil throughout the year. The Company was in compliance with the minimum capital levels for reinsurance entities prescribed by the Insurance and Pensions Commission of ZW\$75 000 000.

20.2 Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes the risk of being unable to fund assets 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. This risk is identified through gap and maturity analyses. Liquidity risk is measured using gap analysis techniques and the term structure of assets and liabilities. Liquidity risk is managed by the management committee.

20.3 Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Company's business strategies. Interest risk is identified using the term structure of assets and liabilities. Rate sensitive assets and liabilities are analysed and a maturity profile exhibited. The management committee reviews the gap analysis and appropriate action is taken to keep risk within set limits. The Company has evaluated the risk as low and adequate systems are in place to ameliorate the risk.

20.4 Foreign exchange risk

Foreign exchange risk is the risk that arises from adverse changes in foreign exchange rates and emanates from a mismatch between foreign currency inflows and outflows. The risk is identified and measured through the analysis of the Company's open foreign exchange positions. Management is confident that the foreign exchange risk management systems in place are adequate and all staff members are complying with systems in all material respects.

The following exchange rates prevailing on the reporting date were used to translate monetary items denominated in foreign currencies into the reporting currency:

| | | June 2020 | Dec 2019 |
|----------------------|----------|-----------|----------|
| Zambian Kwacha | ZW\$/ZMW | 3.16 | 1.19 |
| United States Dollar | ZW\$/USD | 57.36 | 16.7 |

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