



FINANCIAL HIGHLIGHTS

Total assets		Total capital and reserves		Net profit after taxation	
ZW\$1 078.4m	↑ 63%	ZW\$303.2m	↑ 152%	ZW\$43.4m	↑ 364%
HY19		HY19		HY19	
ZW\$663.2m		ZW\$120.4m		ZW\$9.4m	
FY18		FY18		FY18	

Return on equity		Liquidity ratio (Group)		Cost to income ratio	
41%	↑ 2 100bps	85.0%	↑ 400bps	52%	↑ 1 500bps
HY19		HY19		HY19	
20%		81%		67.0%	
FY18		FY18		FY18	

bps - Basis points

CHAIRMAN'S STATEMENT

Operating environment

With effect from 24 June, 2019, the Zimbabwean economy reverted to a mono-currency monetary framework, based on the re-introduced Zimbabwean dollar, with the promulgation of Statutory Instrument 142 of 2019. This replaced the multi-currency regime that had subsisted since 2009.

Meanwhile, against the backdrop of incessant inflation headwinds and a poor 2018/2019 rainfall season, the economy is projected to be in recession in 2019, with the International Monetary Fund, in their World Economic Outlook report for April 2019, projecting negative growth for Zimbabwe at 5.2%.

Year-on-year inflation was reported at 175.66% in June 2019, underlining the extent of performance pressure and value preservation challenges faced by businesses.

Half year results

The Group's performance for the half year ended 30 June 2019 reflects a partial offset of inflation induced loss of value in the business.

The results are discussed in more detail in the Group Chief Executive's report.

Dividends

No interim dividend has been declared by the Board.

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.

Directorate and executive appointments

The following changes were made to the Boards of subsidiary companies in the Group:

RESIGNATIONS		
ENTITY	MEMBER	DATE RESIGNED
ZBBS	Caroline Sandura	13 June 2019
	Mustafa T Sachak	13 June 2019
	Cleophas Makoni	13 June 2019
	Stanford A Sibanda	13 June 2019
ZBLA	Mercy Mkushi	30 June 2019

NEW APPOINTMENTS		
ENTITY	MEMBER	DATE APPOINTED
ZBBS	Obert Mandimika	01 May 2019
	Tendai Kapumha	01 May 2019
	Johnathan Katsidzira	01 May 2019
	Arnold M Chidakwa	01 May 2019
ZBBL	Francis Nyambiri	01 May 2019
	Kenneth J Langley	01 July 2019
	Precious Murena	22 July 2019

ZBBS – ZB Building Society; ZBLA – ZB Life Assurance Company; ZBBL – ZB Bank Limited

I would like to extend warm gratitude to the retired directors for their contributions in shaping the Group's legacy during their term of office.

I welcome the subsidiary companies' new board members and look forward to their contribution to the Group's affair.

Ambrose G Chinembiri retired as the managing director of ZB Life Assurance Company having served the Group for forty four years. I would like to wish Ambrose a restful break and success in his future endeavours.

In his stead, Letwin Mawire, previously the Chief Finance Officer for the company, was appointed, taking over with effect from 1 August, 2019. I wish her success in her new position.

Outlook

The Group faces a real risk of balance sheet contraction in a highly inflationary environment. Capital preservation will therefore remain a key focal point in shaping the strategic direction in the hope that macro-economic stability is achieved in the near term.

Conclusion

I would like to thank all our stakeholders for the support given to the Group during the period under review. I extend gratitude to staff and management, for remaining steadfast in a fast changing operating environment and look forward to their continued contribution.

Prof. C. Manyeruke
Chairman

08 August, 2019

GROUP CHIEF EXECUTIVE'S REPORT

Performance background

Inflation, which became prominent in the last quarter of 2018, continued on an upward trend during the first half of 2019, closing the period on a year-on-year high of 175.66%.

Structural disequilibrium persisted in the monetary sector with the shortage and sub-optimal distribution of both foreign currency and local notes continuing to slow down productivity in the business sector.

Government's intervention through the introduction of an interbank floating exchange rate system resulted in a partial offset of the parallel market with the sustainability of the model being highly dependent on currency supply.

Against raging inflation, the Zimbabwe Stock Exchange (ZSE) capitalisation grew by 40.79% from ZW\$19.19 billion at 31 December, 2018 to ZW\$27.02 billion at 30 June, 2019 as investors hedged their investments.

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

The analysis below is therefore done in nominal terms.

Performance outcome:

The Group's total income increased by 144% from \$38.6m achieved for the half year ended 30 June 2018 to \$94.2m for the six months up to 30 June 2019.

Net interest income from lending and trading activities of \$14.3m up to 30 June 2019 was 40% better than \$10.2m reported for the corresponding period in 2018. The increase was on the back of an expansion in the earning assets portfolio which grew by 57% over the six months from January to June 2019. This was also assisted by the re-pricing of loan assets in May 2019 following the removal of the regulatory rate ceiling which applied previously.

The increase in the net interest income is despite a 90% increase in interest expenses which was influenced by increased recourse to the wholesale market particularly during the first quarter of the year in response to increased volatility in the liquidity position as economic agents responded to policy developments affecting the monetary environment.

Moving in tandem with the increase in the loan book, a higher loan impairment charge, net of recoveries, at ZW\$3.9m, was posted for the six months to 30 June 2019, compared to a net recovery of ZW\$0.7m in the corresponding period in 2018.

Net earnings from lending and trading activities thus decreased from ZW\$10.9m for the six months to 30 June 2018 to \$10.5m up to June 2019, representing a decline of 4%.

Gross insurance premiums increased by 28% from ZW\$16.5m earned during the first half of 2018 to ZW\$21.2m in the corresponding period in 2019. This growth represents a pattern of trailing replenishment of covers against the background of rampant inflation.

Despite a 22% increase in benefits, claims and related expenses, the aggregated insurance expenses ratio improved from 70% for the half year ended 30 June 2018 to 67% for the same period in 2019.

Resultantly, the net business income from insurance operations increased by 44% from ZW\$4.9m for the half year ended 30 June 2018 to ZW\$7.0m for the same period in 2019.

Banking commissions and fees at ZW\$27.5m for the six months to June 2019 registered an increase of 39% when compared to \$19.8m registered in June 2018. Commission and fee rates were adjusted during the second quarter of 2019 to keep track with general price movements.

A significant contribution to other operating income was reported in the form of exchange income, having arisen from the movement in the exchange rate which increased by 216% from the maiden rate of US\$1:ZW\$2.5 in February to US\$1:ZW\$7.895 at the end of June 2019. The total unrealised exchange gain as at 30 June 2019 amounted to ZW\$29.4m.

The Group benefited from movements on the Zimbabwe Stock Exchange, recording a fair value gain of \$16.7m at the end of June 2019, a significant movement against a loss of \$0.1m in the corresponding period in 2018.

Operating expenses increased by 75% to \$48.8m for the half year to 30 June 2019, from level of \$27.9m recorded in the corresponding period in 2018. The increase has largely trailed the inflation index and indicates the build-up of pent up cost expansion pressure going forward.

The Group posted profit after tax of \$43.4m for the half year ended 30 June 2019, was 364% higher than the \$9.4m posted in the comparative half year in 2018.

The Group's total assets grew from \$663.2m as at 31 December to \$1.1b as at 30 June 2019. Over and above the general inflation pull factor on monetary balances, total asset growth was also induced by the restatement of foreign denominated balances which were previously maintained at par with the Zimbabwean dollar.

The process of translating foreign balances upon change in the functional and reporting currency resulted in a non-distributable reserve of ZW\$110.0m being reported as part of the Group's equity.

Earning assets grew by 57% to close at ZW\$709.1m as at 30 June 2019 compared to ZW\$453.0 as at 31 December 2018.

The Group's loan book grew by 120% from ZW\$152.2m at 31 December 2018 to close at ZW\$334.2m at 30 June 2019 as loan renewals by obligors came through at increased levels, whilst foreign denominated loans where translated at a higher rate at the end of the period.

The non performing book for the Group at \$3.9m was 44% lower than \$7m as at 31 December 2018. The resultant non performing loans ratio for the half year ended 30 June was 1.2%, an improvement from 4.6% reported as at 31 December 2018.

Total deposits grew by 23% from ZW\$433.0m as at 31 December, 2018 to close at ZW\$533.8m as at 30 June, 2019.

Despite general liquidity pressure experienced during first quarter the Group was able to maintain an aggregate liquidity ratio above 80% throughout the period.

The Group's total equity increased by 152% from ZW\$120.4m as at 31 December, 2018 to close the period at ZW\$303.2m at 30 June 2019, driven by the positive period performance as well as the impact of the functional currency translation reserve.

Performance outlook

Financial performance in the near term is highly susceptible to volatility in macro-economic factors, particularly general price trends, availability and pricing of foreign currency, and market liquidity conditions.

Business update

Portfolio expansion:

Following the establishment of the mono-currency monetary framework through S1 142 on 24 June 2019 the Group launched Syfrets Bureau De Change on 2 August, 2019. This has expanded the network through which clients and the general public are able to undertake foreign currency transaction. This service will also be offered through selected retail partners in order to facilitate the smooth execution of in-store transactions.

Work towards the launch of a refreshed autonomous micro-finance banking operation is at an advanced stage following a tactical retreat that was necessary to re-evaluate the market.

Delivery channels:

In order to remain connected with its clients, the group will soon offer its banking services through the "WhatsApp" social media platform. This product is currently at pilot stage.

Additionally, a new Customer Contact Centre is at an advanced stage and will be commissioned during the third quarter.

The Group is happy to report satisfactory progress in the re-establishment of international cards, having successfully run pilot tests with VISA.

Internal processes:

In response to the changing operating environment and attendant business threats, the Group has commissioned an Organisational Transformation Program which, inter-alia, seeks to re-evaluate the business model, processes and systems. An expected output of this exercise is an efficient business operation which leverages on technologies for cost efficiency and market penetration.

Acknowledgements

I would like to thank our valued customers for their continued patronage. I also thank staff and the management team for their commitment to the ZB brand. Lastly, I would like to thank the Board for its wise counsel.

R Mutandagayi
Group Chief Executive

08 August 2019



AUDITOR'S STATEMENT

These condensed interim financial results for the six months ended 30 June 2019 have been reviewed by Deloitte & Touche and a modified review conclusion issued thereon. This conclusion carries an adverse conclusion with respect to the following matter:

We draw attention to the change in functional currency reserve presented in the statement of changes in equity, related to the gain on conversion of net monetary and non-monetary assets on change in functional currency from United States dollars to Zimbabwe dollars. Directors have opted to recognise the currency conversion gain, amounting to ZW\$110 million, in equity as a non-distributable reserve, which represents a departure from the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates". IAS 21 requires that exchange differences arising from conversion of all balances upon change in functional currency be recognised in the Statement of profit or loss and other comprehensive income.

The review conclusion has been made available to management and those charged with the governance of ZB Financial Holdings Limited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2019

Notes	30 Jun 2019 ZWS	31 Dec 2018 ZWS
ASSETS		
Cash and cash equivalents	225 132 437	143 869 250
Money market investments	10 802 784	10 714 886
Treasury bills	219 672 432	194 347 351
Mortgages and other advances	216 907 346	121 907 358
Investment securities	93 377 946	56 513 232
Investments in associates	84 850 959	36 145 227
Inventories, trade and other receivables	17 048 189	12 050 329
Investment properties	83 468 087	33 323 232
Property and equipment	87 453 325	36 980 940
Right of use assets	4 491 570	6 405 194
Intangible assets	35 151 161	10 938 773
Total assets	1 078 356 236	663 195 772
LIABILITIES		
Deposits and other accounts	533 795 993	433 006 499
Trade and other payables	91 946 259	41 480 900
Current tax liabilities	122 972	134 611
Deferred tax liabilities	15 389 621	3 611 132
Lease liabilities	4 343 251	6 561 587
Long term borrowings	15 006 036	14 640 035
Life assurance funds	67 613 896	37 439 715
Offshore borrowings	46 954 303	5 947 347
Total liabilities	775 172 331	542 821 826
EQUITY		
Share capital	1 751 906	1 751 906
Share premium	27 081 696	27 081 696
Other components of equity	137 151 312	24 174 887
Retained income	83 730 392	45 103 526
Attributable to equity holders of parent	249 715 306	98 112 015
Non-controlling interests	53 468 599	22 261 931
Total equity	303 183 905	120 373 946
Total equity and liabilities	1 078 356 236	663 195 772

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2019

Notes	30 Jun 2019 ZWS	30 Jun 2018 ZWS
Interest and related income	19 958 975	13 189 587
Interest and related expenses	(5 629 739)	(2 955 389)
Net interest and related income	14 329 236	10 234 198
Loan impairment charges (net)	(3 857 274)	654 660
Net income from lending activities	10 471 962	10 888 858
Gross insurance premium income	21 223 452	16 491 044
Total insurance expenses	(14 223 118)	(11 619 388)
Net insurance business income	7 000 334	4 871 656
Commissions and fees	27 471 251	19 791 398
Other operating income	32 563 709	3 118 120
Fair value adjustments	16 678 950	(50 321)
Total income	94 186 206	38 619 711
Operating expenses	(48 785 277)	(27 880 324)
Profit from ordinary activities	45 400 929	10 739 387
Movement in life assurance funds	(8 144 833)	(549 780)
Share of associate companies' profit net of tax	5 093 197	304 562
Profit before taxation	42 349 293	10 494 169
Income tax credit	1 062 891	(1 141 184)
Net profit for the period	43 412 184	9 352 985
Profit attributable to:		
Owners of parent	41 099 103	9 098 208
Non-controlling interests	2 313 081	254 777
Profit for the period	43 412 184	9 352 985
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Fair value adjustment on available for sale financial assets	4 008 601	(970 162)
Income tax relating to components of other comprehensive income	(1 032 215)	249 816
Other comprehensive loss for the year net of tax	2 976 386	(720 346)
Total comprehensive income for the period	46 388 570	8 632 639
Total comprehensive income attributable to:		
Owners of parent	44 075 489	8 377 862
Non-controlling interests	2 313 081	254 777
Total comprehensive income for the period	46 388 570	8 632 639
Earnings per share		
Basic and fully diluted earnings per share (US cents)	0.261	0.058

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2019

	Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	General reserve ZWS	Property and equipment revaluation reserve ZWS	Fair value on financial assets at FVTOCI ZWS	Retained income ZWS	Attributable to equity holders of parent ZWS	Non-controlling interests ZWS	Total ZWS
Balance 1 January 2019	1 751 906	27 081 696	-	5 870 251	15 454 177	2 850 459	45 103 526	98 112 015	22 261 931	120 373 946
Effects of changes in functional currency	-	-	110 000 039	-	-	-	-	110 000 039	29 070 432	139 070 471
Restated balance 1 January 2019	1 751 906	27 081 696	110 000 039	5 870 251	15 454 177	2 850 459	45 103 526	208 112 054	51 332 363	259 444 417
Changes in equity for 2019										
Profit or loss	-	-	-	-	-	-	41 099 103	41 099 103	2 313 081	43 412 184
Profit for the period	-	-	-	-	-	-	41 099 103	41 099 103	2 313 081	43 412 184
Other comprehensive income, net of tax	-	-	-	-	-	2 976 386	-	2 976 386	-	2 976 386
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	2 976 386	-	2 976 386	-	2 976 386
Transaction with owners of the parent	-	-	-	-	-	-	(2 472 237)	(2 472 237)	(176 845)	(2 649 082)
Dividends paid	-	-	-	-	-	-	83 730 392	249 715 306	53 468 599	303 183 905
Balance at 30 June 2019	1 751 906	27 081 696	110 000 039	5 870 251	15 454 177	5 826 845	83 730 392	249 715 306	53 468 599	303 183 905

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For half year ended 30 June 2018

	Share capital ZWS	Share premium ZWS	General reserve ZWS	Property and equipment revaluation reserve ZWS	Fair value on financial assets at FVTOCI ZWS	Retained income ZWS	Attributable to equity holders of parent ZWS	Non-controlling interests ZWS	Total ZWS
Balance at 31 December 2017	1 751 906	27 081 696	5 885 904	11 996 022	2 408 347	29 525 484	78 649 359	21 121 867	99 771 226
Changes on initial application of IFRS9	-	-	-	-	-	(2 225 855)	(2 225 855)	(17 323)	(2 243 178)
Changes on initial application of IFRS16	-	-	-	-	-	(135 710)	(135 710)	(4 544)	(140 254)
Restated balance 1 January 2018	1 751 906	27 081 696	5 885 904	11 996 022	2 408 347	27 163 919	76 287 794	21 100 000	97 387 794
Changes in equity for 2018									
Profit or loss	-	-	-	-	-	9 098 208	9 098 208	254 777	9 352 985
Profit for the period	-	-	-	-	-	9 098 208	9 098 208	254 777	9 352 985
Other comprehensive income, net of tax	-	-	-	-	(720 346)	-	(720 346)	-	(720 346)
Fair value gain on financial assets at FVTOCI	-	-	-	-	(720 346)	-	(720 346)	-	(720 346)
Transaction with owners of the parent	-	-	-	-	-	(2 882 669)	(2 882 669)	(154 063)	(3 036 732)
Dividends paid	-	-	-	-	-	900 557	900 557	(900 557)	-
Transfer to retained income	-	-	-	-	-	34 280 015	82 683 544	20 300 157	102 983 701
Balance at 30 June 2018	1 751 906	27 081 696	5 885 904	11 996 022	1 688 001	34 280 015	82 683 544	20 300 157	102 983 701

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2019

	30 Jun 2019 ZWS	30 Jun 2018 ZWS
Cash generated from operating activities	45 899 814	27 986 240
Interest and related income received	19 958 975	13 189 587
Dividends received	484 173	735 579
Interest and related expense paid	(5 629 739)	(2 955 389)
Interest expense on lease liabilities	(259 473)	-
Income tax paid	(1 866 621)	(1 189 572)
Net cash generated from operating activities	58 587 129	37 766 445
Cash flows from investing activities	(4 075 446)	(23 745 659)
Purchase of intangible assets	(231 223)	(280 399)
Purchase of property and equipment	(1 035 724)	(1 749 935)
Proceeds on disposal of property and equipment	25 835	5 940
Purchase of investment securities	(7 747 416)	(23 751 763)
Proceeds on disposal of investment securities	4 913 082	2 030 498
Net cash used in investing activities	(4 075 446)	(23 745 659)
Cash flows from financing activities	(2 477 809)	(154 063)
Dividends paid	(176 845)	(154 063)
Payment for lease liability	(2 477 809)	-
Net cash used in financing activities	(2 654 654)	(154 063)
Net increase in cash and cash equivalents	51 857 029	13 866 723
Cash and cash equivalents at 31 December 2018	143 869 250	73 816 218
Effects of changes in functional currency	29 406 158	-
Effects of exchange rate fluctuations	-	(55 384)
Cash and cash equivalents at 30 June 2019	225 132 437	87 627 557
Cash and cash equivalents comprise:		
Cash	72 802 626	5 096 240
Local bank accounts	108 345 199	78 045 534
Foreign bank accounts	43 984 612	4 485 783
	225 132 437	87 627 557

1. BASIS OF PREPARATION

1.1 Functional and reporting currency

The Group's functional and reporting currency was changed from United States dollars ("USD" or "US\$") to Zimbabwean dollars ("ZWL" or "ZWS") following the re-introduction of a local currency and the establishment of an interbank currency market in Zimbabwe through Statutory Instruments (SI) 32 and 33 of 2019 and Exchange Control Directive RU28 of 2019.

The local currency started to trade officially against other international currencies on 22 February, 2019 at a reference rate of US\$1:ZWS2.5.

In terms of paragraph 4(1)d of SI33 all assets and liabilities that were, immediately before the effective date, being 20 February, 2019, expressed in US\$ were deemed, for accounting purposes, on and after the effective date, to be valued in the local currency at par to the United States dollar. As a consequence of this provision, no adjustment has been made on prior period figures, which were previously expressed in US\$ and have been reckoned to have, then, assumed the same values in ZWS. The convertibility of monetary balances as at the end of the prior year into other international currencies as the presumed rate of USD1:ZWS1 was however significantly impaired resulting in various exchange rate scenarios being adopted by the market, substantially at variance with the exchange parity maintained at policy level.

1.2 Compliance with financial reporting standards

The Group's financial statements at 31 December 2018 did not fully comply with International Financial Reporting Standards (IFRSs), particularly IAS 21 "The Effect of Changes in Foreign Exchange Rates" for circumstances relating to prior year as stated in 1.1 above. In addition to not recognizing a "de-facto local currency" consistent with general market practice, the failure to fully comply with the standard also had the effect of distorting reported balances in the statement of financial position as well as the value of transactions through the income statement, resulting in an adverse audit opinion being issued in the prior year.

The Group has adopted the following approach in the construction of the financial results for the period under review:

Step 1 – Remediation of the effect of prior year non-compliance with IAS 21 on opening balances

- The new local currency, Zimbabwean dollar (ZWS), which came into effect from 20 February, 2019, was recognized retrospectively, and distinct from any other international currency, and presumed to have notionally traded at par to the United States dollar (USD) up to 31 December, 2018.
- The maiden floating rate of US1:ZWS2.5 was presumed to have subsisted from the beginning of the year as a practical expedient (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.
- All assets and liabilities that were previously reported in USD and expressed at par with the ZWS after application of the notional rate were restated to their true ZWS value after application of the deemed rate. The net effect of the previous misstatement of assets and liabilities by the application of the notional rate was recognized as an adjustment to opening reserves.

Step 2 – Recording of current period exchange movements

- Opening values for non-monetary assets were deemed to be the carrying costs and, where applicable, depreciation and/or impairment assessed thereon prospectively. With respect to property and equipment, a reassessment of residual values and remaining useful lives was conducted with input from professional valuers. A full ZWS based asset revaluation exercise was not deemed prudent at half year due to evolving policy measures around the administration of the local currency and the need to accumulate a fair amount of market experience for reference purposes. Such exercise will be carried out at year-end.
- Movements in the value of foreign denominated monetary assets and liabilities as a result of movements in the exchange rates were recognized as gains or losses through the statement of profit or loss except to the extent, for any such losses, to which they relate to capital projects under development, in which case the loss is capitalized as part of project costs in terms of the Group's policy.

Implications of Paragraph 37 of IAS 21, which requires a wholesale upliftment of all balances upon change of functional currency, were considered before adoption of the above approach. Pending further guidance with respect thereto, the Group has taken the view that these provisions would best apply in circumstances where reporting has not been tainted by non-compliance with the standard from period to period.

Technical consultations regarding the conversion process are still on-going and further guidance which is awaited from the Public Accountants and Auditors Board (PAAB) may result in a review of the above approach at year-end.

Apart from the non-compliance with respect to the comparative information and any issues that may arise relating to the methodology applied in dealing with the changes in currency as discussed above, the financial statements have been compiled adopting principles from International Financial Reporting Standards, promulgated by the International Accounting Standards Board (IASB) which includes standards and interpretations approved by IASB, the International Financial Reporting Interpretations Committee (IFRIC) interpretations, and in the manner required by the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:02), the Building Societies Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and relevant regulations made thereunder in all other respects.]



ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



1.3 Basis of reporting

The financial statements have been constructed under the historical cost convention. In light of the high inflation outturn reported in the period under review (annual inflation of 175.66% as at 30 June, 2019), consideration was given to the possible need to report under IAS 29: "Financial Reporting in Hyperinflationary Economies". Whilst objective evidence suggests that conditions for reporting under IAS 29 may have been achieved, paragraph 4 suggests that it is preferable for all entities that report in the currency of the same hyperinflationary economy to apply the standard from the same date. As a result, the Group will continue to track developments and accounting guidelines in relation to this matter.

1.4 Basis of consolidation

The Group 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.

1.5 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 outturn 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

30 June 2019

	Banking operations ZWS	Insurance operations ZWS	Other strategic investments ¹ ZWS	Total ZWS
External revenue				
External revenue				
Net earnings from lending activities	10 356 154	1 115 808	-	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)
Other material non-cash items:				
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	23 946 392	16 204 613	2 197 288	42 349 793
Reportable segment assets as at 30 June 2019	912 016 769	168 180 865	(1 841 398)	1 078 356 236
Reportable segment liabilities as at 30 June 2019	695 742 011	87 297 499	(7 867 179)	775 172 331

¹Includes consolidation journals.

30 June 2018

	Banking operations ZWS	Insurance operations ZWS	Other strategic investments ¹ ZWS	Total ZWS
External revenue				
External revenue				
Net earnings from lending activities	10 528 933	359 925	-	10 888 858
Net fees and commission income	19 958 206	4 884 034	(179 186)	24 663 054
Fair value adjustments	(2 658)	(2 157 399)	168 076	(50 321)
Other revenue	2 396 865	(2 472 999)	3 194 254	3 118 120
Total segment revenue	32 881 346	2 555 221	3 183 144	38 619 711
Total segment operating expenses	(24 535 809)	(4 346 161)	(1 001 646)	(27 880 324)
Other material non-cash items:				
Depreciation	1 245 680	91 301	78 777	1 415 758
Amortisation of intangible assets	917 105	-	12 340	929 445
Reportable segment profit before taxation	8 345 537	1 018 550	1 130 082	10 494 169
Reportable segment assets as at 30 June 2018	542 277 073	68 116 258	(30 566 631)	579 826 700
Reportable segment liabilities as at 30 June 2018	451 854 393	40 778 988	(17 291 944)	475 341 437

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:

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

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
Treasury bills include:		
Assets classified as 'at fair value through profit or loss':		
Short term treasury bills	22 961 842	22 747 733
Assets classified as 'at fair value through other comprehensive income':		
Medium term treasury bills acquired from the market	154 871 365	134 768 528
Assets classified as 'loans and receivables':		
Treasury bills issued as substitution for debt instruments	25 332 585	20 727 050
Capitalisation treasury bills	16 506 640	16 104 040
	219 672 432	194 347 351

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

Impairment assessment

Treasury bills classified and measured at amortised cost are assessed for impairment annually. There was no objective evidence at 30 June 2019 to suggest that future cash flows on the treasury bills portfolio could end up being less than anticipated at the point of initial recognition. Consequently, no impairment adjustment arose from the assessment.

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
3(b) Contingent assets		
In respect of treasury bills held in trust on behalf of clients	-	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 ZWS\$6.8 million with tenures ranging from 3 to 5 years at interest rates ranging from 2% to 3.5% p.a. All the treasury bills falling under this category (2018: ZWS\$6.796 million) had been passed on to customers as at 30 June 2019. This category of treasury bills was accounted for as off-balance sheet assets during the period they were held by the Group.

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4. MORTGAGES AND OTHER ADVANCES		
4.1 Gross loan book		
Mortgage advances	23 248 617	21 282 838
Other advances:		
Loans, overdraft and other accounts	195 594 598	100 058 570
Finance leases	7 513 590	7 081 950
Bills discounted	5 251 227	1 176 573
Insurance advances	6 693 944	6 596 823
Total other advances	215 053 359	114 913 916
Gross advances	238 301 976	136 196 754
Off balance sheet exposures		
In respect of guarantees	75 739 127	16 038 026
In respect of letters of credit	20 121 067	-
	95 860 194	16 038 026
Gross credit exposure	334 162 170	152 234 780
Gross advances	238 301 976	136 196 754
Less: Allowance for loan impairments	(21 394 630)	(14 289 396)
Net advances	216 907 346	121 907 358
4.2 Maturity analysis		
On demand	42 001 360	32 774 092
Within 1 month	6 036 668	2 948 507
Between 1 and 6 months	19 920 109	13 855 323
Between 6 and 12 months	97 194 250	26 905 024
After 12 months	169 009 783	75 751 834
	334 162 170	152 234 780
4.3 Non-performing loans		
Included in the above are the following:		
Non-performing loans	3 868 683	6 950 793
Less: Allowance for loan impairments	(55 648)	(3 282 792)
Value to be received from security held	3 813 035	3 668 001

For the secured non-performing loans, security exists in the form of liens registered over funded accounts, bonds registered over landed property and guarantees in various forms. The Group discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees. The internally discounted value of the security held in respect of the non-performing book amounted to ZWS\$3 868 683 as at 30 June 2019 (2018: ZWS\$6 750 809).

Non performing loans with a net carrying value of ZWS\$9 599 374 were transferred to a Special Purpose Vehicle called Credsave (Private) Limited (Credsave) on 31 December 2016, in a transaction that did not meet conditions of a "clean sale". Resultantly, these assets are still recognised in the statement of financial position of the Group. The Group plans to offer the Credsave pool of assets as a "block" to interested investors upon which the assets will meet conditions for derecognition from the statement of financial position. In the meantime, recovery efforts continue with any recoveries resulting in the adjustment of the net exposure to the Group.

As at 30 June 2019, the carrying value of these assets stood at ZWS\$1.8 million (December 2018: ZWS\$5.3 million) with a security value of ZWS\$2.7 million (December 2018: ZWS\$6.7 million), thus implying a security coverage of 150% (December 2018: 126%).

	30 Jun 2019 ZWS	As a % of Total	31 Dec 2018 ZWS	As a % of Total
4.4 Sectoral analysis				
Gross advances:				
Private	86 063 587	26%	67 044 699	44%
Agriculture	25 913 029	8%	12 160 829	8%
Mining	46 210 823	14%	6 274 389	4%
Manufacturing	6 400 484	2%	4 946 163	3%
Distribution	13 334 945	4%	6 457 317	4%
Construction	4 219 410	1%	4 777 856	3%
Transport	4 100 740	1%	3 446 859	2%
Services	37 156 021	11%	20 786 608	14%
Financial	14 821 746	4%	10 024 009	7%
Communication	81 191	0%	278 025	0%
	238 301 976	71%	136 196 754	89%
Guarantees:				
Manufacturing	65 790 425	20%	11 910 000	8%
Distribution	-	0%	30 000	0%
Construction	7 500	0%	437 485	0%
Transport	349 476	0%	-	0%
Services	9 527 150	3%	3 660 541	2%
Private	64 576	0%	-	0%
	75 739 127	23%	152 234 780	11%
Letters of credit:				
Manufacturing	20 121 067	6%	-	-
Total credit exposure	334 162 170	100%	152 234 780	100%

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4.5 Loan impairments:		
Movement of balance during the period:		
Balance at beginning of period	14 289 396	7 616 804
Arising from initial adoption of IFRS 9 at 1 January 2018	-	4 461 994
Effects of changes in functional currency	1 389 132	-
Charge to statement of profit or loss	5 716 102	5 696 143
Write offs against provision	-	(3 485 545)
Balance at 30 June 2019	21 394 630	14 289 396
Loan impairment charge to statement of profit or loss:		
Charge to loan impairment allowance	(5 716 102)	(5 696 143)
Recoveries in respect of debts previously written off	-	775 778
	(5 716 102)	(4 920 365)

4.6 Mortgage advances

Mortgage advances were spread as follows:

	30 June 2019 ZWS	As a % of Total	31 Dec 2018 ZWS	As a % of Total
Type of property:-				
High density	1 383 249	6%	1 465 018	7%
Medium density	2 850 964	12%	2 852 072	13%
Low density	13 268 914	57%	11 114 184	52%
Commercial	5 745 490	25%	5 851 564	27%
	23 248 617	100%	21 282 838	100%

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	30 Jun 2019 ZWS	30 Jun 2018 ZWS
16. INCOME TAX EXPENSE		
Current income tax	1 854 979	1 102 694
Deferred tax credit / (expense)	(2 917 870)	38 490
	(1 062 891)	1 141 184

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
17. CONTINGENT LIABILITIES		
17.1 Contingent liabilities		
In respect of treasury bills held in trust on behalf of customers	-	38 595
In respect of guarantees	75 739 127	16 038 026
In respect of undrawn commitments	22 956 859	21 139 720
In respect of letters of credit	20 121 067	-
	118 817 053	37 216 341

17.2 Legal contingencies

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

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

A resolution framework including the possible unbundling of the contentious assets remains a possibility. Should that be the preferred route this could lead to considerations to account for the contentious assets in terms of International Financial Reporting Standard ("IFRS") 5 – Non-current Assets Held for Sale and Discontinued Operations. Through a series of technical consultations, management are satisfied that as at the reporting date, any proposed means of resolving the matter had not triggered the requirements of IFRS 5 hence the financial results of IHL and its subsidiaries were fully consolidated in the Group's financial results up to and at 30 June 2019.

18. EARNINGS PER SHARE

Basic and fully diluted earnings per share (US cents)

The calculation of basic and fully diluted profit per share for the period ended 30 June 2019 of ZW0.261 cents (2018: ZW0.058 cents) is based on the attributable profit after tax of ZW\$41 099 103 (2018: ZW\$8 377 862) and weighted average number of shares of 157 522 902 (2018: 157 522 902).

19. RISK MANAGEMENT

19.1 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 \$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.

19.2 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 Risk 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.

30 June 2019	CARRYING AMOUNT				FAIR VALUE			
	Designated at fair value	Designated at AMCO	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	value	value	value	value	value	value	value	value
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Financial assets measured at fair value								
Equity securities	51 905 702	-	-	51 905 702	51 905 702	-	-	51 905 702
Government public utility stock	21 036 624	-	-	21 036 624	-	21 036 624	-	21 036 624
Unit trusts	3 268 044	-	-	3 268 044	-	3 268 044	-	3 268 044
Unlisted equity instruments	14 675 604	-	-	14 675 604	-	14 675 604	-	14 675 604
Treasury bills	22 961 842	-	154 871 365	177 833 207	-	22 961 842	154 871 365	177 833 207
Loans and other advances	-	216 907 346	-	216 907 346	-	216 907 346	-	216 907 346
Total	113 847 816	216 907 346	154 871 365	485 626 527	-	216 907 346	-	216 907 346
Financial assets not measured at fair value								
Trade and other receivables	-	2 057 605	-	2 057 605	-	2 057 605	-	2 057 605
Cash and cash equivalents	-	225 132 437	-	225 132 437	-	225 132 437	-	225 132 437
Treasury bills	-	41 839 225	-	41 839 225	-	41 839 225	-	41 839 225
Total	-	269 029 267	-	269 029 267	-	269 029 267	-	269 029 267
Financial liabilities not measured at fair value								
Deposit and other accounts	-	(533 795 993)	-	(533 795 993)	-	(533 795 993)	-	(533 795 993)
Trade and other payables	-	(23 490 120)	-	(23 490 120)	-	(23 490 120)	-	(23 490 120)
Total	-	(557 286 113)	-	(557 286 113)	-	(557 286 113)	-	(557 286 113)

Restated 31 December 2018	CARRYING AMOUNT				FAIR VALUE			
	Designated at fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	value	value	value	value	value	value	value	value
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Financial assets measured at fair value								
Equity securities	23 314 962	-	-	23 314 962	23 314 962	-	-	23 314 962
Government public utility stock	21 361 580	-	-	21 361 580	-	21 361 580	-	21 361 580
Unit trusts	543 145	-	-	543 145	-	543 145	-	543 145
Unlisted equity instruments	7 839 210	-	-	7 839 210	-	7 839 210	-	7 839 210
Treasury bills	22 747 733	-	134 768 528	157 516 261	-	22 747 733	134 768 528	157 516 261
Loans and other advances	-	121 907 358	-	121 907 358	-	121 907 358	-	121 907 358
Total	75 806 630	121 907 358	134 768 528	332 482 516	-	121 907 358	-	121 907 358
Financial assets not measured at fair value								
Trade and other receivables	-	2 510 497	-	2 510 497	-	2 510 497	-	2 510 497
Cash and cash equivalents	-	143 869 250	-	143 869 250	-	143 869 250	-	143 869 250
Treasury bills	-	36 831 090	-	36 831 090	-	36 831 090	-	36 831 090
Total	-	183 210 837	-	183 210 837	-	183 210 837	-	183 210 837
Financial liabilities not measured at fair value								
Deposit and other accounts	-	(433 006 499)	-	(433 006 499)	-	(433 006 499)	-	(433 006 499)
Trade and other payables	-	(13 904 205)	-	(13 904 205)	-	(13 904 205)	-	(13 904 205)
Total	-	(446 910 704)	-	(446 910 704)	-	(446 910 704)	-	(446 910 704)

Definition of financial risk

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

19.2.2 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 2019

	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	175 011 923	34 960 101	22 775 479	-	232 747 503	225 132 437
Money market investments	12 505 097	50 000	-	200 000	12 755 097	10 802 784
Treasury bills	3 065 346	37 150 748	60 551 709	143 472 288	244 240 091	219 672 432
Mortgages and other advances	24 642 459	18 214 404	20 508 535	147 482 570	210 847 968	216 907 346
Investment securities	-	-	-	93 377 946	93 377 946	93 377 946
	215 224 825	90 375 253	103 835 723	384 532 804	793 968 605	765 892 945
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(496 345 996)	(62 733 085)	(4 129 545)	(7 954 702)	(571 163 328)	(533 795 993)
Trade and other payables	(19 445 132)	(7 567 980)	(20 083 724)	(44 849 423)	(91 946 259)	(91 846 259)
Long term loan	-	-	-	(20 000 000)	(20 000 000)	(15 006 036)
Offshore borrowings	-	-	-	(48 377 490)	(48 377 490)	(46 954 303)
	(515 791 128)	(70 301 065)	(24 213 269)	(121 181 615)	(731 387 077)	(687 702 591)
Period gap	(300 566 303)	20 074 188	79 622 454	263 351 189	62 581 528	78 190 354
Cumulative gap	(300 566 303)	(280 492 115)	(200 869 661)	62 581 528	-	-

Liquidity gap analysis as at 31 December 2018

	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	61 438 478	37 245 889	45 788 114	-	144 472 481	143 869 250
Money market investments	10 469 886	50 000	-	200 000	10 719 886	10 714 886
Treasury bills	2 000 548	46 175 952	42 838 852	125 933 050	216 948 402	194 347 351
Mortgages and other advances	24 200 222	11 155 574	8 711 065	85 847 389	129 914 250	121 907 358
Investment securities	-	-	-	56 513 232	56 513 232	56 513 232
	98 109 134	94 627 415	97 338 031	268 493 671	558 568 251	527 352 077
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(357 801 492)	(64 162 992)	(3 932 777)	(7 959 107)	(433 856 368)	(433 006 499)
Trade and other payables	(16 364 121)	(7 908 837)	(1 540 106)	(15 667 836)	(41 480 900)	(41 305 900)
Long term loan	-	-	-	(20 000 000)	(20 000 000)	(14 640 035)
Offshore borrowings	-	-	-	(7 467 305)	(7 467 305)	(5 947 347)
	(374 165 613)	(72 071 829)	(5 472 883)	(51 094 248)	(502 804 573)	(495 074 781)
Period gap	(276 056 479)	22 555 586	91 865 148	217 399 423	55 758 678	32 277 296
Cumulative gap	(276 056 479)	(253 500 893)	(161 635 745)	55 758 678	111 522 356	-

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
Liquidity risk		
Liquidity ratios		
Total liquid assets	455 607 653	348 931 486
Total liabilities to the public	533 795 993	433 006 499
Liquidity ratio	85%	81%
Average for the period	86%	81%
Maximum for the period	84%	83%
Minimum for the period	80%	79%
Minimum statutory liquidity ratio	30%	30%

19.2.3 Market risk

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

19.2.3.1 Interest rate risk

Interest rate gap analysis as at 30 June 2019

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	225 132 437	-	-	-	225 132 437
Money market investments	10 752 784	50 000	-	-	10 802 784
Mortgages and other advances	170 921 599	-	-	45 985 747	216 907 346
Treasury bills	3 053 333	36 597 934	58 598 031	121 423 134	219 672 432
	409 860 153	36 647 934	58 598 031	167 408 881	672 514 999
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(504 637 915)	(20 003 190)	(5 038 313)	(4 116 575)	(533 795 993)
	(504 637 915)	(20 003 190)	(5 038 313)	(4 116 575)	(533 795 993)
Period gap	(94 777 762)	16 644 744	53 559 718	163 292 306	138 719 006
Cumulative gap	(94 777 762)	(78 133 018)	(24 573 300)	138 719 006	-



Interest rate gap analysis as at 31 December 2018

	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Carrying amount ZWS
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	143 869 250	-	-	-	143 869 250
Money market investments	10 664 886	50 000	-	-	10 714 886
Mortgages and other advances	115 960 811	-	-	5 947 347	121 907 358
Treasury bills	2 000 000	45 842 504	40 952 009	105 552 838	194 347 351
	<u>272 494 147</u>	<u>45 892 504</u>	<u>40 952 009</u>	<u>111 500 185</u>	<u>470 838 845</u>
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(363 547 230)	(63 714 517)	(3 903 505)	(1 841 247)	(433 006 499)
	<u>(363 547 230)</u>	<u>(63 714 517)</u>	<u>(3 903 505)</u>	<u>(1 841 247)</u>	<u>(433 006 499)</u>
Period gap	(91 053 083)	(17 822 013)	37 048 504	(109 658 938)	37 832 346
Cumulative gap	(91 053 083)	(108 875 096)	(71 826 592)	37 832 346	-

19.2.3.2 Foreign exchange risk

Foreign currency position

The carrying amount of the Group's non Zimbabwean dollar monetary assets and liabilities as at 30 June 2019 were as follows:

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
United States Dollar	271 371 830	-
Botswana pula	1 187 412	86 089
British pound	2 243 198	147 486
Malawian kwacha	474	474
Euro	2 918 971	691 478
South African rand	5 063 661	1 022 387
Zambian kwacha	2 216 692	303
Total assets	285 002 238	1 948 217
United States Dollar	(241 363 709)	-
Botswana pula	(2 051 527)	(226 555)
British pound	(857 519)	(32 265)
Euro	(207 554)	(47 476)
South African rand	(11 286 156)	(1 304 418)
Total liabilities	(255 766 465)	(1 610 714)
	<u>29 235 773</u>	<u>337 503</u>

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

19.2.4 Credit risk

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

Internal rating grade

	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	2018 TOTAL ZWS
Total loans and advances	231 665 002	5 796 398	840 576	238 301 976	136 196 754
Guarantees	62 858 227	12 880 900	-	75 739 127	16 038 026
Loan commitments	30 451 324	-	-	30 451 324	22 956 859
Treasury bills	219 672 432	-	-	219 672 432	194 347 351
Insurance debtors	5 143 045	-	1 550 899	6 693 944	6 596 823
Other financial assets	19 455 433	-	-	19 455 433	18 724 473
Letters of credit	20 121 067	-	-	20 121 067	-
Total financial assets	589 366 530	18 677 298	2 391 475	610 435 303	394 860 286
Total loans and advances					
Performing					
Good (AAA to BBB-)	231 665 002	-	-	231 665 002	125 325 456
Special Mention (BB+ to CCC-)	-	5 796 398	-	5 796 398	4 002 410
Non - performing					
Non performing (CC TO D) individually impaired	-	-	840 576	840 576	6 868 888
Total loans and advances	231 665 002	5 796 398	840 576	238 301 976	136 196 754
Corporate Lending					
Good (AAA to BBB-)	156 654 525	-	-	156 654 525	60 404 518
Special Mention (BB+ to CCC-)	-	4 019 449	-	4 019 449	1 764 016
Non performing (CC TO D)	-	-	119 485	119 485	5 286 443
Total corporate lending	156 654 525	4 019 449	119 485	160 793 459	67 454 977
Small business Lending					
Good (AAA to BBB-)	1 932 454	385	(52)	1 932 787	1 019 309
Special Mention (BB+ to CCC-)	13	19 113	4 148	23 274	120 062
Non performing (CC TO D)	-	-	96 113	96 113	91 115
Total small business lending	1 932 467	19 498	100 209	2 052 174	1 230 486
Consumer Lending					
Good (AAA to BBB-)	50 620 413	48 927	6 818	50 676 158	43 613 680
Special Mention (BB+ to CCC-)	198 041	948 075	10 792	1 156 908	1 712 577
Non performing (CC TO D)	-	-	374 658	374 658	902 196
Total Consumer Lending	50 818 454	997 002	392 268	52 207 724	46 228 453
Mortgage Lending					
Good (AAA to BBB-)	22 073 065	329 783	4 699	22 407 547	20 088 599
Special Mention (BB+ to CCC-)	186 491	430 666	-	617 157	605 102
Non performing (CC TO D)	-	-	223 915	223 915	589 137
Total Mortgage Lending	22 259 556	760 449	228 614	23 248 619	21 282 838
Guarantees					
Good (AAA to BBB-)	62 858 227	-	-	62 858 227	16 038 026
Special Mention (BB+ to CCC-)	-	12 880 900	-	12 880 900	-
Non performing (CC TO D)	-	-	-	-	-
Total Guarantees	62 858 227	12 880 900	-	75 739 127	16 038 026
Loan commitments					
Good (AAA to BBB-)	30 451 324	-	-	30 451 324	22 956 859
Special Mention (BB+ to CCC-)	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-
Total loan commitments	30 451 324	-	-	30 451 324	22 956 859
Other financial assets					
Debentures					
Good (AAA to BBB-)	875 928	-	-	875 928	-
Non performing (CC TO D)	-	-	-	-	834 446
Bonds					
Good (AAA to BBB-)	18 579 505	-	-	18 579 505	17 890 027
Total other financial assets	19 455 433	-	-	19 455 433	18 724 473
Letters of credit	20 121 067	-	-	20 121 067	-

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

	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	2018 TOTAL ZWS
Total loans and advances	18 964 191	662 040	217 500	19 843 731	13 028 680
Insurance debtors	-	-	1 550 899	1 550 899	1 260 716
Other financial assets	-	-	-	-	-
Total impairment allowances	18 964 191	662 040	1 768 399	21 394 630	14 289 396
Treasury bills were assessed for impairment at 30 June 2019 and, having been considered to carry low credit risk, no IFRS 9 impairment charge was raised. There was no objective evidence to suggest that future cash flows on the treasury bills could end up being less than those anticipated at the point of initial recognition.					
Total loans and advances	18 943 683	115 717	1 777	19 061 177	12 171 320
Good (AAA to BBB-)	20 508	546 323	1 982	568 813	516 315
Special Mention (BB+ to CCC-)	-	-	213 741	213 741	341 045
Non performing (CC TO D)	-	-	-	-	-
Total	18 964 191	662 040	217 500	19 843 731	13 028 680
Impairment allowance for loans and advances by lending category					
Corporate Lending					
Good (AAA to BBB-)	14 726 943	-	-	14 726 943	7 012 570
Special Mention (BB+ to CCC-)	-	279 255	-	279 255	337 075
Non performing (CC TO D)	-	-	32 815	32 815	2 777
Impairment allowance for corporate lending	14 726 943	279 255	32 815	15 039 013	7 352 422
Small business Lending					
Good (AAA to BBB-)	122 086	44	-	122 130	97 837
Special Mention (BB+ to CCC-)	2	7 969	1 371	9 342	16 108
Non performing (CC TO D)	-	-	43 848	43 848	37 132
Impairment allowance for small business lending	122 088	8 013	45 219	175 320	151 077
Consumer Lending					
Good (AAA to BBB-)	2 763 989	6 476	28	2 770 493	2 054 171
Special Mention (BB+ to CCC-)	11 075	138 652	611	150 338	36 516
Non performing (CC TO D)	-	-	52 028	52 028	122 222
Impairment allowance for consumer lending	2 775 064	145 128	52 667	2 972 859	2 212 909
Mortgage Lending					
Good (AAA to BBB-)	1 330 665	109 196	1 749	1 441 610	3 006 741
Special Mention (BB+ to CCC-)	9 431	120 448	-	129 879	126 620
Non performing (CC TO D)	-	-	85 050	85 050	178 911
Impairment allowance for mortgage lending	1 340 096	229 644	86 799	1 656 539	3 312 272
Impairment losses on Guarantees and loan commitments included in provisions under other liabilities					
Guarantees					
Good (AAA to BBB-)	160 350	-	-	160 350	231 367
Special Mention (BB+ to CCC-)	-	3 959	-	3 959	-
Non performing (CC TO D)	-	-	-	-	-
Impairment allowance for guarantees	160 350	3 959	-	164 309	231 367
Loan commitments					
Good (AAA to BBB-)	578 754	-	-	578 754	514 967
Special Mention (BB+ to CCC-)	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-
Impairment allowance for loan commitments	578 754	-	-	578 754	514 967
Insurance debtors	-	-	1 550 899	1 550 899	1 260 716

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
ECL Movement - Total		
Balance at beginning of period	14 289 396	7 616 804
Impact of IFRS 9 adoption at 1 Jan 2018	-	4 461 994
Adjustment to FCTR	1 389 132	-
Increase / decrease in respect of impairments are:		
Loans and advances	5 716 102	5 696 143
Write offs against provision	-	(3 485 545)
	<u>21 394 630</u>	<u>14 289 396</u>
ECL Movement - Loans and advances		
Balance at beginning of period	13 028 680	5 961 145
Impact of IFRS 9 adoption at 1 Jan 2018	-	4 461 994
Adjustment through FCTR	1 389 132	-
ECL for current period	5 425 917	6 091 086
	<u>-</u>	<u>(3 485 545)</u>
Balance at end of period	19 843 729	13 028 680
ECL Movement - Insurance debtors		
Balance at beginning of period	1 260 716	1 655 659
ECL for current period	290 185	(394 943)
Balance at end of period	1 550 901	1 260 716
ECL Movement - Guarantees and loan commitments		
Guarantees		
Impact of IFRS 9 adoption at 1 Jan 2018	231 367	592 613
ECL for current period	(67 058)	(361 246)
Balance at end of period	164 309	231 367
ECL Movement - Loan commitments		
Impact of IFRS 9 adoption at 1 Jan 2018	514 967	816 200
ECL for current period	63 787	(301 233)
Balance at end of period	578 754	514 967
ECL Movement - Other financial assets		
Balance at beginning of period	116 725	6 430
ECL for current period	(68 486)	110 295
Balance at end of period	48 239	116 725
Analysis of net impairment movement posted in the statement of profit or loss		
Loans and advances	(5 425 917)	(6 091 086)
Insurance debtors	(290 185)	394 943
Loans and other advances	(5 716 102)	(5 696 143)
Other financial assets	68 486	(110 295)
Guarantees	67 058	361 246
Loan commitments	(63 787)	301 233
Net recoveries against loans previously written off	1 787 073	654 114
Write offs against provision	-	(430 520)
	<u>(3 857 272)</u>	<u>(4 920 365)</u>

19.3 Other business risks

Other business risks faced by the Group are;

- Operational risk
- Legal, reputational and compliance risks
- Technological risks
- Solvency risk
- Underwriting risks

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



19.4 Risk rating

19.4.1 Regulatory risk rating

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

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

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

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

Summary of Risk Assessment

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

Overall Risk Matrix – ZB Bank Limited

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

Overall Risk Matrix – ZB Building Society

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

19.4.2 External credit ratings

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

Long-term debt rating scale:

Entity	2018	2017	2016
ZB Bank Limited	BB-	BB-	BB-
ZB Building Society	BB	BB	BB
ZB Reinsurance Company	A-	A-	A-

Ratings for ZB Bank Limited and ZB Building Society expire in September 2019 whilst the rating for ZB Reinsurance Company will expire in May 2019.

20. COMPLIANCE WITH REGULATIONS

20.1 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 2019. ZB Building Society (ZBBS) did not meet these requirements as at 30 June 2019.

20.2 Corrective orders and regulatory penalties

The Company was issued with a corrective order on 7 March, 2017 following a targeted corporate governance inspection by the Reserve Bank of Zimbabwe (RBZ) in terms of Section 48(4) of the Banking Act (Chapter 24:20).

A compliance review was carried out in March, 2018 and noted progress made as well as residual matters that still require further action by the company.

The company has made significant progress in addressing outstanding matters and has kept the RBZ abreast with progress being made.

20.3 Other compliance issues

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

21. BOARD ATTENDANCE DURING THE YEAR

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

* Messrs A M Chidakwa, T Kapumha, J Katsizira, O Mandimika and F Nyambiri were appointed to the Board with effect from 1 May 2019.

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

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

KEY

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

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REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019

STATEMENT OF FINANCIAL POSITION As at 30 June 2019

Notes	30 Jun 2019 ZWS	31 Dec 2018 ZWS
ASSETS		
Cash and cash equivalents	206 153 654	124 760 277
Money market investments	5 000 000	10 000 000
Treasury bills	219 672 432	194 347 351
Advances and other accounts	199 482 048	113 597 018
Inventories, trade and other receivables	20 947 612	17 482 860
Investment securities	36 069 413	25 500 817
Investment in subsidiary company	57 453 744	22 636 583
Right of use asset	5 129 725	5 951 638
Intangible assets	33 209 861	10 225 612
Property and equipment	29 443 207	13 359 664
Deferred tax assets	-	442 069
Total assets	812 561 696	538 303 889
LIABILITIES		
Deposits from customers	535 911 205	425 322 385
Offshore borrowings	46 954 303	5 947 347
Trade and other payables	70 508 432	30 190 183
Lease liabilities	5 513 323	6 025 115
Deferred tax liabilities	4 854 460	-
Total liabilities	663 741 723	467 485 030
EQUITY AND RESERVES		
Share capital	1 810 402	1 810 402
Share premium	32 958 032	32 958 032
Revaluation reserves	4 190 026	4 190 026
Other reserves	62 012 391	2 850 459
Retained income	47 849 122	29 009 940
Total equity	148 819 973	70 818 859
Total equity and liabilities	812 561 696	538 303 889

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2019

Notes	30 Jun 2019 ZWS	30 Jun 2018 ZWS
Interest and related income	18 316 671	12 347 736
Interest and related expenses	(5 718 717)	(3 064 917)
Net interest income	12 597 954	9 282 819
Allowance for loan impairment	(3 750 459)	529 880
Net income from lending activities	8 847 495	9 812 699
Commission and fee income	25 070 633	18 612 929
Other income	22 046 232	1 658 487
Fair value adjustments	913 119	100 792
Total income	56 877 479	30 184 907
Operating expenses	(33 158 017)	(21 841 840)
Profit before taxation	23 719 462	8 343 067
Income tax expense	1 771 593	(434 536)
Net profit for the period	25 491 055	7 908 531
Other comprehensive income		
Items that may be reclassified to profit or loss		
Gains on treasury bills classified as available for sale	4 008 601	(970 162)
Related tax	(1 032 215)	249 816
Other comprehensive income for the period, net of tax	2 976 386	(720 346)
Total comprehensive income for the period	28 467 441	7 188 185
Earnings per share (ZWS cents)		
Basic and fully diluted earnings per share	0.14	0.04

STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2019

	Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	Revaluation reserve ZWS	Available for sale financial asset reserve ZWS	Retained income ZWS	Total ZWS
Restated balance at 1 January 2018	1 810 402	32 958 032	-	754 668	2 408 347	20 519 132	58 450 581
Profit or loss	-	-	-	-	-	13 303 746	13 303 746
Other comprehensive income, net of tax	-	-	-	3 618 047	-	-	3 618 047
Revaluation of property	-	-	-	3 618 047	-	-	3 618 047
Available for sale financial assets	-	-	-	-	442 112	-	442 112
Distributions	-	-	-	-	-	(4 995 627)	(4 995 627)
Dividend to shareholders	-	-	-	-	-	(4 995 627)	(4 995 627)
Other movements	-	-	-	(182 689)	-	182 689	-
Transfer to retained income	-	-	-	(182 689)	-	182 689	-
Balance as at 1 January 2019	1 810 402	32 958 032	-	4 190 026	2 850 459	29 009 940	70 818 859
Effects of changes in functional currency	-	-	56 185 546	-	-	-	56 185 546
Changes in equity for 2019	-	-	56 185 546	-	-	-	56 185 546
Profit or loss	-	-	-	-	-	25 491 055	25 491 055
Profit for the period	-	-	-	-	-	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)
Issue of shares	-	-	-	-	-	(6 651 873)	(6 651 873)
Distributions	-	-	-	-	-	(6 651 873)	(6 651 873)
Dividend to shareholders	-	-	-	-	-	(6 651 873)	(6 651 873)
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 2019

Notes	30 Jun 2019 ZWS	30 Jun 2018 ZWS
Cash generated from operating activities	56 938 314	10 913 481
Interest and related income	18 316 671	12 347 736
Interest and related expenses	(5 718 717)	(3 064 917)
Income taxes paid	(487 370)	(361 936)
Net cash generated from operating activities	69 048 898	19 834 364
Investing activities	572 058	441 865
Dividends received	572 058	441 865
Proceeds on disposal of property and equipment	-	1 947
Purchase of property and equipment	(666 653)	(1 584 983)
Purchase of intangible assets	(142 145)	(51 137)
Net cash used in investing activities	(236 740)	(1 192 308)
Cash flows from financing activities	(511 792)	-
Lease liability payment	(511 792)	-
Dividend paid	(6 651 873)	(4 995 627)
Net cash used in financing activities	(7 163 665)	(4 995 627)
Net increase in cash and cash equivalents	61 648 493	13 646 429
Cash and cash equivalents at the beginning of the period	124 760 277	73 464 239
Effect of exchange rate fluctuations on cash and cash equivalents held	19 744 884	18 283
Cash and cash equivalents at end of the period	206 153 654	87 128 951
- Cash on hand	73 255 645	6 064 209
- Local bank accounts	90 206 705	76 622 476
- Foreign bank accounts	42 691 304	4 442 266
	206 153 654	87 128 951

NOTES TO THE FINANCIAL STATEMENTS For the half year ended 30 June 2019

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
1. CASH AND CASH EQUIVALENTS		
Balances with the Reserve Bank of Zimbabwe (RBZ)	90 206 705	112 319 678
Balances with other banks and cash	115 946 949	12 440 599
	206 153 654	124 760 277
2. MONEY MARKET INVESTMENTS		
Placements with other banks	5 000 000	10 000 000
	5 000 000	10 000 000

The Bank invested in money market placements which had maturities ranging from 9 days to 37 days (December 2018: 8 days to 270 days) and average interest rates ranging from 4.65% to 5.15% (December 2018: 3% to 7.5%).

3. TREASURY BILLS

Reported in the statements of financial position

The 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:
a) as "at FVTPL";
b) as "at FVTOCI"; and
c) as "(AMCO)"

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
Treasury bills include:		
Assets classified as "at FVTPL"		
Treasury bills acquired from the primary market	22 961 842	22 747 733
Assets classified as "FVTOCI":		
Medium term treasury bills acquired from the secondary market	154 871 365	134 768 528
Assets classified as "at AMCO":		
Treasury bills issued as substitution for debt instruments	25 332 585	20 727 050
Capitalization treasury bills	16 506 640	16 104 040
	219 672 432	194 347 351

- The Bank invested in treasury bills issued by the RBZ over a period ranging from 6 months to 24 months which were at rates ranging from 8.37% to 10.5% (December 2018: 7% to 10%).
- The Bank purchased treasury bills from the secondary market. These treasury bills have coupon rates ranging from 0% to 5% (December 2018: 2% to 5%) with maturity periods ranging from 2 years to 15 years.
- The Bank received treasury bills as substitution for debt instruments from the Zimbabwe Asset Management Company (ZAMCO). The treasury bills have a coupon rate of 5% (December 2018: 5%) and maturity periods ranging from 2 to 14 years (December 2018: 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 recapitalize 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\$5.5 million (December 2018: ZW\$7 million) were used as security for the Bank to access fixed deposits.

Treasury bills have been deemed to be low risk instruments and hence no allowance for impairment have been raised during the period.

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4. ADVANCES AND OTHER ACCOUNTS		
4.1. At amortised cost		
Loans, overdrafts and other accounts	186 271 344	100 279 166
Mortgage loans	19 182 982	16 798 005
Finance leases	7 513 590	7 081 950
Bills discounted	5 251 227	1 176 573
Gross advances	218 219 143	125 335 694
Off statement of financial position exposures		
In respect of guarantees	75 739 127	16 038 026
In respect of letters of credit	20 121 067	-
	95 860 194	16 038 026
Gross credit exposure	314 079 337	141 373 720
Gross advances	218 219 143	125 335 694
Less: Allowance for loan impairment	(18 737 095)	(11 738 676)
Net advances	199 482 048	113 597 018

4.2. Determination of carrying amount

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



REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4.3 Maturity analysis		
- On demand	15 693 706	17 020 523
- Within 1 month	3 801 090	1 838 972
- Between 1 and 6 months	17 897 303	10 867 268
- Between 6 and 12 months	20 163 297	9 169 888
- After 12 months	256 523 941	102 477 069
	314 079 337	141 373 720

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4.4 Loans and advances to customers by business line:		
Corporate lending	249 860 084	83 493 003
Small business lending	1 863 281	1 043 840
Consumer lending	43 172 990	40 038 872
Mortgage lending	19 182 982	16 798 005
	314 079 337	141 373 720

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4.5 Mortgage loans		
Mortgage advances were spread as follows:		
Type of property:		
High density	1 173 638	1 124 347
Medium density	1 538 512	1 403 405
Low density	10 809 952	8 504 328
Commercial	5 660 880	5 765 925
	19 182 982	16 798 005

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4.6 Non-performing debt		
Non-performing loans and advances	3 382 138	6 209 440
Less: Allowance for loan impairment	(55 648)	(157 832)
Value to be received from security held	3 326 490	6 051 608

For the secured non performing loans, security exists in the form of liens registered over funded accounts, bonds registered over landed property and guarantees in various forms. The company discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees.

	30 Jun 2019 ZWS	%	31 Dec 2018 ZWS	%
4.7 Sectoral analysis of advances				
Private	72 354 028	23%	55 796 518	39%
Agriculture	25 913 029	8%	12 160 829	9%
Mining	46 210 823	15%	6 274 389	4%
Manufacturing	92 311 976	29%	16 847 907	12%
Distribution	13 334 945	4%	6 512 193	5%
Construction	4 226 910	1%	5 206 541	4%
Transport	4 450 216	1%	3 459 959	2%
Services	39 448 575	14%	23 356 707	17%
Financial	15 747 643	5%	11 480 652	8%
Communication	81 192	-	278 025	-
	314 079 337	100%	141 373 720	100%

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4.8 Finance lease receivables		
Gross investment in finance leases		
Less than 1 year	2 002 510	496 894
Between 1 and 5 years	6 706 814	7 750 946
Gross investment in finance leases	8 709 324	8 247 840
Unearned finance charges	(1 195 734)	(1 165 890)
Net investment in finance leases	7 513 590	7 081 950
Less than 1 year	1 886 875	471 507
Between 1 and 5 years	5 626 715	6 610 443
	7 513 590	7 081 950

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4.9 Loan impairment movement		
Balance at beginning of the period	11 738 676	5 338 879
IFRS 9 adjustment as at 1 Jan 2018	-	4 202 307
Effects of changes in functional currency	1 389 132	-
Charge to statement of profit or loss	5 609 287	5 683 036
Write offs charged to provision	-	(3 485 546)
Balance at the end of the period	18 737 095	11 738 676
Analysis of recoveries / (loan impairment charges) to statement of profit or loss		
Impairment charges on loans and overdrafts	5 609 287	5 683 036
Impairment adjustment on other financial assets	(68 486)	110 295
Write offs during the period	-	430 520
Impairment adjustment on guarantees and Undrawn facilities	(3 269)	(662 480)
Recoveries during the period	(1 787 073)	(654 115)
	(3 750 459)	4 907 256

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

	Stage 1 ZWS	Stage 2 ZWS	Stage 3 ZWS	30 June 2019 Total ZWS	31 Dec 2018 Total ZWS
4.10.1 Total loans and advances					
Good (AAA to A-)	212 674 364	-	-	212 674 364	115 353 341
Special mention (BBB+ to CCC-)	-	5 264 424	-	5 264 424	3 772 913
Non performing (CC to D)	-	-	280 355	280 355	6 209 440
Total	212 674 364	5 264 424	280 355	218 219 143	125 335 694
Corporate lending					
Good (AAA to A-)	149 860 956	-	-	149 860 956	60 404 518
Special mention (BBB+ to CCC-)	-	4 019 449	-	4 019 449	1 764 016
Non performing (CC to D)	-	-	119 485	119 485	5 286 443
Total	149 860 956	4 019 449	119 485	153 999 890	67 454 977
Small business lending					
Good (AAA to A-)	1 838 466	-	-	1 838 466	914 312
Special mention (BBB+ to CCC-)	-	18 868	-	18 868	120 062
Non performing (CC to D)	-	-	5 947	5 947	9 466
Total	1 838 466	18 868	5 947	1 863 281	1 043 840

	Stage 1 ZWS	Stage 2 ZWS	Stage 3 ZWS	30 June 2019 Total ZWS	31 Dec 2018 Total ZWS
4.10.1 Total loans and advances (continued)					
Consumer lending					
Good (AAA to A-)	42 098 542	-	-	42 098 542	37 668 228
Special mention (BBB+ to CCC-)	-	938 793	-	938 793	1 700 942
Non performing (CC to D)	-	-	135 655	135 655	669 702
Total	42 098 542	938 793	135 655	43 172 990	40 038 873
Mortgage lending					
Good (AAA to A-)	18 876 400	-	-	18 876 400	16 366 283
Special mention (BBB+ to CCC-)	-	287 314	-	287 314	187 893
Non performing (CC to D)	-	-	19 268	19 268	243 829
Total	18 876 400	287 314	19 268	19 182 982	16 798 005

	30 June 2019 ZWS	31 Dec 2018 ZWS
4.10.2 Other financial assets		
Debentures Good (AAA to A-)	875 928	-
Debentures	-	-
Non performing (CC to D)	-	-
Bonds Good (AAA to BBB-)	18 579 505	18 579 505
Total	19 455 433	18 724 473

	30 June 2019 ZWS	31 Dec 2018 ZWS
4.10.2 Financial guarantees and loan commitments		
Financial guarantees		
Good (AAA to A-)	62 858 227	-
Special mention (BBB+ to CCC-)	-	12 880 900
Total	62 858 227	12 880 900

	30 June 2019 ZWS	31 Dec 2018 ZWS
Undrawn loan commitments		
Good (AAA- to BBB-)	30 451 324	-
Total	30 451 324	22 956 859

	30 June 2019 ZWS	31 Dec 2018 ZWS
4.10.2.3 Letters of credit	20 121 067	-

4.11 IMPAIRMENT ALLOWANCE FOR LOANS AND ADVANCES

	30 June 2019 ZWS	31 Dec 2018 ZWS
4.11.1 Total loans and advances		
Good (AAA to A-)	18 174 773	-
Special mention (BBB+ to CCC-)	-	506 674
Non performing (CC to D)	-	55 648
Total	18 174 773	562 322

	30 June 2019 ZWS	31 Dec 2018 ZWS
Corporate lending		
Good (AAA to A-)	14 726 943	-
Special mention (BBB+ to CCC-)	-	279 255
Non performing (CC to D)	-	-
Total	14 726 943	279 255

	30 June 2019 ZWS	31 Dec 2018 ZWS
Small business lending		
Good (AAA to A-)	115 136	-
Special mention (BBB+ to CCC-)	-	7 936
Non performing (CC to D)	-	97
Total	115 136	8 033

	30 June 2019 ZWS	31 Dec 2018 ZWS
Consumer lending		
Good (AAA to A-)	2 215 660	-
Special mention (BBB+ to CCC-)	-	138 628
Non performing (CC to D)	-	17 268
Total	2 215 660	155 900

	30 June 2019 ZWS	31 Dec 2018 ZWS
Mortgage lending		
Good (AAA to A-)	1 117 034	-
Special mention (BBB+ to CCC-)	-	80 856
Non performing (CC to D)	-	5 468
Total	1 117 034	86 324

4.11.2 Impairment losses on guarantees and loan commitments

	30 June 2019 ZWS	31 Dec 2018 ZWS
Guarantees		
Good (AAA- to BBB-)	160 350	-
Special mention (BBB+ to CCC-)	-	3 959
Total	160 350	3 959

	30 June 2019 ZWS	31 Dec 2018 ZWS
Undrawn loan commitments		
Good (AAA- to BBB-)	578 754	-
Total	578 754	514 967

5. INVENTORIES, TRADE AND OTHER RECEIVABLES

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
Inventories	1 520 101	793 443
Accrued interest	23 111	608 151
Remittances in transit	2 890 635	6 191 209
Advance payments and sundry assets	15 477 976	8 792 202
Amounts clearing from other banks	1 035 789	1 097 855
	20 947 612	17 482 860

Inventories are stated at the lower of cost and net realizable value. Average cost is used to determine the value of inventory.

Remittances in transit relate mainly to transactions between entities which were still outstanding as at the end of the period.

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
6. INVESTMENT SECURITIES		
6.1 Carrying amounts		
Designated as at "Fair value through profit or loss"		
Unlisted equities		
Zimbabwe Credit Insurance Company	140 319	140 319
Zimswitch	940 230	950 287
SWIFT Shares	17 953	2 286
	1 098 502	1 092 892
Listed equity investments	11 084 130	5 120 778
	12 182 632	6 213 670
Held at amortised cost		
Bank balances	4 446 220	562 674
Debentures	861 056	834 446
Bonds	18 579 505	17 890 027
	36 069 413	25 500 817



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	30 Jun 2019 ZWS	31 Dec 2018 ZWS
6.2 Movement of investment securities		
Balance at beginning of the period	25 500 817	19 620 751
Movements during the period:		
-on bonds	653 704	9 879 167
-on bank balances	-	(3 801 391)
	26 154 521	25 698 527
Fair value adjustments:		
-on listed equity investments	825 155	159 154
-on unlisted investments	(10 056)	(204 854)
	26 969 620	25 652 827
Interest accrued on debentures and bonds		
-current period	60 002	66 102
-prior year interest received	(66 102)	(102 528)
	26 963 520	25 616 401
Impairment reversal / (charges):		
-on debentures	26 445	(73 266)
-on bonds	42 040	(43 459)
	27 032 005	25 499 676
Exchange gains / (losses)		
-on bank balances	3 883 545	1 246
-on unlisted equity investments	15 667	(105)
-on listed equity investments	5 138 196	-
Balance at end of period	36 069 413	25 500 817
6.3 Impairment movement on debentures and bonds		
Balance at beginning of the period	116 725	-
Initial adoption of IFRS 9	-	6 430
(Reversal) / charge to statement of profit or loss	(68 486)	110 295
Balance at end of period	48 239	116 725
7. INVESTMENTS IN SUBSIDIARY COMPANIES		
Investment in Barcelona Investments Limited		
Opening balance	22 636 583	22 657 722
Effects of changes in functional currency	34 719 140	-
Fair value gain / (loss)	98 021	(21 139)
Closing balance	57 453 744	22 636 583
8. RIGHT OF USE ASSETS		
Balance at beginning of the year	5 951 638	-
Initial adoption of IFRS 16	-	9 239 290
Depreciation expense	(821 913)	(3 287 652)
Balance at end of the period	5 129 725	5 951 638
9. INTANGIBLE ASSETS		

	Computer software ZWS	Capital work in progress ZWS	Total ZWS
2019			
<u>Cost or valuation</u>			
Balance at 1 January 2019	22 864 535	3 217 426	26 081 961
Effects of changes in functional currency	10 512 280	5 685 739	16 198 019
Additions	-	142 145	142 145
Exchange rate movement	-	9 029 806	9 029 806
Balance at 30 June 2019	33 376 815	18 075 116	51 451 931
<u>Accumulated amortisation</u>			
Balance at 1 January 2019	15 856 348	-	15 856 348
Recognised in statement of profit or loss	2 385 722	-	2 385 722
Balance at 30 June 2019	18 242 070	-	18 242 070
Carrying value at 30 June 2019	15 134 745	18 075 116	33 209 861
2018			
<u>Cost or valuation</u>			
Balance at 1 January 2018	19 820 540	214 377	20 034 917
Additions	34 046	3 003 049	3 037 095
Surplus on revaluation	3 009 949	-	3 009 949
Balance at 31 December 2018	22 864 535	3 217 426	26 081 961
<u>Accumulated amortisation</u>			
Balance at 1 January 2018	13 937 482	-	13 937 482
Recognised in statement of profit or loss	1 918 867	-	1 918 867
Balance at 31 December 2018	15 856 349	-	15 856 349
Carrying value at 31 December 2018	7 008 186	3 217 426	10 225 612

10. PROPERTY AND EQUIPMENT

	Leasehold improvements ZWS	Equipment, furniture & fittings ZWS	Computer equipment ZWS	Motor vehicles ZWS	Capital work in progress ZWS	Total ZWS
2019						
<u>Cost or valuation</u>						
Balance at 1 January 2019	6 929 136	4 466 670	12 118 558	5 773 989	573 067	29 861 420
Effects of changes in functional currency	4 244 164	2 782 222	8 200 643	3 952 860	-	19 179 889
Additions	-	126 210	169 162	371 280	-	666 652
Balance at 30 June 2019	11 173 300	7 375 102	20 488 363	10 098 129	573 067	49 707 961
<u>Accumulated depreciation</u>						
Balance at 1 January 2019	4 099 696	2 611 850	6 651 463	3 138 744	-	16 501 753
Charge to statement of profit or loss	505 926	369 314	2 071 955	815 806	-	3 763 001
Balance at 30 June 2019	4 605 622	2 981 164	8 723 418	3 954 550	-	20 264 754
Net book value at 30 June 2019	6 567 678	4 393 938	11 764 945	6 143 579	573 067	29 443 207

	Leasehold improvements ZWS	Equipment, furniture & fittings ZWS	Computer equipment ZWS	Motor vehicles ZWS	Capital work in progress ZWS	Total ZWS
2018						
<u>Cost or valuation</u>						
Balance at 1 January 2018	6 532 543	4 405 468	8 729 383	3 546 250	215 748	23 429 392
Additions	87 296	148 018	2 012 775	2 331 143	709 345	5 288 577
Gains on revaluation	48 269	100 902	1 675 469	38 201	-	1 862 841
Disposals	-	(272 792)	(304 993)	(141 606)	-	(719 391)
Transfer between categories	261 028	85 075	5 923	-	(352 026)	-
Balance at 31 December 2018	6 929 136	4 466 671	12 118 557	5 773 988	573 067	29 861 419
<u>Accumulated depreciation</u>						
Balance at 1 January 2018	3 501 673	2 449 432	5 432 360	2 910 080	-	14 293 545
Charge to statement of profit or loss	598 023	371 597	1 489 484	356 111	-	2 815 215
Disposals	-	(209 179)	(270 381)	(127 445)	-	(607 005)
Balance at 31 December 2018	4 099 696	2 611 850	6 651 463	3 138 746	-	16 501 755
Net book value at 31 December 2018	2 829 440	1 854 821	5 467 094	2 635 242	573 067	13 359 664

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
11. DEPOSITS FROM CUSTOMERS		
Current accounts	117 031 019	83 328 068
Savings and call accounts	294 921 990	210 791 058
Term deposits	115 970 023	116 420 921
Bank deposits	7 988 173	14 782 338
	535 911 205	425 322 385
<u>Maturity analysis of deposits</u>		
On demand	411 952 047	294 118 264
Within 1 month	83 604 848	63 311 141
Between 1 and 6 months	40 289 666	63 714 517
Between 6 and 12 months	39 275	4 148 634
After 12 months	25 369	29 829
	535 911 205	425 322 385

	30 Jun 2019 ZWS	% Contribution	31 Dec 2018 ZWS	% Contribution
Sectoral analysis of deposits				
Private	51 444 175	10%	56 688 760	13%
Agriculture	37 281 945	7%	28 778 814	7%
Mining	8 803 393	2%	2 293 046	1%
Manufacturing	34 662 873	6%	43 876 924	10%
Distribution	21 217 450	4%	8 147 575	2%
Construction	5 348 589	1%	4 758 353	1%
Transport	5 058 758	1%	3 943 394	1%
Services	231 046 766	43%	151 673 986	36%
Financial	83 354 648	15%	69 169 409	16%
Communication	57 692 608	11%	55 992 124	13%
	535 911 205	100%	425 322 385	100%

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
12. OFFSHORE BORROWINGS		
Balance at beginning of year	5 947 347	-
Effect of changes in functional currency	8 921 020	-
New loans	-	5 947 347
Exchange rate movement	32 085 936	-
Balance at end of period	46 954 303	5 947 347
13. TRADE AND OTHER PAYABLES		
Interest accrued on deposits	3 490 140	864 889
Items in transit	12 834 657	3 910 715
Accruals and sundries	47 562 007	23 639 612
Expected credit loss on loan commitments	746 333	746 333
Amounts clearing to other banks	5 875 295	1 028 634
	70 508 432	30 190 183
14. LEASE LIABILITIES		
Balance at beginning of the year	6 025 115	-
Additions during the year	-	9 239 290
Add accrued interest posted to statement of profit or loss	624 266	1 248 531
Less lease commitments paid during the year	(1 136 058)	(4 462 706)
Balance at end of the period	5 513 323	6 025 115
15. EQUITY AND RESERVES		
15.1 Share capital		
Authorised; 300 000 000 (2018: 300 000 000) ordinary shares of \$0.01 each	3 000 000	3 000 000
Issued and fully paid; 181 040 166 ordinary shares of \$0.01 each (2018: 181 040 166)	1 810 402	1 810 402
15.2 Capital adequacy		
Ordinary share capital	1 810 402	1 810 402
Share premium	32 958 032	32 958 032
Reserves	114 051 539	36 050 425
IFRS capital	148 819 973	70 818 859
Add / (less) Regulatory adjustment		
Fair value adjustment on capitalization treasury bills	3 493 360	3 895 961
Interest in reserve on non-performing loans	(2 010 296)	(2 322 793)
Loans to group entities and directors	(460 651)	(698 082)
Revaluation reserve	(4 190 026)	(4 190 026)
Effects of changes in functional currency	(56 185 546)	-
Tier 1 capital	89 466 814	67 503 919
Revaluation reserve	4 190 026	4 190 026
Effects of changes in functional currency	56 185 546	-
Tier 2 capital	60 375 572	4 190 026
Total capital base	149 842 386	71 693 943
Credit risk weighted assets	359 214 913	180 654 608
Operational risk equivalent assets	109 255 126	82 859 432
Market risk equivalent assets	23 890 219	16 292 576
Total risk weighted assets	492 360 258	279 806 616
Tier 1 capital ratio	18.21%	24.12%
Tier 2 capital ratio	12.28%	1.50%
Capital adequacy ratio	30.49%	25.62%

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	30 Jun 2019 ZWS	30 Jun 2018 ZWS
16. NET INTEREST AND RELATED INCOME		
16.1 Interest and related income		
Interest and related income comprises interest on:		
-Advances	7 193 885	2 368 107
-Overdrafts	567 195	350 599
-Establishment fees	1 635 467	718 572
-Placements with other banks	59 547	727 090
-Treasury bills	7 792 936	7 717 863
-Other interest receivable categories	1 067 641	465 505
Total interest and related income	18 316 671	12 347 736
16.2 Interest and related expenses		
Interest and related expenses comprise interest on:		
Customer deposits	3 710 623	2 757 031
Placements from other banks	224 657	284 313
Other interest expense categories	1 783 437	23 573
Total interest and related expenses	5 718 717	3 064 917
Net interest and related income	12 597 954	9 282 819
17. OTHER INCOME		
Exchange income	20 293 907	420 232
Dividends from other investments	572 058	441 865
Rentals and recoveries	981 628	717 185
Profit on sale of equipment	-	142
Bad debts recovered	46 484	-
Sundry	152 155	79 063
	22 046 232	1 658 487
18. FAIR VALUE ADJUSTMENTS		
<i>Arising from fair value through profit or loss instruments</i>		
Investment securities	815 098	(12 889)
Investment in subsidiary company	98 021	113 681
	913 119	100 792
19. OPERATING EXPENSES		
Staff expenses	11 037 934	8 353 441
Communication expenses	1 389 586	549 676
Computer and information technology	4 106 315	2 068 069
Occupation expenses	825 821	1 881 324
Transport expenses	269 173	179 917
Travelling expenses	273 451	143 672
Administration expenses	15 255 737	8 665 741
	33 158 017	21 841 840
Included in administration expenses are the following:		
Depreciation charges on property and equipment	3 763 001	2 815 215
Amortisation of intangible assets	2 385 722	1 918 867
Auditors' remuneration	305 198	139 215
-for current year audit	-	-
-for half year review	4 240	52 127
-for prior year	300 958	87 088
20. INCOME TAX EXPENSE		
Current income tax expense	1 609 826	575 323
Deferred taxation charge / (credit)	(3 381 419)	(140 787)
	(1 771 593)	434 536
21. CONTINGENT LIABILITIES AND COMMITMENTS		
To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit, balances held in trust and other commitments to lend. Even though these obligations may not be recognized on the statement of financial position, they contain credit risk and therefore, form part of the overall risk of the Bank. Letters of credit (including standby letters of credit) and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry similar credit risk to loans.		
The nominal values of such commitments are listed below:		

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
In respect of treasury bills held in trust on behalf of customers	-	38 595
In respect of guarantees	75 739 127	16 038 026
In respect of undrawn commitments	22 956 859	21 139 720
In respect of letters of credit	20 121 067	-
	118 817 053	27 216 341

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

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

22. RISK MANAGEMENT

22.1 Fair values and risk management – accounting classification and fair values

30 June 2019	CARRYING AMOUNT					FAIR VALUE			
	Designated at fair value	Designated at AMCO	FVTOCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Financial assets measured at fair value									
Equity securities	12 182 632	-	-	-	12 182 632	11 084 130	-	1 098 502	12 182 632
Treasury bills	22 961 842	-	154 871 365	-	177 833 207	-	22 961 842	154 871 365	177 833 207
Total	35 144 474	-	154 871 365	-	190 015 839	11 084 130	22 961 842	155 969 867	190 015 839
Financial assets not measured at fair value									
Cash and cash equivalents	-	206 153 654	-	-	206 153 654	-	-	-	206 153 654
Money market investments	5 000 000	-	-	-	5 000 000	-	-	-	5 000 000
Treasury Bills	-	41 839 224	-	-	41 839 224	-	-	-	41 839 224
Advances and other accounts	-	199 482 048	-	-	199 482 048	-	-	-	199 482 048
Trade and other receivables	-	19 911 823	-	-	19 911 823	-	-	-	19 911 823
Investment securities	-	23 886 781	-	-	23 886 781	-	-	-	23 886 781
Amounts clearing from other banks	-	1 035 789	-	-	1 035 789	-	-	-	1 035 789
Total	5 000 000	492 309 319	-	-	492 309 319	-	-	-	492 309 319
Financial liabilities									
Deposits and other accounts	-	(535 911 205)	-	-	(535 911 205)	-	-	-	(535 911 205)
Offshore borrowings	-	-	-	(46 954 303)	(46 954 303)	-	-	-	(46 954 303)
Trade and other payables	-	-	-	(16 324 797)	(16 324 797)	-	-	-	(16 324 797)
Amounts clearing to other banks	-	(5 875 295)	-	-	(5 875 295)	-	-	-	(5 875 295)
Total	-	(541 786 500)	-	-	(63 279 100)	(605 065 600)	-	-	(605 065 600)

31 December 2018	CARRYING AMOUNT					FAIR VALUE			
	Designated at fair value	Designated at AMCO	FVTOCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS	ZWS
Financial assets measured at fair value									
Equity securities	6 213 670	-	-	-	6 213 670	5 120 778	-	1 092 892	6 213 670
Treasury bills	22 747 733	-	134 768 528	-	157 516 261	-	22 747 733	134 768 528	157 516 261
Total	28 961 403	-	134 768 528	-	163 729 931	5 120 778	22 747 733	135 861 420	163 729 931
Financial assets not measured at fair value									
Cash and cash equivalents	-	124 760 277	-	-	124 760 277	-	-	-	124 760 277
Money market investments	10 000 000	-	-	-	10 000 000	-	-	-	10 000 000
Treasury Bills	-	36 831 090	-	-	36 831 090	-	-	-	36 831 090
Advances and other accounts	-	113 597 018	-	-	113 597 018	-	-	-	113 597 018
Trade and other receivables	-	16 385 005	-	-	16 385 005	-	-	-	16 385 005
Investment securities	-	19 287 147	-	-	19 287 147	-	-	-	19 287 147
Amounts clearing from other banks	-	1 097 855	-	-	1 097 855	-	-	-	1 097 855
Total	10 000 000	311 958 392	-	-	321 958 392	-	-	-	321 958 392
Financial liabilities									
Deposits and other accounts	-	(425 322 385)	-	-	(425 322 385)	-	-	-	(425 322 385)
Offshore borrowings	-	-	-	(5 947 347)	(5 947 347)	-	-	-	(5 947 347)
Trade and other payables	-	-	-	(4 775 604)	(4 775 604)	-	-	-	(4 775 604)
Amounts clearing to other banks	-	(1 028 634)	-	-	(1 028 634)	-	-	-	(1 028 634)
Total	-	(426 351 019)	-	-	(426 351 019)	-	-	-	(426 351 019)

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS

22.2 Interest rate gap analysis

As at 30 June 2019

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS
ASSETS					
Cash and short term funds	42 691 303	-	-	-	42 691 303
Money market investments	5 000 000	-	-	-	5 000 000
Treasury bills	3 053 333	36 597 934	58 598 031	121 423 134	219 672 432
Advances and other accounts	153 496 301	-	-	45 985 747	199 482 048
Investment securities	-	-	-	36 069 413	36 069 413
	204 240 937	36 597 934	58 598 031	203 478 294	502 915 196
LIABILITIES					
Deposits and other accounts	495 556 894	40 290 629	38 313	25 369	535 911 205
Offshore borrowings	-	-	-	46 954 303	46 954 303
	495 556 894	40 290 629	38 313	46 979 672	582 865 508
Period gap	(291 315 957)	(3 692 695)	58 559 718	156 498 622	(79 950 312)
Cumulative gap	(291 315 957)	(295 008 652)	(236 448 934)	(79 950 312)	-

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS

22.2 Interest rate gap analysis

As at 31 December 2018

	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZWS	ZWS	ZWS	ZWS	ZWS
ASSETS					
Cash and short term funds	2 616 309	-	25 000 000	-	27 616 309
Money market investments	10 000 000	-	-	-	10 000 000
Treasury bills	2 000 000	45 842 504	40 952 009	105 552 838	194 347 351
Advances and other accounts	107 649 671	18 157 260	-	5 947 347	113 597 018
Investment securities	-	-	-	25 500 817	25 500 817
	122 265 980	45 842 504	65 952 009	137 001 002	371 061 495
LIABILITIES					
Deposits and other accounts	357 429 405	63 714 517	4 148 634	29 829	425 322 386
Offshore borrowings	-	-	-	5 947 347	5 947 347
	357 429 405	63 714 517	4 148 634	5 977 176	431 269 733
Period gap	(235 163 425)	(17 872 013)	61 803 374	131 023 826	(60 208 238)
Cumulative gap	(235 163 425)	(253 035 438)	(191 232 063)	(60 208 238)	-

22.3 Liquidity risk

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

	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

As at 30 June 2019

	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	149 021 224	34 960 101	22 172 328	-	206 153 654	206 153 654
Money market investments	5 023 111	-	-	-	5 023 111	5 000 000
Treasury bills	3 065 346	37 150 748	60 551 709	143 472 288	244 240 090	219 672 432
Advances and other accounts	19 499 416	18 157 260	20 508 535	147 515 585	205 680 796	199 482 048
Investment securities	-	-	-	36 069 413	36 069 413	36 069 413
	176 609 097	90 268 109	103 232 572	327 057 286	697 167 064	666 377 547
FINANCIAL LIABILITIES BY TYPE						
Deposits from other accounts	496 345 996	62 733 085	4 129 545	25 458	563 234 084	535 911 205
Offshore borrowings	-	-	-	48 377 490	48 377 490	46 954 303
Trade and other payables	9 603 776	7 428 739	83 724	40 396 824	57 513 063	70 508 432
	505 949 772	70 161 824	4 213 269	88 799 772	669 124 637	653 373 940
Period gap	(329 340 675)	20 106 285	99 019 303	238 257 514	28 042 427	13 003 607
Cumulative gap	(329 340 675)	(309 234 390)	(210 215 087)	28 042 427	-	-

	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

As at 31 December 2018

	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	42 932 656	37 245 809	45 184 963	-	125 363 428	124 760 277
Money market investments	10 005 000	-				



ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		30 Jun 2019 ZWS	31 Dec 2018 ZWS
ASSETS			
Cash and cash equivalents	1	7 103 737	18 071 482
Money market investments	2	9 309 850	-
Advances and other accounts	3	12 756 391	10 144 819
Inventories, trade and other receivables	4	1 298 159	797 829
Investment securities	5	119 465	120 742
Right of use assets	6	77 450	92 940
Investment properties	7	18 871 250	7 548 500
Investment in subsidiaries	8	11 617 089	5 527 766
Property and equipment	9	2 576 374	1 058 661
TOTAL ASSETS		63 729 765	43 362 739
LIABILITIES			
Deposits from customers	10	20 944 904	20 835 445
Trade and other payables	11	4 470 815	3 156 749
Lease liabilities	12	76 835	93 037
Deferred tax liabilities	13	1 042 906	417 925
Total liabilities		26 535 460	24 503 156
EQUITY			
Share capital	14	954 814	954 814
Share premium		8 896 953	8 896 953
Reserves		27 342 538	9 007 816
Total equity		37 194 305	18 859 583
Total equity and liabilities		63 729 765	43 362 739

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2019

		30 Jun 2019 ZWS	30 Jun 2018 ZWS
Interest and related income	15	1 380 688	671 746
Interest and related expense	16	(174 531)	(174 590)
Net interest income		1 206 157	497 156
Reduction in impairment charges	17	183 370	199 578
Net income from lending activities		1 389 527	696 734
Trading and other income	18	2 798 451	1 623 541
Fair value adjustment	19	147 326	71 067
Total income		4 335 304	2 391 342
Operating expenses	20	(3 887 067)	(2 625 679)
Profit/(loss) before taxation		448 237	(234 337)
Income tax expense	21	1 906	105
Profit/(loss) for the period		450 143	(234 232)
Earnings per share			
Basic and fully diluted earnings per share (cents)		0.47	(0.25)

STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2019

	Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	Revaluation reserve ZWS	Retained income ZWS	Total ZWS
Balance at 1 January 2019	954 814	8 896 953	-	222 949	8 784 867	18 859 583
Profit or loss						
Profit for the period	-	-	-	-	450 143	450 143
Transactions with owners of the Society						
Dividends paid	-	-	-	-	(127 950)	(127 950)
Other movements						
Change in functional currency	-	-	18 012 529	-	-	18 012 529
Balance at 30 June 2019	954 814	8 896 953	18 012 529	222 949	9 107 060	37 194 305
For the half year ended 30 June 2018						
Balance at 31 December 2017	954 814	8 896 953	-	22 275	7 749 119	17 623 161
Change on initial application of IFRS 9	-	-	-	-	(34 310)	(34 310)
Change on initial application of IFRS 16	-	-	-	-	(1 522)	(1 522)
Restated balance at 1 January 2018	954 814	8 896 953	-	22 275	7 713 287	17 587 329
Profit or loss						
Loss for the period	-	-	-	-	(234 232)	(234 232)
Transactions with owners of the Society						
Dividends paid	-	-	-	-	(187 250)	(187 250)
Balance at 30 June 2018	954 814	8 896 953	-	22 275	7 291 805	17 165 847

STATEMENT OF CASH FLOWS

For the half year ended 30 June 2019

	30 Jun 2019 ZWS	30 Jun 2018 ZWS
Cash used in operating activities	(12 053 536)	(863 370)
Interest received	1 380 688	671 746
Interest paid	(174 531)	(174 590)
Interest expense on operating lease liability	(4 229)	-
Net cash used in operating activities	(10 851 608)	(366 214)
Cash flows from investing activities		
Purchase of property and equipment	(30 700)	(13 394)
Dividends received	62 944	56 231
Net cash generated from investing activities	32 244	42 837
Cash flows from financing activities		
Lease liability payment	(20 431)	-
Dividend paid	(127 950)	(187 250)
Net cash used in financing activities	(148 381)	(187 250)
Net decrease in cash and cash equivalents	(10 967 745)	(510 627)
Cash and cash equivalents at the beginning of period	18 071 482	2 819 671
Cash and cash equivalents at end of period	7 103 737	2 309 044
Cash and cash equivalents comprise:		
Cash on hand	369 585	120 095
Local bank accounts	3 871 563	2 188 949
Balances with RBZ	2 862 589	-
	7 103 737	2 309 044

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the half year ended 30 June 2019

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
1 CASH AND CASH EQUIVALENTS		
Cash on hand	369 585	189 424
Local bank accounts	3 871 563	607 076
Balances with RBZ	2 862 589	17 274 982
	7 103 737	18 071 482
2 MONEY MARKET INVESTMENTS		
Held at amortised cost:		
Fixed deposits	9 309 850	-

Fixed deposits are investments in money market instruments on an unsecured basis. Fixed deposits on average run for 30 days on an average interest rate of 5% per annum (2018: 2%).

These money market placements 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.

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
3 ADVANCES AND OTHER ACCOUNTS		
3.1 Categories of loans and advances at amortised cost		
Mortgages loans		
Residential properties	3 981 024	4 399 195
Commercial properties	84 610	85 638
	4 065 634	4 484 833
Other loans and advances		
Loans and overdrafts	9 797 393	6 949 992
Gross loans and advances	13 863 027	11 434 825
Less: Allowance for loan impairment	(1 106 636)	(1 290 006)
Net advances	12 756 391	10 144 819
3.2 Maturity analysis		
Within 1 month	859 362	1 464 175
Between 2 – 6 months	328 581	351 196
Between 7 – 12 months	735 191	911 462
After 12 months	11 939 893	8 707 992
	13 863 027	11 434 825
3.3 Loans and advances to customers by business line		
Mortgage lending	4 065 635	4 484 833
Consumer lending	9 608 499	6 763 348
Small business lending	188 893	186 644
	13 863 027	11 434 825
3.4 Mortgages loans		
Mortgage advances were spread as follows:		
Type of property:		
High density residential	209 610	340 672
Medium density residential	1 312 452	1 448 667
Low density residential	2 458 962	2 609 856
Commercial	84 610	85 638
	4 065 634	4 484 833
3.5 Non-performing debt		
Non-performing loans and advances	486 545	741 353
Less: Allowance for loan impairment	(245 816)	(247 031)
Value to be received from security held	240 729	494 322

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 ZW\$518 348 as at 30 June 2019 (2018: ZW\$634 567).



REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



	30 Jun 2019 ZW\$	Percentage contribution	31 Dec 2018 ZW\$	Percentage contribution
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3.7 Sectoral analysis of advances

Private	13 674 134	99%	11 248 179	98%
Manufacturing	-	0%	12 056	0%
Services	188 893	1%	174 588	2%
Total	13 863 027	100%	11 434 823	100%

3.9 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.

	Stage 1 ZW\$	Stage 2 ZW\$	Stage 3 ZW\$	Total ZW\$	2018 Total ZW\$
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Total loans and advances

Good (AAA to BBB-)	12 386 290	379 043	11 517	12 776 850	10 346 531
Special mention (BB+ to CCC-)	384 544	152 879	14 940	552 363	428 845
Non-performing (CC+ to D)	-	-	533 814	533 814	659 449
Total	12 770 834	531 922	560 271	13 863 027	11 434 825

Mortgage lending

Good (AAA to BBB-)	3 196 665	329 783	4 699	3 531 147	3 722 318
Special mention (BB+ to CCC-)	186 491	143 352	-	329 843	417 209
Non-performing (CC+ to D)	-	-	204 645	204 645	345 306
Total	3 383 156	473 135	209 344	4 065 635	4 484 833

Consumer lending

Good (AAA to BBB-)	9 095 636	48 927	6 818	9 151 381	6 519 218
Special mention (BB+ to CCC-)	198 041	9 282	10 792	218 115	11 636
Non-performing (CC+ to D)	-	-	239 003	239 003	232 494
Total	9 293 677	58 209	256 613	9 608 499	6 763 348

Small business lending

Good (AAA to BBB-)	93 988	333	-	94 321	104 995
Special mention (BB+ to CCC-)	13	245	4 148	4 406	-
Non-performing (CC+ to D)	-	-	90 166	90 166	81 649
Total	94 001	578	94 314	188 893	186 644

An analysis of changes in ECL in relation to advances and other accounts are as follows:

	Stage 1 ZW\$	Stage 2 ZW\$	Stage 3 ZW\$	Total ZW\$	2018 Total ZW\$
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Total ECL for loans and advances

Good (AAA to BBB-)	768 910	115 717	1 777	886 404	1 025 640
Special mention (BB+ to CCC-)	20 508	39 649	1 982	62 139	81 155
Non-performing (CC+ to D)	-	-	158 093	158 093	183 211
Total	789 418	155 366	161 852	1 106 636	1 290 006

Mortgage lending

Good (AAA to BBB-)	213 631	109 197	1 749	324 577	571 593
Special mention (BB+ to CCC-)	9 431	39 592	-	49 023	69 066
Non-performing (CC+ to D)	-	-	79 582	79 582	123 902
Total	223 062	148 789	81 331	453 182	764 561

Consumer lending

Good (AAA to BBB-)	548 329	6 476	28	554 833	451 612
Special mention (BB+ to CCC-)	11 075	24	611	11 710	12 089
Non-performing (CC+ to D)	-	-	34 760	34 760	25 759
Total	559 404	6 500	35 399	601 303	489 460

Small business lending

Good (AAA to BBB-)	6 950	44	-	6 994	2 435
Special mention (BB+ to CCC-)	2	33	1 371	1 406	-
Non-performing (CC+ to D)	-	-	43 751	43 751	33 550
Total	6 952	77	45 122	52 151	35 985

4. INVENTORIES, TRADE AND OTHER RECEIVABLES

	30 Jun 2019 ZW\$	31 Dec 2018 ZW\$
Interest receivable	1 322	1 654
Sundry debtors and other accounts	378 273	524 416
Inventory	675 000	270 000
Intercompany balances	6 450	1 759
Prepayments	237 114	-
Total	1 298 159	797 829

5. INVESTMENT SECURITIES

5.1 Carrying amount of investment securities

Assets designated "at FVTPL"		
Unlisted equity	119 465	120 742

5.2 Movements in investment securities

Balance at the beginning of period	120 742	95 897
Fair value adjustments	(1 277)	24 845
Balance at end of period	119 465	120 742

5.3 Measurement of fair value

The fair value of the investment securities has been categorized into Level 3 of the fair value hierarchy.

6. RIGHT OF USE ASSETS

Balance at beginning of period	92 940	-
Initial adoption of IFRS 16	-	123 920
Depreciation charge	(15 490)	(30 980)
Balance at end of period	77 450	92 940

7. INVESTMENT PROPERTIES

7.1 Carrying amount of investment properties

Assets designated "at FVTPL"		
Fair value at beginning of period	7 548 500	6 531 500
Effect of change in functional currency	11 322 750	-
Fair value gain	-	1 017 000
Fair value at end of period	18 871 250	7 548 500

7.2 Measurement of fair value

The fair value of investment properties of ZW\$18 871 250 has been categorised under level 3 of 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.

	30 Jun 2019 ZW\$	31 Dec 2018 ZW\$
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8. INVESTMENT IN SUBSIDIARIES

8.1 Carrying amount of investment in subsidiaries

Assets designated "at FVTPL"		
Fair value at beginning of period	5 527 766	5 346 772
Effect of change in functional currency	5 940 720	-
Fair value gain	148 603	180 994
Fair value at end of period	11 617 089	5 527 766

8.2 Measurement of fair value

The fair value of investment properties of ZW\$11 617 089 has been categorised under level 3 of 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 ZW\$	Leasehold improvements ZW\$	Motor vehicles ZW\$	Office furniture & equipment ZW\$	Computer equipment ZW\$	Total ZW\$
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2019

Cost/valuation

Balance at 1 January 2019	838 610	210 190	223 219	500 225	297 277	2 069 521
Additions	-	-	-	-	30 700	30 700
Effects of changes in functional currency	1 215 000	16 304	105 256	213 722	37 992	1 588 274
Balance at 30 June 2019	2 053 610	226 494	328 475	713 947	365 969	3 688 495

Accumulated depreciation and impairment charges

Balance at 1 January 2019	28 610	199 320	179 852	347 735	255 343	1 010 860
Charge to statement of profit or loss	38 119	1 963	16 263	27 689	17 227	101 261
Balance at 30 June 2019	66 729	201 283	196 115	375 424	272 570	1 112 121

Carrying amount 30 June 2019

	1 986 881	25 211	132 360	338 523	93 399	2 576 374
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2018

Cost/valuation

Balance at 1 January 2018	723 681	196 796	185 198	461 583	309 712	1 876 970
Additions	-	13 394	-	163	11 627	25 184
Revaluation gain	114 929	-	38 021	54 101	-	207 051
Disposals	-	-	-	(15 622)	(24 062)	(39 684)
Balance at 31 December 2018	838 610	210 190	223 219	500 225	297 277	2 069 521

Accumulated depreciation and impairment charges

Balance at 1 January 2018	23 681	128 765	179 852	314 629	262 517	909 444
Charge for the year	4 929	18 685	-	45 514	4 566	73 694
Impairment loss	-	51 870	-	-	9 916	61 786
Disposals	-	-	-	(12 408)	(21 656)	(34 064)
Balance at 31 December 2018	28 610	199 320	179 852	347 735	255 343	1 010 860

Carrying amount

31 December 2018	810 000	10 870	43 367	152 490	41 934	1 058 661
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	30 Jun 2019 ZW\$	31 Dec 2018 ZW\$
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10. DEPOSITS FROM CUSTOMERS

10.1 Deposit by type

Savings accounts	15 136 646	15 380 990
Fixed deposits	5 808 258	5 454 455
Term deposits	-	-
Total	20 944 904	20 835 445

10.2 Maturity analysis

On demand	12 115 409	12 107 705
Within 1 month	3 189 809	3 189 809
1 month to 6 months	48 073	21 843
6 months to 12 months	167 451	81 126
More than 1 year	5 424 162	5 434 962
Total	20 944 904	20 835 445

	30 Jun 2019 ZW\$	% Contribution	31 Dec 2018 ZW\$	% Contribution
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10.3 Sectoral analysis

Private individuals	13 352 864	64%	13 635 501	65%
Financial institutions	183 017	1%	183 017	1%
Communication	105 121	1%	94 307	0%
Manufacturing	34 512	0%	165 661	1%
Distribution	2 561 314	12%	3 006 661	15%
Construction	51 241	0%	24 250	0%
Agriculture	1 415 121	7%	1 213 153	6%
Services	3 241 714	15%	2 512 895	12%
Total	20 944 904	100%	20 835 445	100%



REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



	30 Jun 2019 ZWS	31 Dec 2018 ZWS
11. TRADE AND OTHER PAYABLES		
Creditors and other accounts	1 379 597	2 395 693
Deferred income	362 321	306 201
Intercompany balances	2 728 897	454 855
	<u>4 470 815</u>	<u>3 156 749</u>
12. LEASE LIABILITIES		
Balance at beginning of period	93 037	-
Initial adoption of IFRS 16	-	125 441
Interest expense	4 229	8 458
Lease payments	(20 431)	(40 862)
Balance at end of period	<u>76 835</u>	<u>93 037</u>
13. DEFERRED TAX LIABILITIES		
Deferred tax movement		
Balance at the beginning of period	417 925	361 575
(Credit)/charge to the statement of profit or loss	(1 906)	45 997
From revaluation of property	-	10 353
From change in reporting currency adjustments	626 887	-
	<u>1 042 906</u>	<u>417 925</u>
Deferred tax comprises:		
Property and equipment	99 343	40 500
Investment property	943 563	377 425
	<u>1 042 906</u>	<u>417 925</u>
14. EQUITY AND RESERVES		
14.1 Share capital		
Authorised; 100 000 000 ordinary shares of \$0.01 each	1 000 000	1 000 000
Issued and fully paid; 95 481 425 ordinary shares of \$0.01 each	954 814	954 814
Share premium	8 896 953	8 896 953
14.2 Capital adequacy ratio		
Share capital	954 814	954 814
Share premium	8 896 953	8 896 953
Retained income	9 107 060	8 784 867
Tier 1 Capital	<u>18 958 827</u>	<u>18 636 634</u>
Revaluation reserves	222 949	222 949
Functional currency translation reserve	18 012 530	-
Tier 2 Capital	<u>18 235 479</u>	<u>222 949</u>
Total capital base	<u>37 194 305</u>	<u>18 859 583</u>
Credit risk weighted assets	47 545 316	22 169 330
Operational risk equivalent assets	7 128 524	8 613 875
Total risk weighted assets	<u>54 673 840</u>	<u>30 783 205</u>
Tier 1 ratio	34.7%	60.5%
Tier 2 ratio	33.3%	0.7%
Capital adequacy ratio	<u>68.0%</u>	<u>61.3%</u>
	30 Jun 2019 ZWS	30 Jun 2018 ZWS
15. INTEREST AND RELATED INCOME		
Mortgage advances	192 999	225 244
Consumer loans	619 880	329 305
Short term funds and placements	567 809	117 197
	<u>1 380 688</u>	<u>671 746</u>
16. INTEREST AND RELATED EXPENSE		
Fixed deposits	137 177	138 103
Savings accounts	37 354	36 487
	<u>174 531</u>	<u>174 590</u>
Net interest income	1 206 157	497 156
17. LOAN IMPAIRMENT MOVEMENT		
Balance at beginning of the period	1 290 006	622 266
Opening IFRS 9 adjustment	-	259 688
Credit to statement of profit or loss	(183 370)	(199 578)
Balance at end of period	<u>1 106 636</u>	<u>682 376</u>
18. TRADING AND OTHER INCOME		
Commissions and fees	2 158 925	1 364 270
Operating lease rental income	193 280	142 267
Dividend income	62 944	56 231
Other	383 302	60 772
	<u>2 798 451</u>	<u>1 623 540</u>
19. FAIR VALUE ADJUSTMENT		
Arising from fair value through profit or loss instruments:		
Investment securities	(1 277)	38 105
Investment in subsidiaries	148 603	32 962
	<u>147 326</u>	<u>71 067</u>
20. OPERATING EXPENSES		
Operating expenses comprise the following expenses:		
Staff cost	746 106	481 220
Communication expenses	14 966	7 278
Computer and information technology	571 300	315 557
Occupation expenses	96 693	99 312
Transport costs	13 211	7 134
Security	57 568	46 910
Administration expenses	2 387 223	1 668 268
	<u>3 887 067</u>	<u>2 625 679</u>
Included in administration expenses are the following:		
Audit's remuneration	91 501	49 728
- for half year review	1 833	-
- for prior year	89 668	49 728
Directors fees	22 704	17 692
Depreciation of property and equipment	101 260	35 538

	30 Jun 2019 ZWS	30 Jun 2018 ZWS						
21. INCOME TAX EXPENSE								
Tax expense comprises:								
Deferred tax credit	1 906	105						
	<u>1 906</u>	<u>105</u>						
22. RISK MANAGEMENT								
22.1 Financial assets and financial liabilities classification and fair value								
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.								
	CARRYING AMOUNT			FAIR VALUE				
	Designated at fair value ZWS	Amortised cost ZWS	Financial liabilities ZWS	Total ZWS	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Total ZWS
As at 30 June 2019								
" Financial assets measured at fair value"								
Investment securities	119 465	-	-	119 465	-	-	119 465	119 465
" Financial assets not measured at fair value"								
Trade and other receivables	-	623 159	-	623 159	-	-	-	623 159
Loans and advances	-	12 756 391	-	12 756 391	-	-	-	12 756 391
Money market investments	-	9 309 850	-	9 309 850	-	-	-	9 309 850
Cash and cash equivalents	-	7 103 737	-	7 103 737	-	-	-	7 103 737
	-	29 793 137	-	29 793 137	-	-	-	29 793 137
" Financial liabilities not measured at fair value"								
Deposits from customers	-	-	(20 944 904)	(20 944 904)	-	-	-	(20 944 904)
Trade and other payables	-	-	(4 470 815)	(4 470 815)	-	-	-	(4 470 815)
	-	-	(25 415 719)	(25 415 719)	-	-	-	(25 415 719)
As at 31 December 2018								
" Financial assets measured at fair value"								
Investment securities	120 742	-	-	120 742	-	-	120 742	120 742
" Financial assets not measured at fair value"								
Trade and other receivables	-	527 829	-	527 829	-	-	-	527 829
Loans and advances	-	10 144 819	-	10 144 819	-	-	-	10 144 819
Cash and cash equivalents	-	18 071 482	-	18 071 482	-	-	-	18 071 482
	-	28 744 130	-	28 744 130	-	-	-	28 744 130
" Financial liabilities not measured at fair value"								
Deposits from customers	-	-	(20 835 445)	(20 835 445)	-	-	-	(20 835 445)
Trade and other payables	-	-	(3 156 749)	(3 156 749)	-	-	-	(3 156 749)
	-	-	(23 992 194)	(23 992 194)	-	-	-	(23 992 194)
22.2 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 2019								
Financial assets by type								
Cash and cash equivalents	7 103 737	-	-	-	7 103 737	7 103 737		
Money market investments	9 332 350	-	-	-	9 332 350	9 309 850		
Advances and other accounts	859 360	328 581	735 191	23 953 898	25 877 030	12 756 391		
Investment securities	-	-	-	119 465	119 465	119 465		
	<u>17 295 447</u>	<u>328 581</u>	<u>735 191</u>	<u>24 073 363</u>	<u>42 432 582</u>	<u>29 289 443</u>		
Financial liabilities by type								
Deposits from customers	15 305 218	48 073	167 451	6 465 374	21 986 116	20 944 904		
Trade and other payables	-	4 470 815	-	-	4 470 815	4 470 815		
	<u>15 305 218</u>	<u>4 518 888</u>	<u>167 451</u>	<u>6 465 374</u>	<u>26 456 931</u>	<u>25 415 719</u>		
Period gap	1 990 229	(4 190 307)	567 740	17 607 989	15 975 651	3 873 724		
Cumulative gap	1 990 229	(2 200 078)	(1 632 338)	15 975 651	-	-		
As at 31 December 2018								
Financial assets by type								
Cash and cash equivalents	18 071 482	-	-	-	18 071 482	18 071 482		
Advances and other accounts	1 464 173	351 196	911 462	20 721 997	23 448 828	10 144 819		
Investment securities	-	-	-	120 742	120 742	120 742		
	<u>19 535 655</u>	<u>351 196</u>	<u>911 462</u>	<u>20 842 739</u>	<u>41 641 052</u>	<u>28 337 043</u>		
Financial liability by type								
Deposits from customers	9 996 463	21 843	81 126	11 977 225	22 076 657	20 835 445		
Trade and other payables	-	3 156 748	-	-	3 156 748	3 156 748		
	<u>9 996 463</u>	<u>3 178 591</u>	<u>81 126</u>	<u>11 977 225</u>	<u>25 233 405</u>	<u>23 992 193</u>		
Period gap	9 543 192	(2 827 295)	830 336	8 865 514	16 407 647	4 344 850		
Cumulative gap	9 543 192	6 711 797	7 542 133	16 407 647	-	-		
22.3 Liquidity Ratios								
	30 Jun 2019 ZWS	31 Dec 2018 ZWS						
Total Liquid Assets	16 413 587	18 071 482						
Deposits from customers	20 944 904	20 835 445						
Liquidity ratio	78%	87%						
Average for the period	93%	77%						
Maximum for the period	112%	97%						
Minimum for the period	72%	49%						
Minimum statutory liquidity ratio	30%	30%						
22.4 Interest rate gap analysis								
	1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Carrying amount ZWS			
As at 30 June 2019								
Financial assets by type								
Cash and cash equivalents	5 903 974	-	-	-	5 903 974			
Money market investments	9 309 850	-	-	-	9 309 850			
Loans and advances	12 573 020	-	-	-	12 573 020			
	<u>27 786 844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27 786 844</u>			
Financial liabilities by type								
Deposits from customers	16 405 218	48 073	167 451	4 324 162	20 944 904			
Sensitivity gap	11 381 626	(48 073)	(167 451)	(4 324 162)	6 841 940			
Cumulative gap	11 381 626	11 333 553	11 166 102	6 841 940	-			
As at December 2018								
Financial assets by type								
Cash and cash equivalents	16 953 241	-	-	-	16 953 241			
Loans and advances	10 144 818	-	-	-	10 144 818			
	<u>27 098 059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27 098 059</u>			
Financial liability by type								
Deposits from customers	11 096 463	21 843	81 126	9 636 013	20 835 445			
Sensitivity gap	16 001 596	(21 843)	(81 126)	(9 636 013)	6 262 614			
Cumulative gap	16 001 596	15 979 753	15 898 627	6 262 614	-			



ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

Notes	30 Jun 2019 ZWS	31 Dec 2018 ZWS
ASSETS		
Cash and cash equivalents	301 055	13 113
Money market investments	824 641	2 762 436
Reinsurance claim receivable	10 000	5 000
Inventories, trade and other receivables	850 487	999 646
Investment securities	42 188 224	23 557 988
Investment properties	8 357 125	3 342 850
Right of use asset	526 186	631 423
Equity accounted investments	69 793 663	28 569 431
Intangible assets	1 930 247	736 468
Equipment	1 281 536	592 253
Total assets	126 063 164	61 210 606
LIABILITIES		
Life assurance funds	67 613 896	37 439 715
Operating lease liability	522 008	632 083
Deferred tax liability	3 403 214	986 149
Trade and other payables	4 156 589	2 659 051
Provisions	989 427	421 813
Reinsurance premium payable	67 744	96 443
Taxation	33 991	47 729
Total liabilities	76 786 868	42 282 980
EQUITY		
Share capital	231 908	231 908
Share premium	4 431 623	4 431 623
Investment reserve	9 217 528	9 217 528
Foreign currency translation reserve	29 155 989	-
Revaluation reserve	508 637	508 637
Retained earnings	5 730 611	4 537 927
Total equity	49 276 296	18 927 623
Total equity and liabilities	126 063 164	61 210 606

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2019

Notes	30 Jun 2019 ZWS	30 Jun 2018 ZWS
INCOME		
Gross premium income	7 389 882	6 351 755
Premiums ceded to reinsurers	(433 938)	(259 132)
Net premiums	6 955 944	6 092 623
Fair value gains on FVTPL financial instruments	8 940 251	(187 241)
Investment income	634 901	883 295
loss on disposal of listed equity investments	162 069	-
Other income	130 825	73 026
Total income	16 823 990	6 861 703
Expenses and policyholder benefits		
Policyholders' benefits	(2 590 369)	(2 916 167)
Changes to policyholder liabilities	(8 144 833)	(549 780)
Operating expenses	(4 755 446)	(2 185 595)
Commissions	(1 125 256)	(937 050)
Profit share under banc assurance agreements	(92 715)	-
Total expenses and policyholder benefits	(16 708 619)	(6 588 591)
Operating profit	115 371	273 112
Share of profit of equity accounted investee net of tax	1 898 293	-
Profit before taxation	2 013 664	273 112
Income tax expense	(426 979)	(88 510)
Profit for the year	1 586 685	184 602

STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2019

	Share capital ZWS	Share premium ZWS	Foreign Currency Translation Reserve ZWS	Revaluation reserve ZWS	Investment reserve ZWS	Retained earnings ZWS	Total Equity ZWS
Balance at 31 December 2017	231 908	4 431 623	-	347 375	9 020 442	2 648 835	16 680 183
Changes on early adoption of IFRS 16	-	-	-	-	-	(10 337)	(10 337)
Total comprehensive income for the year	-	-	-	-	-	184 602	184 602
Dividend paid	-	-	-	-	-	(244 000)	(244 000)
Balance at 30 June 2018	231 908	4 431 623	-	347 375	9 020 442	2 579 100	16 610 448
Balance at 31 December 2018	231 908	4 431 623	-	508 637	9 217 528	4 537 927	18 927 623
Effect of changes in functional currency	-	-	29 155 989	-	-	-	29 155 989
Total comprehensive income for the period	-	-	-	-	-	1 586 685	1 586 685
Dividend paid	-	-	-	-	-	(394 000)	(394 000)
Balance at 30 June 2019	231 908	4 431 623	29 155 989	508 637	9 217 528	5 730 612	49 276 297

STATEMENT OF CASH FLOWS

For the half year ended 30 June 2019

	30 Jun 2019 ZWS	30 Jun 2018 ZWS
Cash flows from operating activities		
Cash generated from operating activities	679 574	975 963
Interest received	279 426	330 241
Dividends received	223 078	445 338
Taxation paid	(88 155)	(104 168)
Dividends paid	(394 000)	(244 000)
Interest expense on operating lease	(28 731)	-
Net cash generated from operating activities	671 192	1 403 374
Cash flows from investing activities		
Purchase of property and equipment	(45 705)	(130 660)
Purchase of intangible assets	(89 077)	(229 261)
Purchase of financial assets at amortised cost	(1 701)	(904 486)
Proceeds from maturity of financial assets at amortised cost	1 041 159	-
Purchase of equity investments	(3 401 174)	(794 191)
Proceeds from funds on deposit	1 937 795	955 119
Proceeds on disposal of listed equity investments	314 260	-
Cash used in investing activities	(244 443)	(1 103 479)
Cash flows from financing activities		
Lease payments	(138 807)	-
Cash used in financing activities	(138 807)	-
Increase in cash and cash equivalents	287 942	299 895
Cash and cash equivalents at the beginning of the period	13 113	143 551
Cash and cash equivalents at the end of period	301 055	443 445

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the half year ended 30 June 2019

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
1. MONEY MARKET INVESTMENTS		
Fixed deposits	824 641	2 762 436

These are money market placements with terms of not more than a year with interest rates ranging from 2% to 3.5%.

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
2. INVENTORIES, TRADE AND OTHER RECEIVABLES		
Inventories	11 161	15 860
Prepayments	3 527	12 841
Related party balances	31 745	26 716
Rent debtors	39 717	38 350
Sundry debtors	246 350	501 040
Advances for sales agents	475 121	467 210
Allowance for credit losses	(62 371)	(62 371)
	745 250	999 646

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
3. INVESTMENT SECURITIES		
Designated as FVTPL :-		
Equity securities – Listed	23 620 790	12 760 433
Equity securities – Unlisted	12 766 646	6 070 245
Gold Fund	2 534 074	421 135
Total designated as FVTPL	38 921 510	19 251 813
At amortised cost		
Bonds	971 375	1 673 048
Treasury bills	2 232 379	2 571 865
Debentures	20 308	19 856
Paid up Permanent	42 653	41 404
Total at amortised cost	3 266 715	4 306 173
Total investment securities	42 188 224	23 557 988

Fair value measurement

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

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
Level 1		
Quoted equities	23 620 790	12 760 433
Gold Fund	2 534 074	421 135
Level 3		
Unquoted equities	12 766 646	6 070 245
Bonds	971 375	1 673 048
Treasury bills	2 232 379	2 571 865
Debentures	20 308	19 856
Paid up Permanent	42 653	41 404

3.1 Reconciliation of carrying amount

	Equities listed ZWS	Equities unlisted ZWS	Gold Fund ZWS	At amortised cost ZWS	Total ZWS
2019					
Opening Balance	12 760 433	6 070 245	421 135	4 306 175	23 557 988
Effect of changes in functional currency	337 241	6 746 137	397 086	-	7 480 464
Additions	3 401 174	-	-	1 701	3 402 875
Disposals	(152 191)	-	-	(1 041 162)	(1 193 353)
Fair value gains	7 274 134	(49 736)	1 715 853	-	8 940 251
Closing balance	23 620 790	12 766 646	2 534 074	3 266 714	42 188 224



REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4. INVESTMENT PROPERTIES		
Reconciliation of carrying amount		
Opening balance as at 1 January 2019	3 342 850	2 785 125
Fair value adjustment	-	557 725
Effect of changes in functional currency	5 014 275	-
Closing balance as at 30 June 2019	8 357 125	3 342 850
5. RIGHT OF USE ASSET		
Cost		
Balance at 1 January 2019	631 423	-
Arising from early adoption of IFRS 16	-	841 897
Depreciation	(105 237)	(210 474)
Balance as at 30 June 2019	526 186	631 423
Net book value as at 30 June 2019	526 186	631 423

	Associate ZWS	Subsidiary ZWS	Total ZWS
6. EQUITY ACCOUNTED INVESTMENTS			
Balance at 1 January 2019	28 469 599	99 831	28 569 430
Effect of changes in functional currency	39 178 164	147 776	39 325 940
Share of profit/(loss) for the period	1 909 371	(11 078)	1 898 293
Balance at 30 June 2019	69 557 134	236 529	69 793 663
Balance at 1 January 2018	27 922 434	140 025	28 062 459
Share of profit/(loss) for the year	547 165	(16 091)	531 074
Share of other comprehensive income	-	(24 103)	(24 103)
Balance at 31 December 2018	28 469 599	99 831	28 569 430

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
7. INTANGIBLE ASSETS		
Cost		
Balance at 1 January 2019	1 104 983	865 543
Effect of changes in functional currency	1 104 702	-
Additions	89 077	239 439
Balance at 30 June 2019	2 298 762	1 104 983
Amortisation and impairment losses		
Balance as at 1 January 2019	368 515	368 515
Amortisation	-	-
Balance as at 30 June 2019	368 515	368 515
Net book value as at 30 June 2019	1 930 247	736 468

	Motor vehicles ZWS	Equipment furniture & fittings ZWS	Computers ZWS	Total ZWS
8. EQUIPMENT				
Cost or valuation				
At 1 January 2019	473 718	440 144	322 255	1 236 117
Effect of changes in functional currency	439 773	279 614	168 993	888 381
Additions	-	-	45 705	45 705
At 30 June 2019	913 491	719 758	536 953	2 170 203
Accumulated depreciation				
Balance at 1 January 2019	180 536	253 734	209 594	643 864
Charge for the year	113 956	65 260	65 587	244 803
Balance at 30 June 2019	294 492	318 993	275 181	888 667
Carrying amount				
Balance at 30 June 2019	619 899	400 765	261 772	1 281 536
Balance at 31 December 2018	293 182	186 410	112 661	592 253

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
9. LIFE ASSURANCE FUNDS		
At 1 January 2019	37 439 715	31 811 327
Effect of changes in functional currency	22 029 348	-
Changes to policyholder liabilities	8 144 833	5 628 388
At 30 June 2019	67 613 896	37 439 715

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
10. OPERATING LEASE LIABILITY		
Balance as at 1 January 2019	632 083	-
Arising from early adoption of IFRS 16	-	852 234
Finance charges	28 731	57 462
Lease payments	(138 807)	(277 613)
Balance as at 30 June 2019	522 008	632 083
11. TRADE AND OTHER PAYABLES		
Policyholders claims intimated but not paid	390 461	432 019
Other liabilities	2 102 969	704 289
Related parties	996 437	870 759
Unearned premium	556 646	651 984
	4 046 513	2 659 051

	30 Jun 2019 ZWS	30 Jun 2018 ZWS
12. GROSS PREMIUM INCOME		
Individual life	2 864 228	2 965 989
Group business	4 525 654	3 385 766
	7 389 882	6 351 755
13. PREMIUMS CEDED TO REINSURERS		
Individual life	(57 575)	(67 864)
Group business	(376 363)	(191 268)
	(433 938)	(259 132)
14. INVESTMENT INCOME		
Interest income on held to maturity financial instruments	279 426	330 241
Rentals from investment properties	132 397	107 716
Dividends from financial assets at FVTPL	223 078	445 338
	634 901	883 295
15. OTHER INCOME		
Loss on disposal of property and equipment	-	-
Sundry income	29 049	8 207
Reinsurance commission	82 800	52 441
Asset Management income	18 976	12 378
	130 825	73 026
16. POLICYHOLDERS' BENEFITS		
Claims during the year were as follows:-		
Death and disability benefits	1 308 960	1 070 705
Maturities	134 747	178 763
Annuities	77 714	85 043
Surrenders and pensions withdrawals	1 068 948	1 581 657
	2 590 369	2 916 167
17. OPERATING EXPENSES		
Staff expenses	1 414 941	1 024 471
Administration expenses	1 307 756	1 055 268
Depreciation and amortisation	244 803	41 592
Foreign exchange loss	1 680 727	-
Directors fees	21 824	23 836
Audit fees	85 395	40 427
	4 755 446	2 185 595

	Up to 1 month ZWS	2 to 12 months ZWS	Above 12 months ZWS	Total ZWS
18. RISK MANAGEMENT				
18.1 Liquidity risk gap analysis				
Assets				
Bank and cash	301 055	-	-	301 055
Funds on deposit	-	824 641	-	824 641
At Amortised cost	-	3 266 715	-	3 266 715
Investments-At Fair Value	-	23 620 790	15 300 720	38 921 510
Trade and other receivables	-	745 251	-	745 251
Reinsurance receivable	10 000	-	-	10 000
Total	311 055	28 457 397	15 300 720	44 069 172
Liabilities				
Taxation	-	33 991	-	33 991
Trade and other payables	-	4 046 513	-	4 046 513
Provisions	-	989 427	-	989 427
Reinsurance payable	67 744	-	-	67 744
Total	67 744	5 069 931	-	5 137 675
Period Gap	243 311	23 837 466	15 300 720	38 931 497
Cumulative Gap	243 311	23 630 777	38 931 497	-

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ZB FINANCIAL HOLDINGS

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



ZB REINSURANCE LIMITED

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019

STATEMENT OF FINANCIAL POSITION As at 30 June 2019

Notes	30 Jun 2019 ZWS	31 Dec 2018 ZWS
ASSETS		
Cash and cash equivalents	16 365 339	2 046 471
Balances receivable from insurance companies	5 143 043	5 336 107
Investments	18 905 018	10 975 935
Other balances receivable	108 043	158 950
Equipment	1 115 497	508 627
Total assets	41 636 940	19 026 090
LIABILITIES		
Unearned premium reserve	3 605 398	1 298 459
Incurred but not reported claims reserve (IBNR)	1 685 369	2 353 113
Balances payable to insurance companies	1 410 349	911 503
Taxation	23 715	76 586
Trade and other payables	2 510 996	1 719 705
Deferred tax liability	951 729	611 636
Total liabilities	10 187 556	6 971 002
EQUITY		
Share capital	5 000	5 000
Share premium	2 495 000	2 495 000
Non-distributable reserves	6 255 566	122 400
Retained earnings	22 693 818	9 432 688
Total equity	31 449 384	12 055 088
Total equity and liabilities	41 636 940	19 026 090

STATEMENT OF PROFIT OR LOSS For the half year ended 30 June 2019

Notes	30 Jun 2019 ZWS	30 Jun 2018 ZWS
Gross premium	15 497 611	10 077 421
Retrocession premium	(1 664 041)	(3 960 610)
Net premium income	13 833 570	6 116 811
Unearned premium	(2 306 939)	(822 857)
Net earned premium	11 526 631	5 293 954
Net claims	(5 561 335)	(2 055 411)
Net commission	(3 330 537)	(1 543 343)
Operating expenses	(2 335 735)	(1 259 104)
Underwriting result	299 024	436 096
Investment and other income	9 615 305	343 736
Fair value adjustment	4 284 005	(28 499)
Profit before tax	14 198 334	751 333
Income tax expense	(374 305)	(191 928)
Profit for the period	13 824 029	559 405
Earnings per share		
Basic earnings per share (cents)	27.65	1.12

STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2019

	Share capital ZWS	Share premium ZWS	Non-distributable reserve ZWS	Retained earnings ZWS	Total equity ZWS
2019					
Balance at 1 January 2019	5 000	2 495 000	122 400	9 432 688	12 055 088
Effect of changes in functional currency	-	-	6 133 166	-	6 133 166
Total comprehensive income for the period	-	-	-	13 824 029	13 824 029
Dividend	-	-	-	(562 899)	(562 899)
Balance at 30 June 2019	5 000	2 495 000	6 255 566	22 693 818	31 449 384
2018					
Balance at 1 January 2018	5 000	2 495 000	10 572	7 710 957	10 221 529
Total comprehensive income for the year	-	-	-	559 405	559 405
Dividend paid	-	-	-	(151 901)	(151 901)
Balance at 31 June 2018	5 000	2 495 000	10 572	8 118 461	10 620 033

STATEMENT OF CASH FLOWS

For the half year ended 30 June 2019

Note	30 Jun 2019 ZWS	30 Jun 2018 ZWS
Cash generated from operating activities	3 164 977	56 703
Income taxes paid	(87 083)	(2 139)
Interest Received	131 498	104 471
Interest expense on operating lease	(4 957)	-
Net cash generated from operating activities	3 204 435	159 035
Cash flows from investing activities		
Additions to equipment	(234 775)	(10 024)
Maturity/(Purchase) of prescribed assets	161 833	(2 283 332)
Movements in equity investments	-	-
Proceeds from disposal of equipment	3 226	-
Dividend Received	106 016	-
Net cash generated from investing activities	36 300	(2 293 356)
Cash flows from financing activities		
Dividend Paid	-	(151 901)
Lease liability paid	(38 821)	-
Net cash utilised in financing activities	(38 821)	(151 901)
Net decrease in cash and cash equivalents	3 201 914	(2 286 222)
Cash and cash equivalents at the beginning of the year	2 046 471	3 972 901
Effect of movement in exchange movements	11 116 954	-
Cash and cash equivalents at the end of the year	16 365 339	1 686 679

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2019

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
1. CASH AND CASH EQUIVALENTS		
Local banks	7 177 030	1 166 197
Foreign banks	9 188 309	880 274
	16 365 339	2 046 471

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
2. BALANCES RECEIVABLE FROM INSURANCE COMPANIES		
Balances receivable	6 693 944	6 596 823
Impairment allowance	(1 550 901)	(1 260 716)
	5 143 043	5 336 107

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

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
3. INVESTMENTS		
Investment Property	5 644 875	2 257 950
Quoted Equity	10 442 177	5 738 186
Unquoted Equity	61 578	61 578
Prescribed Assets	2 729 828	2 891 661
Other	26 560	26 560
	18 905 018	10 975 935

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
4. UNEARNED PREMIUM RESERVE (UPR)		
Opening balance	1 298 459	865 139
Charge to statement of profit or loss	2 306 939	433 320
Closing balance	3 605 398	1 298 459

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
5. INCURRED BUT NOT REPORTED CLAIMS RESERVE (IBNR)		
Opening balance	2 353 113	1 438 774
(Credit) /charge to statement of profit or loss	(667 744)	914 339
Closing balance	1 685 369	2 353 113

	30 Jun 2019 ZWS	31 Dec 2018 ZWS
6. SHARE CAPITAL		
6.1 Authorised, issued and fully paid:		
500 000 ordinary shares of \$0.01 each	5 000	5 000
	5 000	5 000
6.2 Share premium		
Share premium of \$4.99 (2018 : \$4.99) per share	2 495 000	2 495 000
	2 495 000	2 495 000

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



REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019



	30 Jun 2019 ZWS	30 Jun 2018 ZWS
7. NET CLAIMS		
Gross claims	6 383 277	3 421 947
Retrocession recoveries	(154 198)	(511 580)
IBNR movement	(667 744)	(704 956)
Outstanding claims movement	-	(150 000)
	5 561 335	2 055 411
8. NET COMMISSIONS		
Gross commissions	3 784 347	2 636 796
Retrocession commissions	(453 810)	(1 093 453)
	3 330 537	1 543 343
9. OPERATING EXPENSES		
Staff expenses	593 309	476 288
Impairment on balances receivable from insurance companies	290 185	74 799
Depreciation	139 079	35 626
Directors' remuneration	21 432	13 396
Current year audit fees	26 392	26 066
Lease Interest	4 957	-
Other management expenses	1 260 381	632 929
	2 335 735	1 259 104

	30 Jun 2019 ZWS	30 Jun 2018 ZWS
10. INVESTMENT AND OTHER INCOME		
Interest income	131 498	104 471
Dividend income	106 016	211 813
Exchange gain / (loss)	9 306 465	(1 890)
Loss on fixed assets sold	(1 367)	-
Rent	72 693	29 342
	9 615 305	343 736
11. FAIR VALUE ADJUSTMENT		
Fair value gain / (loss) – equities	4 284 005	(28 499)
	4 284 005	(28 499)

12. 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 2019 the company had a solvency margin of 227% (December 2018: 96%). The solvency ratio is not significantly affected by the application of IPEC asset admissibility guidelines for the calculation of regulatory capital given the company's strong liquidity position. The company is also compliant with the IPEC prescribed minimum capital requirement of \$5,000,000.

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PO Box 267
Harare
Zimbabwe

Deloitte & Touche
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
Harare
Zimbabwe

16 August 2019

The Board of Directors
ZB Financial Holdings Limited
21 Natal Road
Avondale
Harare

Tel: +263 (0) 8677 000261
+263 (0) 8644 041005
Fax: +263 (0) 4 852130
www.deloitte.com

REPORT ON INTERIM FINANCIAL INFORMATION AT 30 JUNE 2019

Dear Sirs and Madam

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of ZB Financial Holdings Limited (the "Group") as of 30 June 2019, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on the interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

Non-compliance with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates"

The Group's functional and reporting currency was changed from United States dollars ("US\$") to Zimbabwean dollars ("ZW\$") following the introduction of a local currency and the establishment of an interbank currency market in Zimbabwe through Statutory Instruments (SI) 32 and 33 of 2019 and Exchange Control Directive RU28 of 2019. The local currency started to trade officially against other international currencies on 22 February, 2019 at a reference rate of US\$1:ZW\$2.5. As a practical expediency, this rate has been reckoned to have prevailed since the beginning of the year for purposes of constructing the interim financial statements. However, using a date of 1 January 2019 as the date of conversion is contrary to the stipulations of SI 32 and 33 as the legal stand point is that the USD and ZW\$ were not at par as from 22 February 2019 when the RTGS\$/ZW\$ was introduced.

In terms of paragraph 4(1)d of SI33 all assets and liabilities that were, immediately before the effective date, being 20 February, 2019, expressed in US\$ were deemed, for accounting purposes, on and after the effective date, to be valued in the local currency at par to the United States dollar. As a consequence of this provision, no adjustment has been made on prior period figures, which were previously expressed in US\$ and have been reckoned to have, then, assumed the same values in ZW\$.

A full list of partners and directors is available on request

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Basis for Adverse Conclusion (continued)

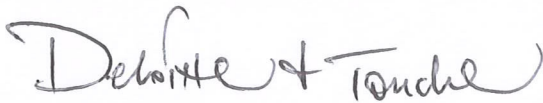
Non-compliance with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates" (continued)

Although the local currency was not legally recognised up until 22 February 2019, the substance of the transacting framework, from an accounting perspective, suggested that it was currency for financial accounting and reporting purposes. The Reserve Bank of Zimbabwe (RBZ) issued a monetary policy statement (MPS) in October 2018 instructing all banks to separate and create distinct bank accounts for depositors, namely, RTGS Foreign Currency Accounts (FCA) and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Due to this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates." Such assessment pointed to a change in functional currency. As the Group predominantly traded in RTGS dollars, 1 October 2018 would have been deemed the date of change in functional currency in line with International Financial Reporting Standards and therefore, the interim financial statements have not been prepared in conformity with IFRS. Had the Group applied the requirements of IAS 21, many of the elements of the interim financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive.

Furthermore, we draw attention to the change in functional currency reserve presented in the statement of changes in equity, related to the gain on conversion of net monetary and non-monetary assets to Zimbabwe dollars (ZW\$) on change in functional currency from the USD. Directors have opted to recognise the gain amounting to ZW\$139 million in equity as a non-distributable reserve, which represents a departure from the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates". IAS 21 requires exchange differences arising from all balances upon change in functional currency to be recognised in the Statement of profit or loss and other comprehensive income.

Adverse Conclusion

Due to the significance of the matter described in the Basis for Adverse Conclusion paragraph, we conclude that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2019, its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zimbabwe.



Deloitte & Touche

Per: Brian Mabiza

Partner

PAAB Practice Certificate Number 0447

16 August 2019