

for the half year ended 30 June 2020



# Inflation adjusted financial highlights

**▲ 7%** 

Total assets
30 June 2020 - ZW\$9 879.8m
31 December 2019 - ZW\$9 254.6m

26pps

**▲34%** 

Total capital and reserves
30 June 2020 - ZW\$5 293.3m
31 December 2019 - ZW\$3 946.4m

29pps

30 June 2020 - 100.23%

31 December 2019 - 71%

**★375%** 

Net profit/(loss) after taxation
30 June 2020 - ZW\$1 130.1m
31 December 2019 - ZW\$237.8m

Cost to income ratio

31 December 2019 - 71%

30 June 2020 - 49% 31 December 2019 - 23%

pps - percentage points

Return to equity

# CHAIRMAN'S STATEMENT

#### Operating environment:

The macro environment in the first half of 2020 remained challenging with structural fragilities carried over from prior year being compounded by the effects of the COVID-19 worldwide health pandemic, with a first confirmed case being recorded in Zimbabwe in March, 2020. The domestic economy endured varying levels of lockdown throughout the second quarter, 2020, and, to date, normalcy is yet to be fully restored.

Supply bottlenecks for critical commodities, especially fuel and staple grains, continued to cause intermittent shortages with adverse impact on productivity. On the other hand, general price increases continued with year-on-year inflation having been reported at 737.27% at the end of June, 2020. All this was on the back of sustained foreign currency shortages with the currency trading at a premium rate on the parallel market compared to the official markets.

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

a) a relaxation of the mono-currency framework to allow the usage of "free funds" for local transactions; andb) the introduction of a managed exchange rate regime underpinned by a forex auction system.

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

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

## Group performance:

The Group performed reasonably for the half year to June 2020. The financial outturn is discussed in more detail by Group Chief Executive in his report.

## Dividend:

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

# Capital requirements:

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

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

# Legal contingencies

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

# Outlook:

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

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

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

# Conclusion:

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

P. Chiromo Chairman

28 August 2020

# **GROUP CHIEF EXECUTIVE'S REPORT**

# Performance background:

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

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

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

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

### Performance outturn:

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

Core business income generally lagged inflation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Operations update:

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

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

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

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

# Appreciation:

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

I also thank staff and the management team for their contributions to the attainment of the half year results.

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

R Mutandagayi Group Chief Executive

28 August 2020



for the half year ended 30 June 2020



**ZE FINANCIAL HOLDINGS** 

## **AUDIT OPINION**

These condensed interim financial results for the six months ended 30 June 2020 have been reviewed by Deloitte & Touche and a modified review conclusion issued thereon. This review conclusion carries an adverse opinion in respect of the impact of incorrect application of IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 29 "Reporting in Hyper-Inflationary Economies"

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 2020

		Inflation	Adjusted	Histor	ical Cost*
		30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	Notes	ZW\$	ZW\$	zw\$	zw\$
ASSETS					
Cash and cash equivalents		2 504 910 841	2 516 918 790	2 504 910 841	960 702 956
Money market investments		2 304 910 641	83 842 437	2 304 910 641	32 002 494
Treasury bills	3	359 526 178	568 640 260	359 526 178	217 048 870
Mortgages and other advances	4	1 184 796 672	1 180 464 068	1 184 796 672	450 580 815
Investment securities	-	637 248 304	366 813 840	637 248 304	140 012 122
Investments in associates		1 034 525 859	1 163 341 360	670 118 769	445 466 831
Inventories, trade and		1 03 1 323 033	1 103 341 300	070 110 703	115 100 051
other receivables		183 470 416	157 241 787	186 763 682	46 081 440
Investment properties	5	1 864 990 488	1 382 301 065	1 864 990 488	527 621 601
Right of use assets	6	29 404 326	17 410 941	3 062 511	6 645 722
Property and equipment	7	1 767 636 415	1 507 557 987	1 408 158 708	575 431 921
Intangible assets	8	313 249 054	310 101 523	117 209 558	118 365 142
Total assets		9 879 758 553	9 254 634 058	8 936 785 711	3 519 959 914
LIABILITIES					
Deposits and other accounts	9	2 857 916 527	3 594 765 745	2 857 916 527	1 372 115 021
Trade and other payables	,	525 742 717	532 120 628	525 742 717	203 109 391
Current tax liabilities		6 257 543	13 499 339	6 257 543	5 152 672
Deferred tax liabilities		361 268 667	286 412 014	192 452 353	96 949 627
Lease liabilities	10	2 902 516	17 410 941	2 902 516	6 645 722
Long term borrowings	11	15 756 338	40 272 770	15 756 338	15 372 037
Life assurance funds	12	641 191 474	627 778 182	520 709 316	238 655 969
Offshore borrowings		175 468 198	196 013 375	175 468 198	74 817 920
Total liabilities		4 586 503 980	5 308 272 994	4 297 205 508	2 012 818 359
EQUITY					
Share capital		42 465 691	42 465 691	1 751 906	1 751 906
Share premium		656 452 261	656 452 261	27 081 696	27 081 696
Other components of equity		1 276 176 026	1 040 526 853	1 224 297 996	481 956 933
Retained income		2 391 855 038	1 461 716 008	2 422 005 997	586 598 447
Functional currency					
translation reserve		-	-	113 962 188	113 962 188
Attributable to equity holders					
of parent		4 366 949 016	3 201 160 813	3 789 099 783	1 211 351 170
Non-controlling interests		926 305 557	745 200 251	850 480 420	295 790 385
Total equity		5 293 254 573	3 946 361 064	4 639 580 203	1 507 141 555
Total equity and liabilities		9 879 758 553	9 254 634 058	8 936 785 711	3 519 959 914

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

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

		Adjusted		cal Cost*
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Notes	ZW\$	ZW\$	ZW\$	ZW\$
Interest and related income 13	202 677 510	255 113 037	124 815 443	19 958 975
Interest and related expenses 14	(25 587 895)	(66 957 482)	(15 336 613)	(5 629 739)
Net interest and related income	177 089 615	188 155 555	109 478 830	14 329 236
Loan impairment charges 15	(79 371 632)	(28 946 787)	(58 999 264)	(3 857 274)
Net income from lending activities	97 717 983	159 208 768	50 479 566	10 471 962
Gross insurance premium income	286 621 310	254 952 693	203 236 813	21 223 452
Total insurance expenses	(23 0702 409)	(166 232 761)	(169 498 381)	(14 223 118)
Net insurance income	55 918 901	88 719 932	33 738 432	7 000 334
Commissions and fees	258 124 983	334 135 409	151 968 488	27 471 251
Other operating income	825 810 388	274 026 850	836 908 099	32 563 709
Fair value adjustments	760 341 347	(17 906 125)	1 761 560 156	16 678 950
Total income	1 997 913 602	838 184 834	2 834 654 741	94 186 206
Operating expenses 16	(556 843 671)	(593 908 752)	(366 246 459)	(48 785 277)
Profit from ordinary activities	1 441 069 931	244 276 082	2 468 408 282	45 400 929
Movement in life assurance funds Share of associate companies'	(13 413 291)	59 867 801	(282 053 348)	(8 144 833)
profit / (losses) net of tax	(113 169 238)	28 329 991	224 651 938	5 093 197
Net monetary loss	(102 876 511)	(106 622 318)	-	-
Profit before taxation	1 211 610 891	225 851 556	2 411 006 872	42 349 293
Income tax expense 17	(81 555 858)	11 974 075	(56 712 650)	1 062 891
Net profit for the period	1 130 055 033	237 825 631	2 354 294 222	43 412 184
Profit attributable to:				
Owners of parent	956 922 588	282 548 874	1 845 630 786	41 099 103
Non-controlling interests	173 132 445	(44 723 243)	508 663 436	2 313 081
Profit for the period	1 130 055 033	237 825 631	2 354 294 222	43 412 184
Other comprehensive income: Items that will not be				
reclassified to profit or loss				
Gains on property and	254 252 052		920 716 010	
equipment revaluation Fair value (losses) / gains on	254 352 952	-	829 716 919	-
financial assets at FVTOCI	4 880 502	33 562 537	4 880 502	4 008 601
Income tax relating to components of other comprehensive income	(15 233 509)	(8 642 353)	(45 851 879)	(1 032 215)
Other comprehensive income		,	,	`
for the period net of tax Total comprehensive	243 999 945	24 920 184	788 745 542	2 976 386
income for the period	1 374 054 978	262 745 815	3 143 039 764	46 388 570
Total comprehensive				
Total comprehensive income attributable to:				
Owners of parent	1 192 571 769	307 469 058	2 616 715 213	44 075 489
Non-controlling interests	181 483 209	(44 723 243)	526 324 551	2 313 081
Total comprehensive		` '		
income for the period	1 374 054 978	262 745 815	3 143 039 764	46 388 570
Earnings per share				
Basic and fully diluted earnings				
per share (ZW cents) 19	607.48	179.37	1 171.66	26.09

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2020

	Share capital ZW\$	Share premium ZW\$	General reserve ZW\$	Property and equipment revaluation reserve ZW\$	Financial assets at FVTOCI ZW\$	Retained income ZW\$	Attributable to equity holders of parent ZW\$	Non controlling interests ZW\$	Total ZW\$
Inflation adjusted									
Balance at 31 December 2019	42 465 691	656 452 261	7 672 531	980 852 330	52 001 984	1 461 716 016	3 201 160 813	745 200 251	3 946 361 064
Changes in equity for 2020 Profit or loss									
Profit for the period Other comprehensive income, net of tax	-	-	-	-	-	956 922 588	956 922 588	173 132 445	1 130 055 033
Revaluation of property Fair value gain on financial assets at FVTOCI	-	-	-	231 975 139	(3 674 042)	-	231 975 139 (3 674 042)	8 350 764	240 325 903 (3 674 042)
Transaction with owners of the parent Dividends paid	_				(5 074 042)	(26 783 566)	, ,		(27 161 469)
Balance at 30 June 2020	42 465 691	656 452 261	7 672 531	1 212 827 469	55 676 026	2 391 855 038	4 366 949 016	926 305 557	5 293 254 573

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2019

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	Share capital ZW\$	Share premium ZW\$	General reserve ZW\$	Property and equipment revaluation reserve ZW\$	Financial assets at FVTOCI ZW\$	Retained income ZW\$	Attributable to equity holders of parent ZW\$	Non controlling interests ZW\$	Total ZW\$
Inflation adjusted									
Balance 1 January 2019	42 465 691	656 452 261	7 672 531	91 891 812	67 295 519	720 168 527	1 585 946 341	350 397 201	1 936 343 542
Changes in equity for 2019 Profit or loss Profit for the period		_				282 548 874	282 548 874	(44 723 243)	237 825 631
Other comprehensive income, net of tax Fair value gain on financial assets at FVTOCI Transaction with owners of the parent	-	-	-	-	24 920 184	-	24 920 184	-	24 920 184
Dividends paid Balance at 30 June 2019	42 465 691	656 452 261	7 672 531	91 891 812	92 215 703	(40 231 939) 962 485 462	(40 231 939) 1 853 183 460	(2 448 464) 303 225 494	(42 680 403) 2 156 408 954

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2020

	Share capital ZW\$	Share premium ZW\$	Functional currency translation reserve ZW\$	General reserve ZW\$	Property and equipment revaluation reserve ZW\$	Financial assets at FVTOCI ZW\$	Retained income ZW\$	Attributable to equity holders of parent ZW\$	Non controlling interests ZW\$	Total ZW\$
<u>Historical cost*</u>										
Balance at 31 December 2019	1 751 906	27 081 696	113 962 188	5 870 251	479 073 735	2 987 053	586 598 447	1 211 351 170	295 790 385	1 507 141 555
Changes in equity for 2019 Profit for the period Other comprehensive income, net of tax	-	-	-		-	-	1 845 630 786	1 845 630 786	508 663 436	2 354 294 222
Revaluation of property Fair value gain on financial assets at FVTOCI Transaction with owners of the parent	-		-	-	767 410 385 -	3 674 042	-	767 410 385 3 674 042	17 661 115 -	785 071 500 3 674 042
Dividends paid Other movements Adjustment for regulatory reserve	-	-	-	-	-	-	(10 223 236)	(10 223 236)	(377 880)	(10 601 116)
in respect of doubtful advances Balance at 30 June 2020	1 751 906	27 081 696	113 962 188	(28 743 364) (22 873 113)	1 246 484 120	686 989	2 422 005 997	(28 743 364) 3 789 099 783	28 743 364 850 480 420	4 639 580 203

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2019

	Share capital ZW\$	Share premium ZW\$	Functional currency translation reserve ZW\$	General reserve ZW\$	Property and equipment revaluation reserve ZW\$	Financial assets at FVTOCI ZW\$	Retained income ZW\$	Attributable to equity holders of parent ZW\$	Non controlling interests ZW\$	Total ZW\$
Historical cost*										
Balance at 31 December 2018 Effects of changes in	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
functional currency	-	-	110 000 039	-	-	-	-	110 000 039	29 070 432	139 070 471
Balance at 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 Profit for the period Other comprehensive income, net of tax	-	-	-	-	-	-	41 099 103	41 099 103	2 313 081	43 412 184
Fair value gain on financial assets at FVTOCI Transaction with owners	-	-	-	-	-	2 976 386	-	2 976 386	-	2 976 386
of the parent Declared dividend							(2 472 237)	(2 472 237)	(176 845)	(2 649 082)
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

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# CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2020

	Inflation	Adjusted	Histori	ical Cost*
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Notes	zw\$	zw\$	zw\$	zw\$
Cash generated from / (used in) operating activities Interest and related income received Dividends received Interest and related expense paid Income tax paid	686 719 443 202 677 510 19 448 567 (25 587 895) (29 174 534)	(461 967 790) 255 113 037 7 779 777 (66 957 482) (34 287 589)	2 276 259 485 124 815 443 11 595 998 (15 336 613) (12 535 637)	45 899 811 19 958 975 484 173 (5 629 739) (1 866 621)
Net cash generated from / (used in) operating activities	854 083 091	(300 320 047)	2 384 798 676	58 587 129
Cash flows from investing activities Purchase of intangible assets Purchase of property and equipment Proceeds on disposal of property and equipment Purchase of investment securities Proceeds on disposal of investment securities	(12 467 938) (26 931 351) - (32 122 704) 25 073 781	(3 762 798) (12 932 702) 44 666 (82 360 890) 236 514 136	(5 059 772) (12 245 747) - (21 858 127) 15 716 251	(231 223) (1 035 724) 25 835 (7 747 416) 4 913 082
Net cash (used in) / generated from investing activities	(46 448 212)	137 502 412	(23 447 395)	(4 075 446)
Cash flows from financing activities Dividends paid Payment for lease liabilities	(6 242 638)	(42 680 404)	- (3 743 206)	(176 845) (2 477 809)
Net cash used in financing activities	(6 242 638)	(42 680 404)	(3 743 206)	(2 654 654)
Net increase / (decrease) in cash and cash equivalents	801 392 241	(205 498 039)	2 357 608 075	51 857 029
Cash and cash equivalents at beginning of period	2 516 918 790	2 341 252 788	960 702 956	143 869 250
Effects of exchange rates fluctuating on cash and cash equivalents	(813 400 190)	(250 803 714)	(813 400 190)	-
Cash and cash equivalents at end of period	2 504 910 841	1 884 951 035	2 504 910 841	225 132 437
Cash and cash equivalents comprise: Cash Local bank accounts Foreign bank accounts	1 116 835 090 908 479 847 479 595 904 2 504 910 841	601 704 357 914 979 711 368 266 967 1 884 951 035	1 116 835 090 908 479 847 479 595 904 2 504 910 841	72 802 626 108 345 199 43 984 612 225 132 437

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# 1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), 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 24:20), the Building Societies Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and relevant regulations made thereunder.

The Group's financial statements as at 30 June 2020 did not fully comply with International Financial Reporting Standards (IFRSs), particularly IAS 21 "The Effect of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyper-Inflationary Economies".

IAS 21 "The Effect of Changes in Foreign Exchange
If the required adjustments had made in the correct periods, the values that were recognised in the 2019 and 2020 years
would have been materially different. These misstatements are considered to be material and pervasive in the 2019 and the 2020 financial years which resulted in an adverse conclusion being issued.

IAS 29 "Financial Reporting in Hyper-Inflationary Economies".

If the hyperinflation adjustments required by IAS 29 had been adopted from October 2018, the values reported under equity and its reserves would have been materially different for both 2019 and 2020 periods.

1.2 Reporting currency

The financial statements of the Group and the Company are presented in Zimbabwean (ZW\$), which was the Group's functional currency as at the reporting date. All information presented has been rounded off to the nearest dollar.



# for the half year ended 30 June 2020



## **ZB FINANCIAL HOLDINGS**

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

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

a) Formally recognise local unit monetary balances in the form of bank balances, balances on electronic payment platform and local bond notes as a currency distinct from the US\$. These were subsequently named RTGS Dollars (otherwise identified as 2016).

Create a base upon which the RTGS Dollars were to be allowed to trade against the US\$ or any other foreign currencies on the interbank market at a floating rate.

Consequently, the new RTGS Dollars started to trade officially with the USD on 22 February, 2019 and the maiden rate of USD1:ZW\$2.5 was established. The maiden floating rate was presumed to have subsisted from the beginning of the year as practical expedience (deemed rate), the Group did not have material transactions in foreign currency between 1 January 2019 and 22 February 2019 to warrant an extensive process of seperate identification and translation of these transactions at any other rate outside the "deemed" rate.

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

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

The Group has applied the requirement of IAS 29 for the period ended 30 June 2020. Paragraphs 2 and 3 of IAS 29 requires that in the period in which an entity identifies the existence of hyperinflation in the economy, not having been hyperinflationary in the prior period, the entity shall apply the requirements of IAS 29 for such earlier period as if the economy had always been

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

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

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

The main guidelines for the restatement are as follows:

- All amounts not already expressed in terms of the measuring unit current at the balance sheet data are restated by applying a general CPI. Corresponding figures for previous periods are similarly restated.

  Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held, assets and liabilities to be recovered or paid at the nominal value recorded in the historical cost.
- nominal value recorded in the historical cost.

  Non-monetary assets and liabilities and the components of shareholding's equity are restated by applying (to the initial acquisition cost and any accumulated depreciation for property and equipment), the relevant conversion factors reflecting the increase in the CPI from the date of acquisition or initial recording to the Statement of financial position date.

  All items in the income statement are restated by applying the relevant factors.

  The capitalisation of borrowing costs during construction of a qualifying asset is considered to be a partial recognition of inflation and is reversed to the income statement and replaced by indexed cost.

  The effect of general inflation on the Group's net monetary position is included in the income statement as a monetary gain or loss.

- Share capital and share premium were restated from the date of contribution and of this pre-dates 2009.

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

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

## 1.5 Basis of consolidation

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

# 1.6 Key sources of judgement and estimation uncertainty

Significant assumptions and estimations, as at the date of financial reporting, with material implications on the reported financial 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

# Inflation adjusted

30 June 2020	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments <sup>1</sup> ZW\$	Total ZW\$
External revenue Net earnings from lending activities Net fees and commission income Fair value adjustments Other revenue Total segment revenue	99 849 625 253 621 047 318 795 775 1 049 450 735 1 721 717 182	(2 131 642) 56 102 244 249 037 405 388 810 808 691 818 815	4 320 593 192 508 167 147 890 192 344 718 952	97 717 983 314 043 884 760 341 347 1 586 151 735 2 758 254 949
Total segment operating expenses	(491 044 889)	(69 553 324)	3 754 542	(556 843 671)
Material non-cash items included in the above figures: Depreciation Amortisation of intangible assets Reportable segment profit before taxation	(13 665 088) (3 563 429) 814 336 818	(2 717 599) (5 756 977) 183 460 581	(1 020 884) - 213 813 492	(17 403 571) (9 320 406) 1 211 610 891
Reportable segment assets as at 30 June 2020	7 652 214 947	2 091 251 953	136 291 653	9 879 758 553
Reportable segment liabilities as at 30 June 2020	3 757 266 290	888 906 672	(59 668 982)	4 586 503 980

<sup>1</sup>Includes consolidation journals

# Inflation adjusted

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

**Historical Cost** 

			Other	
	Banking	Insurance	strategic	
	operations	operations	investments <sup>1</sup>	Total
30 June 2020	ZW\$	ZW\$	ZW\$	ZW\$
30 Julie 2020	2004	2114	2004	2004
External revenue				
Net earnings from lending activities	48 754 576	1 724 990	-	50 479 566
Net fees and commission income	149 252 739	33 843 839	2 610 342	185 706 920
Fair value adjustments	1 093 042 725	596 812 067	71 705 364	1 761 560 156
Other revenue	711 406 121	133 485 282	(7 983 304)	836 908 099
Total segment revenue	2 002 456 161	765 866 178	66 332 402	2 834 654 741
3				
Total segment operating expenses	(320 655 748)	(42 546 336)	(3 044 375)	(366 246 459)
Material non-cash items included in				
the above figures:				
Depreciation	(7 102 512)	(1 840 423)	(637 300)	(9 580 235)
Amortisation of intangible assets	(3 007 506)	(3 207 847)	-	(6 215 353)
Reportable segment profit before taxation	1 681 800 413	609 415 722	119 790 737	2 411 006 872
Reportable segment assets				
as at 30 June 2020	7 150 920 389	1 705 048 218	80 817 104	8 936 785 711
Reportable segment liabilities				
as at 30 June 2020	3 640 168 625	715 809 616	(58 772 733)	4 297 205 508

<sup>1</sup>Includes consolidation journals

### **Historical Cost**

30 June 2019	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments <sup>1</sup> ZW\$	Total ZW\$
External revenue Net earnings from lending activities Net fees and commission income Fair value adjustments Other revenue Total segment revenue	10 356 154 27 202 757 1 458 893 23 510 698 62 528 502	115 808 7 019 310 13 224 256 10 147 394 30 506 768	249 518 1 995 801 (1 094 383) 1 150 936	10 471 962 34 471 585 16 678 950 32 563 709 94 186 206
Total segment operating expenses  Material non-cash items included in	(38 581 112)	(8 066 691)	(2 137 474)	(48 785 277)
the above figures: Depreciation Amortisation of intangible assets Reportable segment profit before taxation	(4 575 848) (2 385 722) 23 947 392	(402 344) - 16 204 613	166 865 103 2 197 288	5 145 057 2 385 825 42 349 293
Reportable segment assets as at 31 December 2019	2 833 792 198	719 065 328	(20 381 898)	3 532 475 628
Reportable segment liabilities as at 31 December 2019	1 706 904 793	327 467 480	(8 214 908)	2 026 157 365

<sup>1</sup>Includes 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:

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

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

- The Group invested in treasury bills issued by the RBZ over a period of 3 months to 24 months (December 2019: 3 to 24 months) at rates ranging from 7% to 9.875%. (December 2019: 7% to 10%)
- The Group purchased treasury bills from the secondary market. These treasury bills have coupon rates ranging from 0% to 5% (December 2019: 0% to 5%) with maturity periods ranging from 1 month to 3 years (December 2019: 1 month to 3 years).
- The Group received treasury bills as substitution for debt instruments from the Zimbabwe Asset Management Company (ZAMCO). The treasury bills have a coupon rate of 5% (December 2019: 5%) and maturity periods ranging from 1 month to 14 years (December 2019: 1 month to 14 years).
- The Capitalisation Treasury Bills (CTBs) with a face value of \$20 000 000 were acquired on 26/05/2015 from the Government of Zimbabwe against an interest free loan at the Holding Company. The CTBs were then used to recapitalise ZB Bank Limited, a 100% owned subsidiary. The CTBs mature on 26/05/2025 and carry a coupon of 1% which is payable on maturity.

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

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

# Impairment assessment

Treasury bills classified and measured at amortised cost are assessed for impairment annually. There was no objective evidence at 30 June 2020 to suggest that future cash flows on the treasury bills portfolio could end up being less than anticipated at the point of initial recognition. Consequently, no impairment adjustment arose from the assessment.

	Inflation	Adjusted	Historical Cost		
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019	
	zw\$	ZW\$	ZW\$	ZW\$	
3 (b) Contingent treasury bill assets					
In respect of treasury bills held in trust on behalf of clients	-	239 737	-	38 595	

The Group held balances in respect of foreign currency amounts that were surrendered to the RBZ for parastatals, corporates and tobacco farmers. As part of the debt assumption process in terms of the Reserve Bank of Zimbabwe (Debt Assumption) Act 2015, treasury bills were issued in respect of the capital portion only of the balances held at the Reserve Bank. The Group received treasury bills amounting to ZW\$6.8 million with tenures ranging from 3 to 5 years at interest rates ranging from 2% to 3.5% p.a. All the treasury bills falling under this category (2019: ZW\$6.796 million) had been passed on to customers as at 30 June 2020. This category of treasury bills was accounted for as off-balance sheet assets during the period they were held by the Group.





**ZB** FINANCIAL HOLDINGS

## 4. MORTGAGES AND OTHER ADVANCES

4. WORTGAGES AND OTHER ADVANCES				
	Inflation	Adjusted	Histori	cal Cost
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	ZW\$	ZW\$	ZW\$	ZW\$
4.1 Gross loan book Mortgage advances	41 171 234	74 211 548	41 171 234	28 326 402
3 3	41 171 234	74 211 340	41 171 234	20 320 402
Other advances: Loans, overdraft and other				
accounts	1 127 972 056	1 109 386 759	1 127 972 056	423 450 746
Finance leases Bills discounted	33 112 237 12 522 695	27 635 390 34 813 307	33 112 237 12 522 695	10 548 374 13 288 171
Insurance advances	96 491 813	109 851 113	96 491 813	41 929 954
Total other advances	1 270 098 801	1 281 686 569	1 270 098 801	489 217 245
Gross advances	1 311 270 035	1 355 898 117	1 311 270 035	517 543 647
Off balance sheet exposures				
In respect of guarantees	311 097 540	371 517 239	311 097 540	141 807 400
In respect of Letter of credit In respect of Loan commitments	250 884 354 302 536 963	170 242 194 262 913 879	250 884 354	64 981 111
Gross credit exposure	2 175 788 892	2 160 571 429	302 536 963 2 175 788 892	100 353 711 824 685 869
·				
Gross advances Less: Allowance for loan	1 311 270 035	1 355 898 117	1 311 270 035	517 543 647
impairments	126 473 363	175 434 049	126 473 363	66 962 832
Less: interest reserved				
Net advances	1 184 796 672	1 180 464 068	1 184 796 672	450 580 815
4.2 Maturity analysis				
On demand	141 662 884	431 793 766	141 662 884	164 814 832
Within 1 month	81 337 811	40 856 519	81 337 811	15 594 853
Between 1 and 6 months	127 838 233	206 171 502	127 838 233	78 695 257
Between 6 and 12 months After 12 months	375 291 829 1 449 658 135	209 037 702 1 272 711 940	375 291 829 1 449 658 135	79 789 280 485 791 647
After 12 months	2 175 788 892	2 160 571 429	2 175 788 892	824 685 869
42.41				
4.3 Non-performing loans Included in the above are the following;				
Non-performing loans	3 990 800	16 220 757	3 990 800	6 191 431
Less: Allowance for loan impairments	(1 504 852)	(6 724 295)	(1 504 852)	(2 566 650)
Value to be received from	2.495.049	0.406.463	2 485 948	2 624 701
security held	2 485 948	9 496 462	2 400 948	3 624 781

For the secured non-performing loans, security exists in the form of liens registered over funded accounts, bonds registered over landed property and guarantees in various forms. The Group discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees. The internally discounted value of the security held in respect of the non-performing book amounted to ZW\$2 485 948 as at 30 June 2020 (2019: ZW\$9 496 462).

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

		Inflat	ional adjusted			Hi	istorical cost	
	30 June 2020	As a % of	31 Dec 2019	As a % of	30 June 2020		31 Dec 2019	As a % of
	zw\$	Total	ZW\$	Total	ZW\$	Total	ZW\$	Total
1.4 Sectorial analysis								
Gross advances:								
Private	307 036 648	14%	332 145 335	15%	307 036 648	14%	126 779 222	15%
Agriculture	259 181 311	12%	254 121 033	12%	259 181 311	12%	96 997 499	12%
Mining	269 894 003	12%	228 690 722	11%	269 894 003	12%	87 290 799	11%
Manufacturing	57 575 191	3%	38 517 508	2%	57 575 191	3%	14 702 057	2%
Distribution	100 761 099	5%	117 233 902	5%	100 761 099	5%	44 747 950	5%
Construction	7 003 204	0%	21 392 966	1%	7 003 204	0%	8 165 653	1%
Transport	23 787 507	1%	18 798 399	1%	23 787 507	1%	7 175 312	1%
Services	233 182 094	11%	247 481 691	11%	233 182 094	11%	94 463 275	11%
Financial	52 554 595	2%	95 628 511	4%	52 554 595	2%	36 501 215	4%
Communication	294 383	0%	1 888 050	0%	294 383	0%	720 665	0%
	1 311 270 035	60%	1 355 898 117	63%	1 311 270 035	60%	517 543 647	63%
Guarantees:								
Manufacturing	311 097 540	14%	369 076 042	17%	311 097 540	14%	140 875 600	17%
Distribution	-	0%	-	0%	-	0%	-	0%
Construction	-	0%	-	0%	-	0%	-	0%
Transport	-	0%	-	0%	-	0%	-	0%
Services	-	0%	1 353 950	0%	-	0%	516 800	0%
Communication	-	0%	1 087 247	0%	-	0%	415 000	0%
Total guarantees	311 097 540	14%	371 517 239	17%	311 097 540	14%	141 807 400	17%
Loan commitments:								
Private		0%	10 060 861	0%		0%	3 840 211	0%
Agriculture	183 257 890	8%	41 259 309	2%	183 257 890	8%	15 748 597	2%
Mining	4 841 945	0%	93 590	0%	4 841 945	0%	35 723	0%
Manufacturing	3 126 644	0%	100 314 090	5%	3 126 644	0%	38 289 691	5%
Distribution	32 661 177	2%	34 706 249	2%	32 661 177	2%	13 247 307	2%
Construction	2 129 179	0%	340 093	0%	2 129 179	0%	129 813	0%
Transport	4 415 847	0%	7 060 930	0%	4 415 847	0%	2 695 143	0%
Communication	40 920	0%	821 495	0%	40 920	0%	313 563	0%
Services	60 970 963	3%	55 357 272	3%	60 970 963	3%	21 129 762	3%
Financial Services	11 092 398	1%	12 899 992	1%	11 092 398	1%	4 923 902	0%
Total loan commitment		14%	262 913 881	12%	302 536 963	14%	100 353 712	12%
Letters of credit:								
Manufacturing	250 884 354	12%	170 242 194	8%	250 884 354	12%	64 981 111	8%
Total letter of credit	250 884 354	12%	170 242 194	8%	250 884 354	12%	64 981 111	8%
Total credit exposure	2 175 788 892	100%	2 160 571 429	100%	2 175 788 892	100%	824 685 869	100%
.5 Mortgage advances								
3 3								
Mortgage advances we spread as follows:	re							
Type of property:-								
High density	4 657 339	11%	6 167 035	8%	4 657 339	11%	2 353 945	9%
Medium density	2 353 342	6%	7 561 637	10%	2 353 342	6%	2 886 262	10%
Low density	26 940 841	65%	38 936 582	52%	26 940 841	65%	14 862 017	52%
Commercial	7 219 713	18%	21 546 296	29%	7 219 713	18%	8 224 178	29%
	41 171 235	100%	74 211 550	100%	41 171 235	100%	28 326 402	100%

# 4.6 Finance lease receivables

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

30 June 2020   31 Dec 2019   2W\$   ZW\$   ZW\$		Inflation	Adjusted	Historical Cost		
Gross investment in finance leases: Less than 1 year Between 1 and 5 years  66 408 139  81 480 055  48 367 819  Net investment in finance leases  Less than 1 year Between 1 and 5 years  66 408 139  81 480 055  48 367 819  10 323 980  81 480 055  48 367 819  10 323 980  81 480 055  48 367 819  10 323 980  81 480 055  48 367 819  10 323 980  81 480 055  14 489 017  39 40 643)  Net investment in finance leases  33 112 236  27 635 390  33 112 236  10 548 374  10 548 374  11 406 749  12 6 767 947  13 889 116  26 344 289  27 635 390  38 112 236  19 548 374  26 344 289  27 635 390  38 112 236  19 548 374  20 344 289  38 659 258  38 112 236  38 112 236  38 112 236  38 112 236  38 112 236  38 112 236  38 112 236  38 112 236  38 112 236  38 112 236  38 112 236  38 261 230  48 263 27 635 390  38 112 236  38 261 230  48 263 27 635 390  38 112 236  38 261 230  48 263 27 635 390  38 112 236  18 268 290  18 268 290  18 268 252 218  47 18 88 780  18 20 084		30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019	
Less than 1 year Between 1 and 5 years  Gross investment in finance leases Unearned finance charges  Net investment in finance leases  Less than 1 year Between 1 and 5 years  Retween 1 and 5 years  B1 480 055 48 367 819 10 323 980  Ret investment in finance leases  33 112 236  Retween 1 and 5 years  B1 480 055 48 367 819 10 323 980  Ret investment in finance leases  33 112 236  Retween 1 and 5 years  B1 480 055 48 367 819 10 323 980  Retween 1 and 5 years  Retween 1 and 5 years  Retween 1 and 5 years  B1 480 055 48 367 819 10 323 980  Retween 1 and 5 years  Residential  Retween 1 and 5 years  Residential  Retween 1 and 5 years  Residential  Retween 1 and 5 years  Retween 1 and 6 787 947  Retween 1 and 7 49 4 949 242  Retween 1 and 7 49 4 949 242  Retween 1 and 7 49 9 335 261 230  Retween 1 and 7 49 9 335 261 230  Retween 1 and 7 49 9 335 261 230  Retween 1 and 9 4 5 7 7 7 7 8 9 10 7 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		zw\$	ZW\$	ZW\$	ZW\$	
Less than 1 year Between 1 and 5 years  Gross investment in finance leases Unearned finance charges  Net investment in finance leases  Less than 1 year Between 1 and 5 years  Retween 1 and 5 years  B1 480 055 48 367 819 10 323 980  Ret investment in finance leases  33 112 236  Retween 1 and 5 years  B1 480 055 48 367 819 10 323 980  Ret investment in finance leases  33 112 236  Retween 1 and 5 years  B1 480 055 48 367 819 10 323 980  Retween 1 and 5 years  Retween 1 and 5 years  Retween 1 and 5 years  B1 480 055 48 367 819 10 323 980  Retween 1 and 5 years  Residential  Retween 1 and 5 years  Residential  Retween 1 and 5 years  Residential  Retween 1 and 5 years  Retween 1 and 6 787 947  Retween 1 and 7 49 4 949 242  Retween 1 and 7 49 4 949 242  Retween 1 and 7 49 9 335 261 230  Retween 1 and 7 49 9 335 261 230  Retween 1 and 7 49 9 335 261 230  Retween 1 and 9 4 5 7 7 7 7 8 9 10 7 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	Gross investment in finance leases:					
Net investment in finance leases   33 112 236   27 635 390   33 112 236   10 548 374	Less than 1 year					
Less than 1 year 6 767 947 4 949 242 6 767 947 1 889 116 Between 1 and 5 years 26 344 289 22 686 148 26 344 289 8 659 258 33 112 236 27 635 390 33 112 236 10 548 374  5. INVESTMENT PROPERTIES  5.1 Made up as follows: Land stock held for capital appreciation and completed properties available for lease: Residential 335 261 230 111 406 749 335 261 230 42 523 737 Commercial 1 462 855 218 1 236 288 209 1 462 855 218 471 888 780 Industrial 66 874 040 34 606 107 66 874 040 13 209 084						
Between 1 and 5 years  26 344 289 22 686 148 26 344 289 33 112 236 27 635 390 33 112 236 10 548 374  5. INVESTMENT PROPERTIES  5.1 Made up as follows:  Land stock held for capital appreciation and completed properties available for lease:  Residential Commercial 1 462 855 218 1 236 288 209 1 462 855 218 1 246 285 218 1 246 285 218 1 246 285 218 1 246 285 218 1 246 285 218 247 1888 780 258 259 258 268 148 26 344 289 2 2 686 148 26 344 289 2 3 31 112 236 2 3 111 406 749 3 35 261 230 3 42 523 737 3 42 523 737 3 42 523 737 4 66 874 040 3 4 606 107 6 6 874 040 3 4 606 107 6 6 874 040 4 2 523 737 4 5 5 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Net investment in finance leases	33 112 236	27 635 390	33 112 236	10 548 374	
5. INVESTMENT PROPERTIES  5.1 Made up as follows:     Land stock held for capital appreciation and completed properties available for lease:     Residential 335 261 230 111 406 749 335 261 230 42 523 737 Commercial 1 462 855 218 1 236 288 209 1 462 855 218 471 888 780 Industrial 66 874 040 34 606 107 66 874 040 13 209 084	Less than 1 year Between 1 and 5 years	26 344 289	22 686 148	26 344 289	8 659 258	
5.1 Made up as follows:     Land stock held for capital appreciation and completed properties available for lease:     Residential 335 261 230 111 406 749 335 261 230 42 523 737     Commercial 1 462 855 218 1 236 288 209 1 462 855 218 471 888 780   Industrial 66 874 040 34 606 107 66 874 040 13 209 084		33 112 230	27 035 390	33 112 230	10 546 374	
Land stock held for capital appreciation and completed properties available for lease:  Residential 335 261 230 111 406 749 335 261 230 42 523 737 Commercial 1 462 855 218 1 236 288 209 1 462 855 218 471 888 780 Industrial 66 874 040 34 606 107 66 874 040 13 209 084	5. INVESTMENT PROPERTIES					
Industrial 66 874 040 34 606 107 66 874 040 13 209 084	Land stock held for capital appreciation and completed properties available for lease: Residential					
	==:::::=:=:=:::::::::::::::::::::::::::					
Datafice at 30 Julie 2020 1 804 990 400 1 302 301 003 1 804 990 400 327 021 001	Balance at 30 June 2020	1 864 990 488	1 382 301 065	1 864 990 488	527 621 601	
5.2 Reconciliation of carrying amount						
Carrying amount at beginning of year 1 382 301 065 542 284 867 527 621 601 33 323 232 Effects of changes in functional currency 50 044 851		1 382 301 065	542 284 867 -	527 621 601 -		
Fair value adjustments 482 689 423 840 016 198 1 337 368 887 444 253 518						
Balance at 30 June 2020 1 864 990 488 1 382 301 065 1 864 990 488 527 621 601	Balance at 30 June 2020	1 864 990 488	1 382 301 065	1 864 990 488	527 621 601	

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

### 7. PROPERTY AND EQUIPMENT

## Inflation adjusted

30 June 2020	Freehold properties ZW\$	Leasehold improvements ZW\$	Equipment furniture & fittings ZW\$	Computer equipment ZW\$		Capital work in progress ZW\$	Total ZW\$
GROUP							
Cost or valuation							
Balance at 1 January 2020	1 074 736 240	232 247 714	227 409 161	446 906 381	306 361 144	-	2 287 660 640
Additions	15 306 261	-	1 626 893	3 783 059	-	6 215 138	26 931 351
Disposals	-	(20 083)	(956 612)	(1 042 942)	(469 917)	-	(2 489 554)
Surplus on revaluation	242 946 610	-	-	-	7 604 038	-	250 550 648
Balance at 30 June 2020	1 332 989 111	232 227 631	228 079 442	449 646 498	131 495 265	6 215 138	2 562 653 085
Accumulated depreciation							
Balance at 1 January 2020	165 318 397	125 818 982	121 479 420	252 895 063	130 530 550	13 513 945	809 556 357
Recognised in statement							
of profit or loss	89 214	1 824 895	2 920 677	6 925 854	5 642 931	-	17 403 571
Disposals		(20 083)	(956 612)	(1 042 942)	(469 917)	-	(2 489 554)
Balance at 30 June 2020	165 407 611	127 643 877	123 443 486	258 777 975	135 703 579	13 513 945	824 490 374
Carrying value at							
30 June 2020	1 167 581 500	104 603 837	104 635 957	190 868 523	177 791 701	7 298 807	1 738 182 711
Restated carrying value at							
31 December 2019	909 417 843	106 428 732	105 929 741	194 011 318	175 830 594	15 939 759	1 507 557 987

#### Inflation adjusted

	Freehold properties	Leasehold improvements	Equipment furniture & fittings	Computer equipment		Capital work	Total
31 December 2019	ZW\$	zw\$	zw\$	ZW\$	ZW\$	zw\$	zw\$
GROUP							
Cost or valuation							
Balance at 1 January 2019	515 424 757	162 080 080	145 746 273	304 827 163	171 712 393	13 657 893	1 313 448 559
Additions	9 794 997	3 224 931	17 541 578	10 161 716	30 556 471	15 795 811	87 075 504
Disposals	-	-	(289 781)	(555 926)	(8 665 392)	-	(9 511 099)
Surplus on revaluation	549 516 486	66 942 703	64 411 091	132 473 428	112 757 672	-	926 101 380
Balance at 31 December 2019	1 074 736 240	232 247 714	227 409 161	446 906 381	306 361 144	29 453 704	2 317 114 344
Accumulated depreciation							
Balance at 1 January 2019	164 324 514	115 715 236	105 051 827	210 763 377	111 453 076	4 332 108	711 640 138
Recognised in statement							
of profit or loss	993 883	10 103 746	16 227 665	42 472 668	20 575 537	-	90 373 499
Disposals	-	-	(92 481)	(410 120)	(1 592 374)	-	(2 094 975)
Impairment	-	-	292 409	69 138	94 311	9 181 837	9 637 695
Balance at 31 December 2019	165 318 397	125 818 982	121 479 420	252 895 063	130 530 550	13 513 945	809 556 357
Carrying value at							
31 December 2019	909 417 843	106 428 732	105 929 741	194 011 318	175 830 594	15 939 759	1 507 557 987
Restated carrying value at							
31 December 2018	351 100 244	46 364 844	40 694 446	94 063 785	60 259 317	9 325 786	601 808 422

# Historical cost

	Freehold properties	Leasehold improvements	Equipment furniture & fittings	Computer equipment		Capital work	Total
30 June 2020	zw\$	zw\$	zw\$	zw\$	ZW\$	zw\$	zw\$
anaun.							
GROUP							
Cost or valuation							
Balance at 1 January 2020	347 687 699	46 731 803	46 297 547	88 309 787	74 301 378	5 868 435	609 196 649
Additions	6 780 000	-	876 881	2 163 792	-	2 425 074	12 245 747
Disposals	-	(8 896)	(423 737)	(461 977)	(208 152)	-	(1 102 762)
Surplus on revaluation	813 694 744	-	-	-	16 022 175	-	829 716 919
Balance at 30 June 2020	1 168 162 443	46 722 907	46 750 691	90 011 602	90 115 401	8 293 509	1 450 056 553
Accumulated depreciation							
Balance at 1 January 2020	564 697	5 982 441	5 763 572	14 266 795	7 187 223	-	33 764 728
Recognised in statement							
of profit or loss	72 164	961 137	1 655 385	3 525 209	3 021 984	-	9 235 879
Disposals	-	(8 896)	(423 737)	(461 977)	(208 152)	-	(1 102 762)
Balance at 30 June 2020	636 861	6 934 682	6 995 220	17 330 027	10 001 055	-	41 897 845
Carrying value at							
30 June 2020	1 167 525 582	39 788 225	39 755 471	72 681 575	80 114 346	8 293 509	1 408 158 708
Restated carrying value							
at 31 December 2019	347 123 002	40 749 362	40 533 975	74 042 992	67 114 155	5 868 435	575 431 921

# Historical cost

			Equipment		Marine assets		
	Freehold	Leasehold	furniture	Computer		Capital work	
	properties	improvements	& fittings	equipment		in progress	Total
31 December 2019	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
GROUP							
Cost or valuation							
	22.070.625	7 200 752	6 348 458	13 501 475	8 176 521	357 320	57 772 151
Balance at 1 January 2019	22 078 625	7 309 752					
Additions	2 243 818	971 719	2 676 338	1 340 234	6 767 200	5 511 115	19 510 424
Disposals	-	-	(21 629)	(35 343)	(745 114)	-	(802 086)
Effects of changes in functional							
currency translation reserve	32 362 498	4 267 983	3 604 179	8 648 590	5 732 956	-	54 616 206
Surplus on revaluation	291 002 758	34 182 349	33 690 201	64 854 831	54 369 815	-	478 099 954
Balance at 31 December 2019	347 687 699	46 731 803	46 297 547	88 309 787	74 301 378	5 868 435	609 196 649
Accumulated depreciation							
Balance at 1 January 2019	503 623	4 315 198	3 777 393	7 721 341	4 473 656	-	20 791 211
Recognised in statement							
of profit or loss	61 074	1 667 243	1 917 423	6 568 348	2 828 465	-	13 042 553
Disposals	-	-	(6 195)	(25 512)	(135 182)	-	(166 889)
Impairment	-	-	74 951	2 618	20 284	-	97 853
Balance at 31 December 2019	564 697	5 982 441	5 763 572	14 266 795	7 187 223	-	33 764 728
Carrying value at	-						
31 December 2019	347 123 002	40 749 362	40 533 975	74 042 992	67 114 155	5 868 435	575 431 921
Restated carrying value							
at 31 December 2018	21 575 002	2 994 554	2 571 065	5 780 134	3 702 865	357 320	36 980 940





**ZB FINANCIAL HOLDINGS** 

### 8. INTANGIBLE ASSETS

_	Inflation	Adjusted	Histori	cal Cost	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019	
	ZW\$	zw\$	zw\$	ZW\$	
Computer software					
Carrying amount at 31 December 2019	310 101 523	28 658 185	118 365 142	10 938 773	
Effects of changes in functional currency	_	42 479 462	-	16 214 327	
Additions at cost	12 467 937	36 759 133	5 059 770	16 214 327	
Surplus on revaluation	-	173 418 304	-	66 193 426	
Amortisation	(9 320 406)	(33 777 276)	(6 215 353)	(12 892 720)	
Exchange rate movements	-	62 563 715	-	23 880 447	
Balance at 30 June 2020	313 249 054	310 101 523	117 209 558	118 365 142	
9. DEPOSITS AND OTHER ACCOUNTS					
9.1 Summary of deposits by type					
Balances of banks	642 733	40 441 206	642 733	15 436 329	
Current accounts	813 019 376	1 095 429 252	813 019 376	418 123 193	
Savings and call accounts	1 868 878 535	2 099 207 847	1 868 878 535	801 263 510	
Fixed deposits	175 375 883	359 687 440	175 375 883	137 291 989	
	2 857 916 527	3 594 765 745	2 857 916 527	1 372 115 021	
9.2 Maturity analysis					
On demand	1 727 178 904	2 621 096 028	1 727 178 904	1 000 467 203	
Within 1 month	1 097 804 175	887 632 065	1 097 804 175	338 807 415	
Between 1 and 6 months	22 813 219	55 476 854	22 813 219	21 175 406	
Between 6 and 12 months	5 937 207	19 535 351	5 937 207	7 456 605	
After 12 months	4 183 022	11 025 447	4 183 022	4 208 392	
	2 857 916 527	3 594 765 745	2 857 916 527	1 372 115 021	

		Inflat	ion Adjusted		Historical Cost				
	30 June 2020	%	31 Dec 2019	%	30 June 2020	%	31 Dec 2019	%	
	ZW\$	Contribution	ZW\$	Contribution	ZW\$	Contribution	ZW\$ (	Contribution	
0.3 Deposit concentration									
Private individuals	413 671 354	14%	540 231 443	15%	413 671 354	14%	206 205 280	15%	
Agriculture	363 269 438	13%	194 013 205	5%	363 269 438	13%	74 054 459	59	
Mining	55 343 070	2%	198 017 965	6%	55 343 070	2%	75 583 068	69	
Manufacturing	182 601 278	6%	290 957 987	8%	182 601 278	6%	111 058 092	89	
Distribution	115 317 650	4%	103 034 379	3%	115 317 650	4%	39 328 020	39	
Construction	27 530 028	1%	41 253 479	1%	27 530 028	1%	15 746 372	19	
Transport	17 345 792	1%	32 240 030	1%	17 345 792	1%	12 305 956	19	
Services	1 182 224 302	41%	1 339 885 166	37%	1 182 224 302	41%	511 431 535	379	
Financial	251 044 235	9%	382 246 710	11%	251 044 235	9%	145 902 818	119	
Communication	249 569 380	9%	472 885 381	13%	249 569 380	9%	180 499 421	139	
	2 857 916 527	100%	3 594 765 745	100%	2 857 916 527	100%	1 372 115 021	1009	

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

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

		Adjusted		cal Cost
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	ZW\$	ZW\$	ZW\$	ZW\$
10. LEASE LIABILITIES				
Balance at 31 December 2019	17 410 941	106 779 829	6 645 722	6 561 587
Add accrued interest posted	17 410 541	100773 023	0 0 13 722	0 301 307
to profit or loss	3 171 523	2 695 605	224 079	448 157
Less lease commitments paid during the year	(6 242 638)	(16 948 447)	(3 967 285)	(2 817 760)
Arising from lease reassessment	-	6 428 480	-	2 453 738
Arising from monetary adjustments	(11 437 310)	(81 544 526)	-	-
Balance at 30 June 2020	2 902 516	17 410 941	2 902 516	6 645 722
11. LONG TERM BORROWINGS				
Comprising:				
Face value of loan	20 000 000	52 397 440	20 000 000	20 000 000
Valuation discount	(4 243 662)	(12 124 670)	(4 243 662)	(4 627 963)
Balance at 30 June 2020	15 756 338	40 272 770	15 756 338	15 372 037
Valuation discount:				
Balance at 31 December 2019	12 124 670	14 042 422	4 627 963	5 359 965
Amortisation during the year	(604 708)	(1 917 752)	(384 301)	(732 002)
Effects of monetary adjustments	(7 276 300)	-	-	-
Balance at 30 June 2020	4 243 662	12 124 670	4 243 662	4 627 963
12. LIFE ASSURANCE FUNDS				
Listed equities	121 560 552	60 653 846	121 560 552	23 151 454
Unlisted equities	86 700 278	83 852 761	86 700 278	32 006 434
Gold fund	19 936 425	13 108 891	19 936 425	5 003 638
Government and public utilities stock	75 495 131	11 520 696	75 495 131	4 397 427
Investment properties	12 373 763	56 824 183	12 373 763	21 689 679
Funds on deposit	230 445 657	16 708 815	230 445 657	6 377 722
Equity accounted investments	120 186 856	395 487 999	1 285 939	149 928 982
Trade and other receivables	1 581 241	4 142 649	-	1 643 521
Gross assets	648 365 794	642 299 840	527 883 636	244 198 857
Less: Deferred tax liabilities	4 512 783	7 909 624	4 512 783	(3 019 088)
Trade and other payables	2 142 257	5 709 622	2 142 257	(2 179 351)
Income tax payable	519 280	902 412	519 280	(344 449)
Net assets	641 191 474	627 778 182	520 709 316	238 655 969

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

# 13. INTEREST AND RELATED INCOME

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

	Inflation	Adjusted	Histori	cal Cost
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	zw\$	zw\$	zw\$	zw\$
14. INTEREST AND RELATED EXPENSES				
14. INTEREST AND RELATED EXPENSES				
Interest and related expenses				
comprise interest on:				
Retail deposits	4 783 763	7 320 104	2 958 687	583 402
Fixed deposits	8 880 500	36 289 062	5 725 291	2 877 279
Other interest payable categories	11 923 632	23 348 316	6 652 635	2 169 058
Total interest and related expenses	25 587 895	66 957 482	15 336 613	5 629 739
Net interest and related income	177 089 615	188 155 555	109 478 830	14 329 236
15. ANALYSIS OF NET IMPAIRMENT				
POSTED IN STATEMENT OF PROFIT OR LOSS				
Loans and advances	(60 237 154)	(45 429 207)	(60 237 153)	(5 425 917)
Insurance debtors	3 278 320	(5 403 523)	1 202 841	(290 185)
	/= 0	/F0	(=0.6=	
Loans and other advances	(56 958 834)	(50 832 730)	(59 034 312)	(5 716 102)
Other financial assets Guarantees	72 133	573 404	72 133	68 486 3 269
Loan committements	(777 320) (138 000)	27 374	(777 320) (138 000)	3 209
Net recoveries during the year	402 017	14 962 508	402 016	1 787 073
Write offs during the year	476 219	-	476 219	-
Effects of monetary adjustments	(22 447 847)	6 322 657	-	-
	(79 371 632)	(28 946 787)	(58 999 264)	(3 857 274)
16. OPERATING EXPENSES				
Commission and fees	9 215 606	14 090 602	5 526 806	1 135 032
Staff expenses	252 162 087	211 700 729	166 222 594	18 137 137
Communication expenses	19 540 671	16 583 044	13 982 634	1 554 800
National Social Security Authority expenses	1 222 351	3 159 800	893 304	244 512
Pension fund expenses	6 934 790	11 525 642	4 187 115	998 292
Computers and information				
technology expenses	82 322 919	65 559 013	40 517 527	4 045 400
Occupation expenses	27 479 809	29 036 898	14 490 573	3 386 941
Transport expenses	10 638 979	10 427 459	7 299 899	898 898
Travelling expenses  Depreciation of property and equipment	7 560 100 17 403 571	7 558 850 54 010 340	5 023 855 9 580 235	689 570 5 145 057
Amortisation of intangible assets	9 320 406	33 889 049	6 215 353	2 385 825
Depreciation of right of use asset	3 171 523	8 308 984	1 381 408	1 913 624
Finance cost on operating lease liabilities	3 171 523	2 695 605	224 079	259 473
Impairment of property and equipment		-	-	-
Impairment of intangible assets	-	-	-	-
Administration expenses	95 696 385	119 293 029	82 317 631	7 919 092
Amortisation of valuation discount	(60 1 705)	(4.6.1	(22.1.22	(722.222
on the long term borrowings	(604 708)	(1 917 752)	(384 301)	(732 002)
Directors fees Audit fees	4 699 799 6 907 860	2 811 006 5 176 454	4 278 992 4 488 755	283 702 519 924
Adult 1663	556 843 671	593 908 752	366 246 459	48 785 277
	550 545 671	233 303 732	200 210 433	.5 7 65 277
17. INCOME TAX EXPENSE				
Current income tax	21 932 739	33 126 613	7 061 803	1 854 979
Deferred tax expense	59 623 119	(45 100 688)	49 650 847	(2 917 870)
	81 555 858	(11 974 075)	56 712 650	(1 062 891)

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

# 18.3 Legal contingencies

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

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

A resolution framework including the possible unbundling of the contentious assets remains a possibility. Should that be the preferred route this could lead to considerations to account for the contentious assets in terms of International Financial Reporting Standard ("IFRS") 5 – Non-current Assets Held for Sale and Discontinued Operations. Through a series of technical consultations, management are satisfied that as at the reporting date, any proposed means of resolving the matter had not triggered the requirements of IFRS 5 hence the financial results of IHL and its subsidiaries were fully consolidated in the Group's financial results up to and at 30 June 2020.

# 19. EARNINGS PER SHARE

# Basic and fully diluted earnings per share (ZW cents)

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

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

# 20. RISK MANAGEMENT

# 20.1 Capital risk management

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

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

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

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

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



# for the half year ended 30 June 2020



# **ZB** FINANCIAL HOLDINGS

### 20.2 Financial risk management

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

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

#### 20.2.1 Classification and measurement of financial assets and liabilities

#### Inflation adjusted 2020

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

#### Inflation adjusted 2019

31 December 2019			CARRYING AM	TNUC		FAIR VALUE			
		Designated	Designated	Designated					
		at FVTPL	at AMCO	at FVTOCI	Total	Level 1	Level 2	Level 3	Tota
	Note	ZW\$	ZW\$	ZW\$	zw\$	ZW\$	zw\$	ZW\$	ZW:
Financial assets measured at fair value	:								
Listed equity securities		177 896 431	-	-	177 896 431	177 896 431	-	-	177 896 43
Government public utility stock		68 114 736	-	-	68 114 736	-	-	68 114 736	68 114 73
Unit trusts		18 962 537	-	-	18 962 537	-	18 962 537	-	18 962 53
Unlisted equity investments		101 840 137	-	-	101 840 137	-	-	101 840 137	101 840 13
Treasury bills		164 781 302	-	293 181 331	457 962 633	-	164 781 302	293 181 331	457 962 63
Financial assets not measured at fair v	alue:								
Trade and other receivables		-	157 241 787	-	157 241 787				
Cash and cash equivalents		-	2 516 918 790	-	2 516 918 790				
reasury bills		-	110 677 627	-	110 677 627				
otal		531 595 143	2 784 838 204	293 181 331	3 609 614 678				
inancial liabilities									
Deposit and other accounts		-	(3 594 765 745)	-	(3 594 765 745)				
rade and other payables		-	(532 120 628)	-	(532 120 628)				
Total .		-	(4 126 886 373)	-	(4 126 886 373)				

## Historical cost 2020

30 June 2020	CA	ARRYING AMOU	NT			FAI	R VALUE	
	Designated	Designated	Designated					
	at FVTPL	at AMCO	at FVTOCI	Total	Level 1	Level 2	Level 3	Tota
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	zws
Financial assets measured at fair value:								
Listed equity securities	452 795 984	-	-	452 795 984	452 795 984	-	-	452 795 984
Government public utility stock	11 481 449	-	-	11 481 449	-	-	11 481 449	11 481 44
Unit trusts	29 562 113	-	-	29 562 113	-	29 562 113	-	29 562 11
Unlisted equity investments	240 148 894	-	-	240 148 894	-	-	240 148 894	240 148 89
Treasury bills	121 301 744	-	195 559 766	316 861 510	-	121 301 744	195 559 766	316 861 51
Financial assets not measured at fair value:								
Trade and other receivables	-	186 763 682	-	186 763 682				
Cash and cash equivalents	-	2 504 910 841	-	2 504 910 841				
Treasury bills	-	42 664 668	-	42 664 668				
Total	855 290 184	2 734 339 191	195 559 766	3 785 189 141				
Financial liabilities								
Deposit and other accounts	-	(2 857 916 527)	-	(2 857 916 527)				
Trade and other payables	-	(525 742 717)	-	(525 742 717)				
Total	-	(3 383 659 244)	-	(3 383 659 244)				

# Historical cost 2019

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

# Definition of financial risk

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

# 20.2.2 Liquidity risk

# Definition

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

# Identification techniques

This risk is identified through gap and maturity analysis.

# Measurement methods

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

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

### Liquidity gap analysis as at 30 June 2020

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

#### Inflation adjusted

				(	Gross nominal	
	Up to 1	2 to 6	7 to 12	Above 12	inflow/	Carrying
	month	months	months	months	(outflow)	amount
	zw\$	zw\$	ZW\$	ZW\$	ZW\$	ZW\$
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	1 734 217 284	47 697 253	505 720 612	-	2 287 635 149	2 504 910 841
Treasury bills	13 009 163	16 020 027	173 003 064	204 236 762	406 269 016	359 526 178
Mortgages and other advances	60 723 621	102 052 665	189 903 682	832 116 704	1 184 796 672	1 184 796 672
Investment securities	-	-	-	637 248 304	637 248 304	637 248 304
	1 807 950 068	165 769 945	868 627 358	1 673 601 770	4 515 949 141	4 686 481 995
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(2 797 780 112)	(49 293 234)	(1 281 375)	_	(2 848 354 721)	(2 057 016 527)
Trade and other payables	(308 373 894)	(39 484 897)	(39 484 897)	(138 399 029)	(525 742 717)	
Long term loan	(175 030 501)	(153 839 171)	(3 766 474)	(33 254 246)	(365 890 392)	(15 756 338)
Offshore borrowings	(175 050 501)	(133 639 171)	(3 700 474)	(12 169 291)	(12 169 291)	` ,
Current tax liabilites	(6 257 543)			(12 103 231)	(6 257 543)	,
Lease liabilities	(2 972 810 613)	(242 617 302)	(44 532 746)	(183 822 566)	(3 443 783 227)	(2 902 516)
Lease nabilities	(6 260 252 663)	(485 234 604)	(89 065 492)	(367 645 132)	(7 202 197 891)	
	(0 200 202 000)	(403 234 004)	(05 005 452)	(50, 545 152)	(7 202 137 031)	(5 504 545 655)
Period gap	(4 452 302 595)	(319 464 659)	779 561 866	1 305 956 638	(2 686 248 750)	1 102 438 156
Cumulative gap	(4 452 302 595)	(4 771 767 254) (	3 992 205 388)	(2 686 248 750)	-	-

#### Liquidity gap analysis as at 31 December 2019

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

## Inflation adjusted

				G	ross nominal	
	Up to 1	2 to 6	7 to 12	Above 12	inflow/	Carrying
	month	months	months	months	(outflow)	amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
	2004	2004	2004	2004	2004	2004
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	1 990 167 951	114 756 179	378 323 554	_	2 483 247 684	2 516 918 790
Money market investments	70 827 808	17 389 888	-	-	88 217 696	83 842 437
Treasury bills	29 947 278	70 612 156	226 127 745	303 526 436	630 213 615	568 640 260
Mortgages and other advances	118 712 518	274 141 341	227 357 175	723 760 499	1 343 971 533	1 180 464 068
Investment securities		-	-	468 222 675	468 222 675	366 813 840
	2 209 655 555	476 899 564	831 808 474	1 495 509 610	5 013 873 203	4 716 679 395
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(3 482 312 314)	(69 161 268)	(19 471 384)	(269 275 895)	(3.840.220.861)	(3 594 765 745)
Trade and other payables	(230 423 209)	(92 880 981)	(57 505 476)	(151 310 944)	(532 120 610)	
Long term loan	(250 125 205)	(52 555 55.)	(57 505 170)	(52 397 440)	(52 397 440)	
Offshore borrowings	-	(44 616 688)	(44 616 688)	(126 974 337)	(216 207 713)	
Current tax liabilites	(13 499 339)	` -	`	` -	(13 499 339)	
Lease liabilities	· -	-	-	(17 410 941)	(17 410 941)	(17 410 941)
	(3 726 234 862)	(206 658 937)	(121 593 548)	(617 369 557)	(4 671 856 904)	(4 394 082 798)
P. College	(4 546 570 307)	270 240 627	740 244 025	070 440 053	242.046.222	222 506 527
Period gap	(1 516 579 307)	270 240 627	710 214 926	878 140 053	342 016 299	322 596 597
Cumulative gap	(1 516 579 307)	(1 246 338 680)	(536 123 754)	342 016 299	-	-

## Liquidity gap analysis as at 30 June 2020

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

## Historical cost

## Month   mon							
Month   Months   Mo					G	ross nominal	
FINANCIAL ASSETS BY TYPE: Cash and cash equivalents Treasury bills Investment securities  FINANCIAL LIABILITIES BY TYPE: Deposits and other accounts Trade and other payables Long term loan Offshore borrowings Current tax liabilities  (2 972 810 613) (242 617 302) (44 523 205 95) (319 464 659)  Feriod gap  (4 452 302 595) (319 464 659)  779 561 866  TWYS  TWS  TWS  TWS  TWS  ZWS  ZWS  ZWS  ZW		Up to 1	2 to 6	7 to 12	Above 12	inflow/	Carrying
FINANCIAL ASSETS BY TYPE: Cash and cash equivalents Treasury bills Investment securities  FINANCIAL LIABILITIES BY TYPE: Deposits and other accounts Trade and other payables Long term loan Offshore borrowings Current tax liabilities  (2 972 810 613) (242 617 302) (44 523 205 95) (319 464 659)  Feriod gap  (4 452 302 595) (319 464 659)  779 561 866  TWYS  TWS  TWS  TWS  TWS  ZWS  ZWS  ZWS  ZW		month	months	months	months	(outflow)	amount
FINANCIAL ASSETS BY TYPE:  Cash and cash equivalents  1 734 217 284							
Cash and cash equivalents 1 734 217 284 47 697 253 505 720 612 - 2 287 635 149 2 504 910 8 Treasury bills 13 009 163 16 020 027 173 003 064 204 236 762 406 269 016 359 526 18 Mortgages and other advances 60 723 621 102 052 665 189 903 682 832 116 704 1 184 796 672 1 184 796 68 Investment securities 637 248 304 638 248 248 248 248 248 248 248 248 248 24		ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Cash and cash equivalents Treasury bills 13 009 163 16 020 027 173 003 064 204 236 762 406 269 016 359 526 18 Mortgages and other advances Investment securities 60 723 621 102 052 665 189 903 682 832 116 704 1184 796 672 1184 796 68 1807 950 068 165 769 945 868 627 358 1 673 601 770 4 515 949 141 4 686 481 9  FINANCIAL LIABILITIES BY TYPE:  Deposits and other accounts 172 07 780 112 173 083 084 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 088 1807 950 945 1808 627 358 1 673 601 770 1 4 515 949 141 1 4 686 481 9  FINANCIAL LIABILITIES BY TYPE:  Deposits and other accounts 172 098 9484 897 173 899 029 174 777 175 052 742 77 175 052 742 77 175 053 0501 175 030 501) 175 030 501) 175 030 501 175 03	FINANCIAL ASSETS BY TYPE						
Mortgages and other advances 60 723 621 102 052 665 189 903 682 832 116 704 1 184 796 672 1 184 796	Cash and cash equivalents	1 734 217 284	47 697 253	505 720 612	-	2 287 635 149	2 504 910 841
FINANCIAL LIABILITIES BY TYPE:   Deposits and other payables   (2 797 780 112)   (49 293 234)   (1 281 375)   (1 281 375)   (2 848 354 721)   (2 857 916 587 1742)   (2 879 780 112)   (3 94 84 897)   (3 94 84 897)   (1 38 399 029)   (525 742 717)   (525 742 717)   (525 742 717)   (525 742 717)   (1 75 030 501)	·	13 009 163	16 020 027	173 003 064	204 236 762	406 269 016	359 526 178
FINANCIAL LIABILITIES BY TYPE:  Deposits and other accounts  (2 797 780 112) (49 293 234) (1 281 375) - (2 848 354 721) (2 857 916 5 736 and other payables  Long term loan (175 030 501) (153 839 171) (3 766 474) (33 254 246) (365 890 392) (15 756 3 742 776 61 866 13 30 866 866 867 868 868 868 868 868 868 868	Mortgages and other advances	60 723 621	102 052 665	189 903 682	832 116 704	1 184 796 672	1 184 796 672
FINANCIAL LIABILITIES BY TYPE:  Deposits and other accounts  (2 797 780 112) (49 293 234) (1 281 375) - (2 848 354 721) (2 857 916 57 17 20 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Investment securities	<u> </u>	-	-	637 248 304	637 248 304	637 248 304
Deposits and other accounts (2 797 780 112) (49 293 234) (1 281 375) - (2 848 354 721) (2 857 916 52 742 717) (525		1 807 950 068	165 769 945	868 627 358	1 673 601 770	4 515 949 141	4 686 481 995
Deposits and other accounts (2 797 780 112) (49 293 234) (1 281 375) - (2 848 354 721) (2 857 916 52 717 17 18 18 19 19 19 19 18 18 19 19 19 18 18 19 19 19 18 18 19 19 18 18 19 19 18 18 19 19 18 18 19 18 18 19 18 18 19 18 18 19 18 18 18 19 18 18 18 18 18 18 18 18 18 18 18 18 18							
Trade and other payables (308 373 894) (39 484 897) (39 484 897) (138 399 029) (525 742 717) (525 742 72 72) (525 742 717) (525 742 72)		(2 707 700 442)	(40.000.004)	(4 204 275)		(2.040.254.724)	(2.057.046.527)
Long term loan (175 030 501) (153 839 171) (3 766 474) (33 254 246) (365 890 392) (15 756 30 0ffshore borrowings (12 169 291) (12 169 291) (175 468 10 175 468	•	,	,	. ,	<del>.</del>	,	'
Offshore borrowings Current tax liabilities (6 257 543) Lease liabilities (2 972 810 613) (242 617 302) (485 234 604) (89 065 492) (367 645 132) (7 202 197 891) (3 882 068 248 750) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (1 2 169 291) (2 2 2 7 543) (2 2 972 810 613) (2 2 972 810 613) (2 2 972 810 613) (2 2 972 810 613) (2 2 972 810 613) (3 2 972 810 613) (4 85 234 604) (8 9 065 492) (3 67 645 132) (7 202 197 891) (3 584 043 88) (2 686 248 750) (3 10 248 138) (3 10 248 138) (4 452 302 595) (3 11 2 464 659) (3 11 2 468 128) (4 452 302 595)		,	,	` ,		,	,
Current tax liabilities (6 257 543) (6 257 543		(175 030 501)	(153 839 171)	(3 766 474)	,	,	` ,
Lease liabilities (2 972 810 613) (242 617 302) (44 532 746) (183 822 566) (3 443 783 227) (2 902 5 (6 260 252 663) (485 234 604) (89 065 492) (367 645 132) (7 202 197 891) (3 584 043 88	· ·	-	-	-	(12 169 291)	(12 169 291)	(175 468 198)
Period gap (4 452 302 595) (319 464 659) 779 561 866 1 305 956 638 (2 686 248 750) 1 102 438 1	Current tax liabilites	(6 257 543)	-	-	-	(6 257 543)	(6 257 543)
Period gap (4 452 302 595) (319 464 659) 779 561 866 1 305 956 638 (2 686 248 750) 1 102 438 1	Lease liabilities	(2 972 810 613)	(242 617 302)	(44 532 746)	(183 822 566)	(3 443 783 227)	(2 902 516)
		(6 260 252 663)	(485 234 604)	(89 065 492)	(367 645 132)	(7 202 197 891)	(3 584 043 839)
Cumulative can (4.452.202.505) (4.771.767.254) (2.002.205.205) (2.696.249.750)	Period gap	(4 452 302 595)	(319 464 659)	779 561 866	1 305 956 638	(2 686 248 750)	1 102 438 156
Cumulative gap (4 452 302 595) (4 771 767 254) (3 992 205 388) (2 686 248 750) -	Cumulative gap	(4 452 302 595)	(4 771 767 254) (	3 992 205 388)	(2 686 248 750)	-	-

# Liquidity gap analysis as at 31 December 2019

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

# <u>Historical cost</u>

				G	ross nominal	
	Up to 1	2 to 6	7 to 12	Above 12	inflow/	Carrying
					( (6)	
	month	months	months	months	(outflow)	amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Cash and cash equivalents	759 643 196	43 802 208	144 405 357	-	947 850 761	960 702 956
Money market investments	27 034 835	6 637 686	-	-	33 672 521	32 002 494
Treasury bills	11 430 817	26 952 521	86 312 516	115 855 444	240 551 298	217 048 870
Mortgages and other advances	45 312 335	104 639 211	86 781 787	276 257 960	512 991 293	450 580 815
Investment securities		<u> </u>	<u> </u>	178 719 675	178 719 675	140 012 122
	843 421 183	182 031 626	317 499 660	570 833 079	1 913 785 548	1 800 347 257
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(1 329 191 767)	(26 398 720)	(7 432 189)	(102 782 080)	(1 465 804 756)	(1 372 115 021)
Trade and other payables	(87 952 086)	(35 452 488)	(21 949 727)	(57 755 090)	(203 109 391)	(203 109 391)
Long term loan	(07 332 000)	(33 432 400)	(21 343 727)	(20 000 000)	(20 000 000)	(15 372 037)
Offshore borrowings	_	(17 030 102)	(17 030 102)	(48 465 855)	(82 526 059)	(74 817 920)
Current tax liabilites	(5 152 672)	( 050 .02)	(17 050 102)	(10 105 055)	(5 152 672)	(5 152 672)
Lease liabilities	-	_	_	(6 645 722)	(6 645 722)	(6 645 722)
	(1 422 296 525)	(78 881 310)	(46 412 018)	(235 648 747)	(1 783 238 600)	
	<u> </u>	,		, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	
Period gap	(578 875 342)	103 150 316	271 087 642	335 184 332	130 546 948	123 134 494
Cumulative gap	(578 875 342)	(475 725 026)	(204 637 384)	130 546 948	-	-
• .	,	,	,			

# Liquidity risk

	Inflation	Adjusted	Historical Cost		
	30 June 2020 ZW\$	31 Dec 2019 ZW\$	30 June 2020 ZW\$	31 Dec 2019 ZW\$	
Liquidity ratios					
Total liquid assets	2 864 437 019	3 169 401 487	2 864 437 019	348 931 486	
Total liabilities to the public	2 857 916 527	3 594 765 745	2 857 916 527	433 006 499	
Liquidity ratio	100.23%	88.17%	100.23%	88.17%	
Average for the period	89%	87%	89%	87%	
Maximum for the period	93%	78%	93%	78%	
Minimum for the period	79%	71%	79%	71%	
Minimum statutory liquidity ratio	30%	30%	30%	30%	



# for the half year ended 30 June 2020



**ZB** FINANCIAL HOLDINGS

#### 20.2.3 Market risk

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

#### 20.2.3.1 Interest rate risk

Interest rate gap analysis as at 30 June 2020

Inflation adjusted

	Up to 1	2 to 6	7 to 12	Above 12	Carrying
	month	months	months	months	amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
FINANCIAL ASSETS BY TYPE: Cash and cash equivalents Treasury bills Advances and other accounts	2 284 910 841 12 998 954 167 715 239 2 465 625 034	26 308 466 102 673 943 128 982 409	220 000 000 150 661 763 173 212 622 543 874 385	169 556 995 741 194 868 910 751 863	2 504 910 841 359 526 178 1 184 796 672 4 049 233 691
FINANCIAL LIABILITIES BY TYPE Deposits and other accounts Long term loan Offshore borrowings	(2 810 070 119) - - (2 810 070 119)	(48 832 322) - (31 873 678) (80 706 000)	(1 269 756) - (31 873 678) (33 143 434)	(15 756 338) (111 720 842) (127 477 180)	(2 860 172 197) (15 756 338) (175 468 198) (3 051 396 733)
Period gap	(344 445 085)	48 276 409	510 730 951	783 274 683	997 836 958
Cumulative gap	(344 445 085)	(296 168 676)	214 562 275	997 836 958	-

#### Interest rate gap analysis as at 31 December 2019

## Inflation adjusted

	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
	200\$	2000	244.5	Z V V Ø	244.0
	2 54 6 04 0 700				2 546 040 700
Cash and cash equivalents	2 516 918 790	-	-	-	2 516 918 790
Money market investments	83 842 437	-	-	-	83 842 437
Treasury bills	29 877 060	64 040 193	220 874 650	253 848 357	568 640 260
Advances and other accounts	136 557 800	193 849 444	219 161 527	630 895 297	1 180 464 068
	2 767 196 087	257 889 637	440 036 177	884 743 654	4 349 865 555
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(3 526 260 617)	(16 116 583)	(32 469 849)	(19 918 696)	(3 594 765 745)
Long term loan	-	-	-	(40 272 770)	(40 272 770)
Offshore borrowings	-	(44 616 688)	(24 422 350)	(126 974 337)	(196 013 375)
	(3 526 260 617)	(60 733 271)	(56 892 199)	(187 165 803)	(3 831 051 890)
Period gap	(759 064 530)	197 156 366	383 143 978	697 577 851	518 813 665
Cumulative gap	(759 064 530)	(561 908 164)	(178 764 186)	518 813 665	-

## Interest rate gap analysis as at 30 June 2020

## <u>Historical cost</u>

	Up to 1	2 to 6	7 to 12	Above 12	Carrying
	month	months	months	months	amount
	ZW\$	ZW\$	ZW\$	zw\$	ZW\$
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	2 284 910 841	_	220 000 000	_	2 504 910 841
Treasury bills	12 998 954	26 308 466	150 661 763	169 556 995	359 526 178
Advances and other accounts	167 715 239	102 673 943	173 212 622	741 194 868	1 184 796 672
	2 465 625 034	128 982 409	543 874 385	910 751 863	4 049 233 691
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(2 810 070 119)	(48 832 322)	(1 269 756)	-	(2 860 172 197)
Long term loan	-	-	-	(15 756 338)	(15 756 338)
Offshore borrowings		(31 873 678)	(31 873 678)	(111 720 842)	(175 468 198)
	(2 810 070 119)	(80 706 000)	(33 143 434)	(127 477 180)	(3 051 396 733)
Period gap	(344 445 085)	48 276 409	510 730 951	783 274 683	997 836 958
Cumulative gap	(344 445 085)	(296 168 676)	214 562 275	997 836 958	-

# Interest rate gap analysis as at 31 December 2019

# Historical cost

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

# 20.2.3.2 Foreign exchange risk

Foreign currency position
The carrying amount of the Group's non United States dollar monetary assets and liabilities as at 30 June 2020 were as follows:

	Inflation	Histori	orical Cost		
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019	
	ZW\$	ZW\$	ZW\$	zw\$	
Botswana pula British pound Malawian kwacha Euro South African rand Zambian kwacha USD Total assets	71 694 288 553 878 653 7 823 266 068 406 1 242 496 725 4 320 177 25 019 658 2 138 466 072	187 829 859 1 451 091 183 20 495 697 065 171 3 255 182 399 11 318 311 65 548 302 5 602 507 418	71 694 288 553 878 653 7 823 266 068 406 1 242 496 725 4 320 177 25 019 658 2 138 466 072	71 694 288 553 878 653 7 823 266 068 406 1 242 496 725 4 320 177 25 019 658 2 138 466 072	
Botswana pula British pound Euro South African rand Total liabilities	(71 034 058) (271 590 933) (254 088 698) 1 248 026 474 651 312 785 2 789 778 857	(186 100 141) (711 533 485) (665 679 869) 3 269 669 634 1 706 356 139 7 308 863 557	(71 034 058) (271 590 933) (254 088 698) 1 248 026 474 651 312 785 2 789 778 857	(71 034 058) (271 590 933) (254 088 698) 1 248 026 474 651 312 785 2 789 778 857	

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

### 20.2.4 Credit risk

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

### Internal rating grade

		Inflation	adjusted 2020			Inflation	adjusted 2019	
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE1	STAGE 2	STAGE 3	тот
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZV
	1 205 692 820	4 384 279	4 701 123	1 214 778 222	1 183 937 721	52 473 610	9 635 673	1 246 047 0
Guarantees	311 097 540	-	-	311 097 540	371 517 239	-	-	371 517 2
oan commitments	302 536 963	-	-	302 536 963	262 913 879	-	-	262 913 8
etters of credit reasury bills	250 884 354 359 526 178			250 884 354 359 526 178	170 242 194 568 640 260		-	170 242 ° 568 640 2
nsurance debtors	85 263 799	_	11 228 014	96 491 813	77 283 864	_	32 567 249	109 851
ther financial assets	7 698 520	-	-	7 698 520	29 067 855	2 257 586	-	31 325
otal financial assets	2 522 700 174	4 384 279	15 929 137	2 543 013 590	2 663 603 012	54 731 196	42 202 922	2 760 537
otal loans and advances lood (AAAto-BBB-)	1 205 692 820	150 392	47 773	1 205 890 985	1 183 937 721	530 498	207 732	1 184 675
pecial Mention (BB+toCCC-)	-	4 233 887	4 290	4 238 177	1 103 337 721	51 943 112	25 280	51 968
on performing (CCTOD)	_	-	4 649 060	4 649 060		-	9 402 661	9 402
otal loans and advances	1 205 692 820	4 384 279	4 701 123	1 214 778 222	1 183 937 721	52 473 610	9 635 673	1 246 047
orporate Lending								
iood (AAAto-BBB-)	874 560 896	-	-	874 560 896	818 505 815	-	-	818 505
pecial Mention (BB+toCCC-) on performing (CCTOD)	-	3 340 205	-	3 340 205	-	49 864 270	6 262 010	49 864
otal corporate lending	874 560 896	3 340 205	2 624 332 2 624 332	2 624 332 880 525 433	818 505 815	49 864 270	6 262 919 6 262 919	6 262 874 633
rtar corporate lenang	074300030	3 340 203	2 024 332	000 323 433	010 303 013	45 004 270	0 202 313	074 033
mall business Lending								
lood (AAAto-BBB-)	22 177 406	1 462	122	22 178 990	16 639 431	29	115	16 639
pecial Mention (BB+toCCC-)	29 329	15 326	-	44 655	4 661	639 141	-	643
Ion performing (CCTOD)		-	148 933	148 933	-	-	414 608	414
otal small business Lending	22 206 735	16 788	149 055	22 372 578	16 644 092	639 170	414 723	17 697
onsumer Lending								
ood (AAAto-BBB-)	268 258 505	148 930	47 651	268 455 086	276 290 325	203 019	65 955	276 559
pecial Mention (BB+toCCC-)	289 945	878 356	4 290	1 172 591	574 271	1 317 379	17 068	1 908
Ion performing (CCTOD)	-	-	1 508 944	1 508 944	-	-	1 884 608	1 884
otal consumer lending	268 548 450	1 027 286	1 560 885	271 136 621	276 864 595	1 520 398	1 967 631	280 352
NortgageLending								
iood(AAAto-BBB-)	40 696 013	-	-	40 696 013	72 502 150	327 450	141 662	72 971
pecialMention(BB+toCCC-) Ionperforming(CCTOD)	108 370		- 366 851	108 370 366 851	269 226	122 322	8 212 840 526	399 840
otalMortgageLending	40 804 383	-	366 851	41 171 234	72 771 376	449 772	990 400	74 211
uarantees								
ood (AAAto-BBB-)	311 097 540	-	-	311 097 540	371 517 239		-	371 517
pecial Mention (BB+toCCC-)	-	-	-	-	-	-	-	
on performing (CCTOD)	211 007 540	-		311 097 540	371 517 239		-	371 517
otal guarantees	311 097 540		-	311 097 540	3/151/239		<u>-</u>	3/151/
oan commitments								
ood (AAAto-BBB-)	302 536 963	-	-	302 536 963	262 913 879	-	-	262 913
pecial Mention(BB+toCCC-)	-	-	-	-	-	-	-	
on performing (CCTOD)		-	-	-	-	-	-	
otal loan commitments	302 536 963	-	-	302 536 963	262 913 879	-	-	262 913
-44 f C    14								
etters of Credit lood (AAAto-BBB-)	250 884 354			250 884 354	170 242 194			170 242
pecial Mention (BB+toCCC-)	230 004 334			230 004 334	170 242 134			170 242
onperforming(CCTOD)	_	_	_	_	-	_	_	
otal letters of credit	250 884 354	-	-	250 884 354	170 242 194	-	-	170 242
ther financial assets								
ebentures	907 878	-	-	907 878	-	2 257 586	-	2 257
on perfoming (CC to D)	-	-	-	-	-	-		
onds ood (AAA to BBB0)	6 700 642	-	-	6 700 642	- 29 067 855	-		20.067
otal other financial assets	6 790 642 7 698 520			6 790 642 7 698 520	29 067 855	2 257 586		29 067 31 325
rui Julei illialiciai assets	7 030 320	-	-	7 030 320	29 007 033	2 237 300		31323
		Historical	cost 2020			Histor	ical cost 2019	
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE1	STAGE 2	STAGE 3	то
								- '

Bonds								
Good (AAA to BBB0)	6 790 642			6 790 642	29 067 855			29 067 85
otal other financial assets	7 698 520	-	-	7 698 520	29 067 855	2 257 586	-	31 325 44
		Historical	cost 2020			Histor	ical cost 2019	
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE1	STAGE 2	STAGE 3	TOTA
	zw\$	zw\$	ZW\$	zw\$	zw\$	ZW\$	zw\$	ZW
otal loans and advances iuarantees	1 205 692 820 311 097 540	4 384 279	4 701 123	1 214 778 222 311 097 540	451 906 701 141 807 400	20 029 074	3 677 918	475 613 69 141 807 40
oan commitments	302 536 963	-	-	302 536 963	100 353 711			100 353 71
etters of credit	250 884 354			250 884 354	64 981 111			64 981 11
reasury bills	359 526 178	_	_	359 526 178	217 048 870	_	_	217 048 87
nsurance debtors	85 263 799	_	11 228 014	96 491 813	29 499 099	_	12 430 855	41 929 95
Other financial assets	7 698 520	_		7 698 520	11 095 143	861 716	.2 .50 055	11 956 85
otal financial assets	2 522 700 174	4 384 279	15 929 137	2 543 013 590	1 016 692 035	20 890 790	16 108 773	1 053 691 59
otal loans and advances								
Good (AAAto-BBB-)	1 205 692 820	150 392	47 773	1 205 890 985	451 906 701	202 490	79 291	452 188 48
Special Mention (BB+toCCC-)		4 233 887	4 290	4 238 177	-	19 826 584	9 649	19 836 23
Non performing (CCTOD)	-	-	4 649 060	4 649 060	-	-	3 588 978	3 588 97
otal loans and advances	1 205 692 820	4 384 279	4 701 123	1 214 778 222	451 906 701	20 029 074	3 677 918	475 613 69
orporate Lending								
Good (AAAto-BBB-)	874 560 896	-	-	874 560 896	312 422 061	-	-	312 422 06
pecial Mention (BB+toCCC-)		3 340 205	-	3 340 205	-	19 033 094	-	19 033 09
Non performing (CCTOD)	-	-	2 624 332	2 624 332	-	-	2 390 544	2 390 54
otal corporate lending	874 560 896	3 340 205	2 624 332	880 525 433	312 422 061	19 033 094	2 390 544	333 845 69
mall business Lending								
Good (AAAto-BBB-)	22 177 406	1 462	122	22 178 990	6 351 238	11	44	6 351 29
pecial Mention (BB+toCCC-)		15 326	_	44 655	1 779	243 959	_	245 73
lon performing (CCTOD)			148 933	148 933			158 255	158 25
otal small business Lending	22 206 735	16 788	149 055	22 372 578	6 353 017	243 970	158 299	6 755 28
Consumer Lending								
Good (AAAto-BBB-)	268 258 505	148 930	47 651	268 455 086	105 459 474	77 492	25 175	105 562 14
pecial Mention (BB+toCCC-)	289 945	878 356	4 290	1 172 591	219 198	502 841	6 515	728 55
lon performing (CCTOD)	-	-	1 508 944	1 508 944	-	-	719 351	719 35
otal consumer lending	268 548 450	1 027 286	1 560 885	271 136 621	105 678 672	580 333	751 041	107 010 04
Mortgage Lending								
Good (AAAto-BBB-)	40 696 013	-	-	40 696 013	27 673 928	124 987	54 072	27 852 98
special Mention (BB+toCCC-)	108 370	-	-	108 370	102 763	46 690	3 134	152 58
lon performing (CCTOD)	-	-	366 851	366 851	-	-	320 828	320 82
otal Mortgage Lending	40 804 383	-	366 851	41 171 234	27 776 691	171 677	378 034	28 326 40
Guarantees								
Good (AAAto-BBB-)	311 097 540	-	-	311 097 540	141 807 400	-	-	141 807 40
pecial Mention (BB+toCCC-)	-	-	-	-	-	-	-	
lon performing (CCTOD)		-	-	-	-	-	-	
otal guarantees	311 097 540	-	-	311 097 540	141 807 400	-	-	141 807 40
oan commitments								
Good (AAAto-BBB-)	302 536 963	-	-	302 536 963	100 353 711		-	100 353 71
Special Mention (BB+toCCC-)	-	-	-	-	-	-	-	
lon performing (CCTOD)		-	-	-	-	-	-	
otal loan commitments	302 536 963	-	-	302 536 963	100 353 711	-	-	100 353 71
oan of credit								
Good (AAAto-BBB-)	250 884 354	-	-	250 884 354	64 981 111		-	64 981 11
pecial Mention (BB+toCCC-)	-	-	-	-	-	-	-	
Ion performing (CCTOD)	250 004 254	-	-	250 994 254	64 001 111	-	-	64 001 11
otal letters of credit	250 884 354		-	250 884 354	64 981 111	-	-	64 981 11
other financial assets	007.070			607.075		061 716		001 -
Debentures	907 878	-	-	907 878	-	861 716	-	861 71
Non perfoming (CC to D)	-	-	-	-	-	-	-	
Bonds		-	-	-	11.005.115	-	-	44.005
Good (AAA to BBB0)  Total other financial assets	6 790 642 7 698 520			6 790 642 7 698 520	11 095 143 11 095 143	861 716	-	11 095 14 11 956 85



# for the half year ended 30 June 2020



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20.2.4 Credit risk (continued)

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

		Inflation	adjusted 2020			Inflation	adjusted 2019	
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE1	STAGE 2	STAGE 3	тота
	ZW\$	zw\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW
Total loans and advances Insurance debtors	112 744 001	780 530	1 720 818 11 228 014	115 245 349 11 228 014	129 810 366	5 766 282	7 290 152 32 567 249	142 866 80 32 567 24
otal impairment allowances n respect of guarantees	112 744 001 917 137	780 530 -	12 948 832	126 473 363 917 137	129 810 366 366 303	5 766 282 -	39 857 401	175 434 04 366 30
n respect of Loan commitments n respect of other	882 517	-	-	882 517	1 950 539	-	-	1 950 53
financial assets otal	19 165 114 562 820	- 780 530	- 12 948 832	19 165 128 292 182	1 988 132 129 196	237 201 6 003 483	- 39 857 401	239 18 177 990 08
Total loans and advances Good (AAAto-BBB-) Solid Mention (BB+toCCC-) Non performing (CCTOD) Impairment allowance for	112 688 646 55 355 -	67 015 713 515 -	31 829 4 833 1 684 156	112 787 490 773 703 1 684 156	129 665 343 145 023	175 574 5 590 708 -	83 390 12 661 7 194 101	129 924 30 5 748 39 7 194 10
	112 744 001	780 530	1 720 818	115 245 349	129 810 366	5 766 282	7 290 152	142 866 80
mpairment allowance for loans and advances by lending category:								
Corporate Lending Good (AAAto-BBB-) Special Mention (BB+toCCC-) Non performing (CCTOD) Impairment allowance	102 440 525 - -	- 523 861 -	- - 988 732	102 440 525 523 861 988 732	88 511 518 - -	5 117 603 -	- - 6 037 351	88 511 51 5 117 60 6 037 35
	102 440 525	523 861	988 732	103 953 118	88 511 518	5 117 603	6 037 351	99 666 47
Small business Lending Good (AAAto-BBB-) Special Mention (BB+toCCC-) Non performing (CCTOD) Impairment allowance for small business lending	740 212 2 338 -	11 6 531 -	9 557 55 388	740 232 9 426 55 388	1 648 827 6 125	32 57 593	26 1 459 125 007	1 648 88 65 17 125 00
	742 550	6 542	55 954	805 046	1 654 952	57 625	126 492	1 839 06
Consumer Lending Good (AAAto-BBB-) Special Mention (BB+toCCC-) Non performing (CCTOD) Impairment allowance	7 488 960 37 733 -	22 333 183 123 -	8 618 2 967 555 867	7 519 911 223 823 555 867	30 431 218 98 856	58 510 364 828 -	22 578 7 773 641 932	30 512 30 471 45 641 93
for consumer lending	7 526 693	205 456	567 452	8 299 601	30 530 074	423 338	672 283	31 625 69
Mortgage Lending Good (AAAto-BBB-) Special Mention (BB+toCCC-) Non performing (CCTOD) mpairment allowance	2 018 949 15 284 -	44 671	23 202 1 309 84 169	2 086 822 16 593 84 169	9 073 780 40 042	117 032 50 684	60 786 3 429 389 811	9 251 59 94 15 389 81
for mortgage lending	2 034 233	44 671	108 680	2 187 584	9 113 822	167 716	454 026	9 735 56
mpairment allowances on guarantees and loan commitments								
Guarantees Good (AAAto-BBB-) Special Mention (BB+toCCC-) Non performing (CCTOD)	917 137 - -		- - -	917 137 - -	366 303 - -	:	-	366 30
mpairment allowances for guarantees	917 137			917 137	366 303			366 30
oan commitments								
Good (AAAto-BBB-) Special Mention (BB+toCCC-)	882 517 -		-	882 517 -	1 950 539 -	-	-	1 950 53
Non performing (CCTOD) mpairment allowances	-	-	-	-	-	-	-	
for loan commitments	882 517	-	-	882 517	1 950 539	-	-	1 950 53
Other financial assets Debntures Non performing (CC TO D)	19 165 -	- -	-	19 165 -	1 988 -	:	:	1 98
onds ood (AAA to BBB-)				-	-	237 201	-	237 20
Good (AAA to BBB-) mpairment allowances								

for other financial assets	19 165	-	-	19 165	1 988	237 201	-	239 189
	_							
			l cost 2020			Histo	rical cost 2019	
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE1	STAGE 2	STAGE 3	TOTAL
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Total loans and advances	112 744 001	780 530	1 720 818	115 245 349	49 548 362	2 200 977	2 782 638	54 531 977
Insurance debtors	-	700 330	11 228 014	11 228 014		-	12 430 855	12 430 855
Total impairment allowances	112 744 001	780 530	12 948 832	126 473 363	49 548 362	2 200 977	15 213 493	66 962 832
In respect of guarantees In respect of Loan	917 137		-	917 137	139 817	-	-	139 817
commitments	882 517		-	882 517	744 517	-		744 517
In respect of other								
financial assets Total	19 165 114 562 820	780 530	12 948 832	19 165 128 292 182	759 50 433 455	90 539 2 291 516	15 213 493	91 298 67 938 464
10 (01	111302 020	700 330	12 3 10 032	120 232 102	30 133 133	2 23 1 3 1 0	13213 133	0, 350 10
Total loans and advances	112 688 646	67.015	24 920	112 707 400	49 493 007	67.015	21 820	40 501 051
Good (AAAto-BBB-) Special Mention (BB+toCCC-)	55 355	67 015 713 515	31 829 4 833	112 787 490 773 703	55 355	67 015 2 133 962	31 830 4 833	49 591 85 2 194 15
Non performing (CCTOD)	-	-	1 684 156	1 684 156	-	-	2 745 974	2 745 974
Impairment allowance for total loans and advances	112 744 001	780 530	1 720 818	115 245 349	49 548 362	2 200 977	2 782 637	54 531 976
total loans and advances	112 744 001	700 330	1720010	113 243 343	49 340 302	2 200 377	2 702 037	34 331 370
Impairment allowance for								
loans and advances by lending category:								
Corporate Lending Good (AAAto-BBB-)	102 440 525			102 440 525	22 704 674			33 784 674
Special Mention (BB+toCCC-)	102 440 525	523 861		102 440 525 523 861	33 784 674 -	1 953 379		1 953 379
Non performing (CCTOD)	-	-	988 732	988 732	-	-	2 304 445	2 304 445
Impairment allowance for corporate lending	102 440 525	523 861	988 732	103 953 118	33 784 674	1 953 379	2 304 445	38 042 498
for corporate lending	102 440 323	323 601	300 / 32	103 933 116	33 764 074	1 933 379	2 304 443	36 042 490
Small business Lending								
Good (AAAto-BBB-) Special Mention (BB+toCCC-)	740 212 2 338	11 6 531	9 557	740 232 9 426	629 354 2 338	11 21 983	10 557	629 375 24 878
Non performing (CCTOD)	-	-	55 388	55 388	-	-	47 715	47 715
Impairment allowance	742.550	C E 42	FF.0F4	005.046	624 602	24.004	40.202	704.000
for small business lending	742 550	6 542	55 954	805 046	631 692	21 994	48 282	701 968
Consumer Lending								
Good (AAAto-BBB-)	7 488 960 37 733	22 333 183 123	8 618 2 967	7 519 911 223 823	11 615 536 37 733	22 333 139 254	8 618 2 967	11 646 487 179 954
Special Mention (BB+toCCC-) Non performing (CCTOD)	3/ /33	103 123	555 867	555 867	3/ /33	159 254	245 024	245 024
Impairment allowance for								
consumer lending	7 526 693	205 456	567 452	8 299 601	11 653 269	161 587	256 609	12 071 465
Mortgage Lending								
Good (AAAto-BBB-)	2 018 949	44 671	23 202	2 086 822	3 463 444	44 671	23 202	3 531 317
Special Mention (BB+toCCC-) Non performing (CCTOD)	15 284 -		1 309 84 169	16 593 84 169	15 284	19 346	1 309 148 790	35 939 148 790
Impairment allowance for								
mortgage lending	2 034 233	44 671	108 680	2 187 584	3 478 728	64 017	173 301	3 716 046
Impairment allowances								
on guarantees and								
loan commitments								
Guarantees								
Good (AAAto-BBB-)	917 137	-	-	917 137	139 817		-	139 817
Special Mention (BB+toCCC-) Non performing (CCTOD)	-	-		-	-			
Impairment allowances								
for guarantees	917 137	-	-	917 137	139 817	-	-	139 817
Loan commitments								
Good (AAAto-BBB-)	882 517	-	-	882 517	744 517	-	-	744 517
Special Mention (BB+toCCC-) Non performing (CCTOD)				-				
Impairment allowances								
for loan commitments	882 517	-	-	882 517	744 517	-	-	744 517
Other financial assets								
Debntures	19 165			19 165	759	-	_	759
Non performing (CC TO D)	-	-	-	-	-			
Bonds	-	-	-	-	-	-	-	
Good (AAA to BBB-)	-	-	-	-	-	90 539	-	90 539
Impairment allowances								
for other financial assets	19 165			19 165	759	90 539	-	91 298

		Inflation	adjusted 2020			Inflation	adjusted 2019	
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3	TOT/
Total financial assets								
Total loans and advances	1 205 692 820	4 384 279	4 701 123	1 214 778 222	1 183 937 720	52 473 610	9 635 674	1 246 047 00
Guarantees Loan commitments	311 097 540 302 536 963	-	-	311 097 540 302 536 963	371 517 239 262 913 879	-	-	371 517 23 262 913 87
Letters of credit Treasury bills	250 884 354 359 526 178	-	-	250 884 354 359 526 178	170 242 194 568 640 261	-	-	568 640 26
nsurance debtors Other financial assets	85 263 799 7 698 520		11 228 014 -	96 491 813 7 698 520	77 283 864 29 067 855	2 257 586	32 567 249 -	109 851 11 31 325 44
Total financial assets	2 522 700 174	4 384 279	15 929 137	2 543 013 590	2 663 603 011	54 731 196	42 202 924	2 590 294 93
Balance at 31 December 2019 Effects of inflation adjustments	2 663 603 012 (1 646 910 977)	54 731 196 (33 840 406)	42 202 922 (26 094 149)	2 760 537 130 (1 706 845 532)	6 232 428 725 (5 211 854 752)	65 292 686 (54 781 194)	128 027 989 (124 630 042)	6 425 749 40 (5 391 265 98
New assets Repayments	2 007 358 779 (507 076 227)	4 338 568 (15 172 839)	4 430 346 (1 345 169)	2 016 127 693 (523 594 235)	2 309 064 440 (652 143 427)	78 140 871 (19 750 998)	22 791 970 (5 465 871)	2 409 997 28
Stage reassigments Stage 1	-	(5 702 003)	(23 584)	(5 725 587)	·	(389 881)	14 281 855	13 891 97
Stage 2 Stage 3	5 702 003 23 584	29 763	(29 763)	5 672 240 53 347	389 881 (14 281 855)	(13 780 288)	13 780 288	14 170 16 (28 062 14
Write-offs Balance at 30 June 2020	2 522 700 174	4 384 279	(3 211 466) 15 929 137	(3 211 466) 2 543 013 590	2 663 603 012	54 731 196	(6 583 267) 42 202 922	
mpairment allowance								
on total financial assets								
Total loans and advances nsurance debtors	112 744 001	780 530	1 720 818 11 228 014	115 245 349 11 228 014	129 810 370	5 766 278	7 290 153 32 567 249	142 866 80 32 567 24
Total Loans and other advances In respect of guarantees	112 744 001 917 137	780 530	12 948 832	126 473 363 917 137	129 810 370 366 303	5 766 278	39 857 402	175 434 05 366 30
n respect of guarantees n respect of Loan commitments n respect of other financial assets	882 517	-	-	882 517 19 165	1 950 539 1 988	- 237 201	-	1 950 5
Total impairment allowances	19 165 114 562 820	780 530	12 948 832	128 292 182	132 129 200	6 003 479	39 857 402	239 1 177 990 0
Balance at 31 December 2019	132 129 196	6 003 483	39 857 401	177 990 080	210 778 929	7 652 279	28 151 905	246 583 1
Effects of inflation adjustments New assets	(81 695 741) 78 215 822	(3 711 967) 558 759	(24 643 908) 1 593 986	(110 051 616) 80 368 567	(166 062 047) 119 317 527	(6 420 392) 9 017 395	9 947 932 1 798 610	(162 534 5 130 133 5
Repayments Stage reassigments	(16 112 492)	(485 904)	(268 707)	(16 867 103)	(28 936 623)	(1 257 675)	(1 398 666)	
Stage 1 Stage 2	- 1 727 494	(1 727 494)	(298 541) (143 653)	(2 026 035) 1 583 841	(87 454)	87 454 -	2 881 136 3 075 578	2 968 59 2 988 1
Stage 3 Write-offs	298 541	143 653	- (3 147 746)	442 194 (3 147 746)	(2 881 136)	(3 075 578)	(4 599 094)	(5 956 7 (4 599 0
Balance at 30 June 2020	114 562 820	780 530	12 948 832	128 292 182	132 129 196	6 003 483	39 857 401	177 990 0
		_	_	_		_	_	_
	STAGE 1	Histor STAGE 2	ical cost 2020 STAGE 3	TOTAL	STAGE 1	Histori STAGE 2	ical cost 2019 STAGE 3	TO <sup>-</sup>
	zw\$	ZW\$	ZW\$	ZW\$	zw\$	zw\$	ZW\$	Z
otal financial assets								
otal loans and advances	1 205 692 820	4 384 279	4 701 123	1 214 778 222	451 906 701	20 029 074	3 677 918	475 613 6
Guarantees .oan commitments	311 097 540 302 536 963	-	-	311 097 540 302 536 963	141 807 400 100 353 711	-	-	141 807 4 100 353 7
etters of credit Freasury bills	250 884 354 359 526 178	-	-	64 981 111 359 526 178	- 217 048 870	-	-	217 048 8
nsurance debtors Other financial assets	85 263 799 7 698 520	-	11 228 014	96 491 813 7 698 520	29 499 099 11 095 143	- 861 716	12 430 855	41 929 9 11 956 8
otal financial assets	2 522 700 174	4 384 279	15 929 137	2 292 129 236	1 016 692 035	20 890 790	16 108 773	1 053 691 5
Balance at 31 December 2019 New assets	1 016 692 035 2 007 358 779	20 890 790 4 338 568	16 108 773 4 430 346	1 053 691 598 2 016 127 693	382 980 791 879 014 628	4 012 215 29 826 218	7 867 280 2 129 360	394 860 2 910 970 2
Repayments Stage reassigments	(507 076 227)	(15 172 839)	(1 345 169)	(523 594 235)	(248 921 865)	(7 538 917)	(2 086 312)	
itage 2	5 702 003	(5 702 003)	(23 584) (29 763)	(5 725 587) 5 672 240	- 148 817	(148 817)	5 451 356 5 259 909	5 302 5 5 408 7
stage 3 Vrite-offs	23 584	29 763	-	53 347 (3 211 466)	(5 451 356)	(5 259 909)	(2 512 820)	(10 711 2
Effect of changes in	-	-	(3 211 466)	(3 211 400)	-	-	(2 312 620)	,
functional currency Balance at 30 June 2020	2 522 700 174	4 384 279	15 929 137	2 543 013 590	8 921 020 1 016 692 035	20 890 790	16 108 773	8 921 0 1 053 691 5
mpairment allowance on total financial assets								
otal loans and advances	112 744 001	780 530	1 720 818	115 245 349	49 548 363	2 200 977	2 782 637	54 531 9
nsurance debtors otal Loans and other advances	-	780 530	11 228 014 12 948 832	11 228 014	49 548 363	2 200 977	12 430 855	12 430 8
n respect of guarantees	112 744 001 917 137	780 530	12 946 632	126 473 363 917 137	139 817	2 200 977	15 213 492 -	66 962 8 139 8
n respect of Loan commitments n respect of other financial assets		-	-	882 517 19 165	744 517 759	90 539	-	744 5 91 2
otal impairment allowances	114 562 820	780 530	12 948 832	128 292 182	50 433 456	2 291 516	15 213 492	67 938 4
alance at 31 December 2019 lew assets	50 433 455 78 215 822	2 291 516 558 759	15 213 493 1 593 986	67 938 464 80 368 567	12 952 299 48 270 181	470 230 3 441 900	1 729 926 13 499 233	15 152 4 65 211 3
lepayments itage reassigments	(16 112 492)	(485 904)	(268 707)	(16 867 103)	(11 045 052)	(480 052)	(533 868)	(12 058 9
itage 1 itage 2	- 1 727 494	(1 727 494)	(298 541) (143 653)	(2 026 035) 1 583 841	(33 381)	33 381	1 099 724 1 173 943	1 133 1 1 140 5
Stage 3 Vrite-offs	298 541	143 653	- (3 147 746)	442 194 (3 147 746)	(1 099 724)	(1 173 943)	- (1 755 465)	(2 273 6 (1 755 4
ffect of changes in functional currency	-	_	-	-	1 389 132	_	-	1 389 1
alance at 30 June 2020	114 562 820	780 530	12 948 832	128 292 182	50 433 455	2 291 516	15 213 493	67 938 4
			30 June	Inflation Ad	justed 31 Dec 2019	30 June	Historical (	Cost 1 Dec 201
			50 3411	ZW\$	ZW\$	30 Julie	ZW\$	ZW
ECI Massacrat								
ECL Movement Balance at beginning of period		175 4	34 049	232 538 142	66 96	2 832	14 289 39	
Impact of changes	in functional							
currency at 1 Jan Increase / (decrease				-	5 543 209		-	1 389 13
respect of impair	ments are:							
Loans and advance				58 834 76 310	204 974 550	59 034		51 366 76
Write offs against Effects of inflation				76 219 95 739)	(7 131 158) (260 490 694)	47	6 219	(82 46
2				73 363	175 434 049	126 47	3 363	66 962 83
Analysis of loans	and advance	,						

	30 June 2020 31 Dec 2019 30 June		30 June 2020	2020 21 Dec 2010	
				31 Dec 2019	
	ZW\$	ZW\$	ZW\$	ZW\$	
ECL Movement					
Balance at beginning of period	175 434 049	232 538 142	66 962 832	14 289 396	
Impact of changes in functional		F F 42 200		4 200 422	
currency at 1 Jan 2019	-	5 543 209	-	1 389 132	
Increase / (decrease) in respect of impairments are:					
Loans and advances	56 958 834	204 974 550	59 034 312	51 366 764	
Write offs against provision	476 219	(7 131 158)	476 219	(82 460)	
Effects of inflation movements	(106 395 739)	(260 490 694)	4/0213	(02 400)	
Effects of fination movements	126 473 363	175 434 049	126 473 363	66 962 832	
	120 473 303	173 131 013	120 173 303	00 302 032	
Analysis of loans and advances					
Balance at beginning of period	142 866 800	212 021 909	54 531 977	13 028 680	
Impact of changes in functional					
currency at 1 Jan 2019	-	-	-	1 389 132	
ECL for current period	60 237 154	155 370 326	60 237 153	40 196 625	
Write offs against provision	476 219	(7 131 158)	476 219	(82 460)	
Effects of inflation movements	(88 334 824)	(217 394 277)	-	-	
Balance at end of period	115 245 349	142 866 800	115 245 349	54 531 977	
Analysis of insurance debtors	22.567.240	20 546 222	42 420 055	4 260 746	
Balance at beginning of period	32 567 249	20 516 233	12 430 855	1 260 716	
ECL for current period Effects of inflation movements	(3 278 320)	49 604 224	(1 202 841)	11 170 139	
Balance at end of period	(18 060 915) 11 228 014	(37 553 208)	11 228 014	12 430 855	
bulance at ena or period	11 220 014	32 307 243	11 220 014	12 430 033	
Analysis of guarantees and loan commitments					
Guarantees					
Balance at beginning of period	366 303	3 765 146	139 817	231 367	
ECL for current period	777 320	(365 323)	777 320	(91 550)	
Effects of inflation movements	(226 486)	(3 033 520)	-	-	
Balance at end of period	917 137	366 303	917 137	139 817	
Loan commitments					
Balance at beginning of period			744 517		
Impact of IFRS 9 adoption at 1 Jan 2018	1 950 539	8 380 303	-	514 967	
ECL for current period	138 000	915 999	138 000	229 550	
Effects of inflation movements	(1 206 022) 882 517	(7 345 763) 1 950 539	882 517	744 517	
Balance at end of period	002 317	1 950 539	002 317	744 517	
Analysis of other financial assets					
Balance at beginning of period	239 189	1 899 522	91 298	116 725	
ECL for current period	(72 133)	(101 973)	(72 133)	(25 427)	
Effects of inflation movements	(147 891)	(1 558 360)	-	-	
Balance at end of period	19 165 <sup>°</sup>	239 189	19 165	91 298	



# for the half year ended 30 June 2020



20.3 Other business risks

Other business risks faced by the Group are;

- a) Operational risk
- b) Legal, reputational and compliance risks
- c) Technological risks
- d) Solvency risk
- e) Underwriting risks

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

#### 20.4 Risk rating

#### 20.4.1 Regulatory risk rating

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

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

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

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

#### **Summary of Risk Assessment**

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

## Overall Risk Matrix – ZB Bank Limited

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

# Overall Risk Matrix – ZB Building Society

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

# 20.4.2 External credit ratings

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

Long-term debt rating scale:

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

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

#### 1. COMPLIANCE WITH REGULATIONS

#### 21.1 Regulatory capital requirements

Commercial banks and building societies in Zimbabwe were required to maintain a minimum capital level of ZW\$25 million and ZW\$20 million respectively as at 30 June 2020. ZB Bank Limited and ZB Building Society (ZBBS) met these requirements as at 30 June 2020.

## 21.2 Other compliance issues

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

#### 2. SUBSEQUENT EVENTS

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

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

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

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

Financial projections for the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses.

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

- a) Credit Risk changed operating models and market dynamics may affect the ability of borrowers to service their obligations. The Group may consider loan forbearance to mitigate against the risk of loss. Probability of default computations done by the Group may need to be recalibrated in order to take account of new credit performance patterns. This is likely to affect computed expected credit losses in the future;
- Liquidity Risk mismatches may arise between assets and liabilities due to changed business models for the suppliers of critical funding. The Group is forced to maintain a significant liquidity buffer in the short-term and this may affect asset creation activities;
- c) Insurance Risk funeral insurance claims may increase beyond normal levels as a result of COVID-19-related deaths. Current claims levels have been in line with expected trends.
- d) Market risk the valuation of equity investments may be affected due to depressed market and operating fundamentals for investee entities as a result of COVID-19. This may have an effect of reducing the carrying value for investments designated as fair value instruments. The Group does not hold any derivative instruments which may be exposed to secondary risks related to COVID-19. Additionally, there may be a market wide requirement to re-price instruments which may affect the Group's investment portfolio of interest rate sensitive instruments. This may result in a re-pricing gap between assets and liabilities. The Group's interest sensitive liabilities were higher than interest sensitive assets as at 30 June 2020. A market wide increase in interest rates is likely to reduce the Group's net interest carriers in the short term.

## 23. BOARD ATTENDANCE DURING THE PERIOD

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



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# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZB FINANCIAL HOLDINGS LIMITED

#### **REPORT ON INTERIM FINANCIAL INFORMATION AS 30 JUNE 2020**

Dear Sirs/ Madams

#### Introduction

We have reviewed the inflation-adjusted interim financial statements of ZB Financial Holdings Limited and its subsidiaries ("ZBFHL" or "the Group"), which comprise the inflation-adjusted consolidated statement of financial position as at 30 June 2020, the inflation-adjusted consolidated statement of profit or loss and other comprehensive income, the inflation-adjusted consolidated statement of changes in equity and the inflation-adjusted 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 the International Accounting Standard 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 the 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 essentially 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 or significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Basis for Qualified Conclusion**

a) Impact of incorrect date of application of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" ("IAS 21") on the comparative financial information.

As disclosed in note 1.1 of the financial results the Group and Company did not comply with IAS 21 in the prior financial period, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19") from 1 January 2019. Had the assessment required by IAS 21 occurred in the correct period from 1 October 2018, the adjustments that were recognised in the comparative 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were considered to be pervasive in the prior period.

b) Impact of incorrect application of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") on the comparative financial information

As disclosed in note 1.1 of the financial results the Group and Company did not comply with IAS 29 in the prior financial period, in that hyperinflationary adjustments required by IAS 29 were adopted from 1 January 2019 instead of 1 October 2018. Had the hyperinflationary adjustments required by IAS 29 been adopted from 1 October 2018, the values reported under the respective components of equity and reserves would have been materially different for both the 2019 and 2020 periods. Therefore, the departure from the requirements of IAS 29 were considered to be pervasive in the prior period.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZB FINANCIAL HOLDINGS LIMITED

He & Touche

## **REPORT ON INTERIM FINANCIAL INFORMATION AS 30 JUNE 2020 (continued)**

### **Qualified conclusion**

Except for the effects of the matters described in the Basis for Qualified Conclusion section of our report, the accompanying inflation-adjusted consolidated financial statements present fairly, in all material respects, the inflation-adjusted consolidated financial position of the Group as at 30 June 2020, and its inflation-adjusted consolidated financial performance and inflation-adjusted consolidated cash flows for the six-month period then ended, in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Businesses Entities Act (Chapter 24:31) and the relevant Statutory Instruments ("SI") 33/99 and 62/96.

Deloitte & Touche Registered Auditor

Per Brian Mabiza

Partner

PAAB Practice Certificate Number: 0447

Date: 28 August 2020