

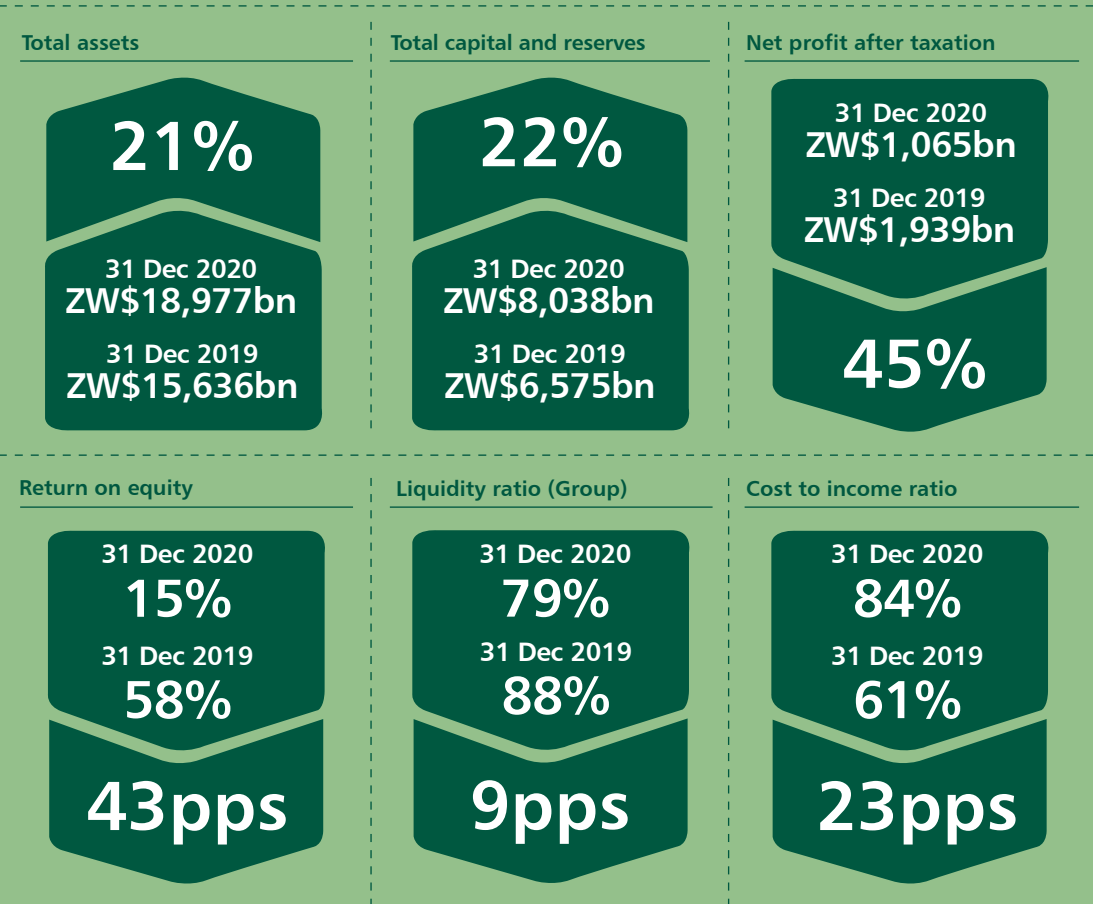


Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

# Audited Financial Results for the year ended 31 December 2020

## INFLATION ADJUSTED FINANCIAL HIGHLIGHTS



pps - percentage points

## CHAIRMAN’S STATEMENT

### Operating environment:

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

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

### Group Performance:

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

### Capital Requirements:

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

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

### Dividends:

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

### Legal Contingencies:

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

### Compliance & Regulatory Issues:

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

### Directorate:

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

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

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

### Outlook:

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

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

### Conclusion:

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

Pamela Chiromo  
Chairman

30 June 2021

## ACTING GROUP CHIEF EXECUTIVE’S REPORT

### Introduction:

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

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

### Performance Outturn:

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

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

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

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

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

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

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

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

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

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

The Group earned ZW\$1.405bn as its share of profits reported by its associate companies for 2020, compared to ZW\$1.091bn in 2019. The share of profits from associates is largely driven by the revaluation of investment properties which constitute the bulk of the assets at a significant listed investee entity.

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

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

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

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

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

The Group’s total equity increased by 22%, from ZW\$6.575bn as at 31 December 2019 to ZW\$8.038bn as at 31 December 2020, driven by the positive performance for the year as well as gains on the revaluation of properties and equipment.

### Operations Review:

#### Banking Operations:

ZB Bank Limited posted a profit of ZW\$0.633bn in 2020, as compared to ZW\$0.819bn in 2019. The reduction in profitability was mainly as a result of an increase in operating expenses from ZW\$1.632bn in 2019 to ZW\$2.284bn in 2020.

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

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

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

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

#### Insurance Operations:

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

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

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

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

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

#### Other Strategic Operations:

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

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

#### Internal Processes:

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

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

#### Group Human Resources and Training:

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

The Group staff complement as at 31 December 2020 was 967, with 655 being permanent employees whilst 312 members were employed on a fixed contract basis.

A total of 1,423 attendances were recorded at 115 training courses held in 2020. All staff members attended wellness clinics and soft skills training during the year.

Industrial relations remained cordial during the year under review.

#### Appreciation:

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

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

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

Fanuel Kapanje  
Acting Group Chief Executive

30 June 2021



AUDITOR'S STATEMENT

The consolidated inflation adjusted financial results should be read in conjunction with the complete set of consolidated inflation adjusted financial statements as at and for the year ended 31 December 2020, which have been audited by KPMG Chartered Accountants (Zimbabwe) and an adverse opinion has been issued thereon indicating that the financial statements do not present fairly the inflation adjusted consolidated statement of financial position of ZB Financial Holdings Limited and its subsidiaries as at 31 December 2020 and the inflation adjusted consolidated financial performance and inflation adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards. The auditors' report carries an adverse opinion in respect of inconsistent application of fair value measurement principles related to valuation of investment properties and owner-occupied properties between ZB Financial Holdings Limited, its subsidiaries and an associate in the current year as well as non-compliance with International Financial Reporting Standards IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) and International Financial Reporting Standards IAS 29 - Financial Reporting in Hyperinflationary Economies (IAS 29) in the prior financial year and the impact of this non-compliance on the comparative financial information.

The auditors' report includes key audit matters in respect of the valuation of owner-occupied property and investment property, valuation of insurance contract liabilities and expected credit loss allowance on loans and advances.

The auditor's report has been made available to management and the directors of ZB Financial Holdings Limited.

The Engagement Partner responsible for the audit was Michael de Beer (PAAB Practicing Certificate Number 0369).

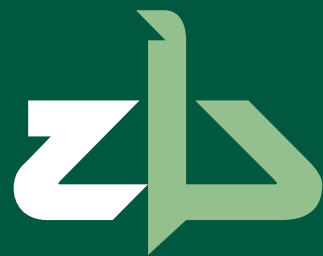
KPMG Chartered Accountants (Zimbabwe) are in their first year of a five year cycle of providing assurance services to the Company and its subsidiaries as required by Paragraph 41(4) of the Banking Act (Chapter 24:20).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2020				
Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
<b>ASSETS</b>				
Cash and cash equivalents	5 086 686 008	4 453 093 877	5 086 686 008	992 705 450
Treasury bills	3 518 114 164	973 641 269	518 114 164	217 048 870
Mortgages and other advances	4.1 3 147 343 462	2 021 222 577	3 147 343 462	450 580 815
Financial asset at fair value through profit or loss	952 005 400	576 397 672	952 005 400	128 493 386
Financial assets held at amortised cost	46 164 336	51 670 920	46 164 336	11 518 736
Investments in associates	3 158 264 043	1 991 904 613	2 902 113 354	445 466 831
Inventories	50 889 170	106 050 428	36 230 398	7 790 244
Trade and other receivables	606 162 537	182 443 744	606 162 537	38 627 667
Investment properties	5.1 2 177 997 851	2 366 813 359	2 177 997 851	527 621 601
Right of use assets	6 66 234 057	29 811 485	66 234 057	5 152 672
Property and equipment	7 2 951 346 535	2 582 487 732	2 951 346 535	575 700 787
Intangible assets	8 216 199 560	300 182 868	28 389 024	47 551 609
<b>Total assets</b>	<b>18 977 407 123</b>	<b>15 635 720 544</b>	<b>18 518 787 126</b>	<b>3 449 751 718</b>
<b>LIABILITIES</b>				
Deposits and other accounts	9 7 107 782 993	6 155 055 357	7 107 782 993	1 372 115 021
Trade and other payables	1 180 683 296	911 111 324	1 180 683 296	203 445 862
Current tax liabilities	92 783 651	23 113 938	92 783 651	5 152 672
Deferred tax liabilities	555 868 237	461 737 751	498 499 777	84 675 096
Lease liabilities	10 69 577 553	29 811 485	69 577 553	6 645 722
Long term borrowings	11 16 140 639	68 956 128	16 140 639	15 372 037
Life assurance funds	1 673 756 150	1 074 898 824	1 673 756 150	238 655 969
Offshore borrowings	243 206 638	335 619 414	243 206 638	74 817 920
<b>Total liabilities</b>	<b>10 939 799 157</b>	<b>9 060 304 221</b>	<b>10 882 430 697</b>	<b>2 000 880 299</b>
<b>EQUITY</b>				
Share capital	72 710 908	72 710 908	1 751 906	1 751 906
Share premium	1 123 995 356	1 123 995 356	27 081 696	27 081 696
Other components of equity	1 996 907 870	1 593 933 726	2 410 826 591	435 217 631
Retained income	3 598 071 959	2 557 365 655	3 844 673 945	596 855 711
Functional currency translation Reserve	-	-	101 292 105	105 410 850
Attributable to equity holders of parent	6 791 686 093	5 348 005 645	6 385 626 243	1 166 317 794
Non-controlling interests	1 245 921 873	1 227 410 323	1 250 730 186	282 553 625
<b>Total equity</b>	<b>8 037 607 966</b>	<b>6 575 416 323</b>	<b>7 636 356 429</b>	<b>1 448 871 419</b>
<b>Total equity and liabilities</b>	<b>18 977 407 123</b>	<b>15 635 720 544</b>	<b>18 518 787 126</b>	<b>3 449 751 718</b>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2020				
Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
Interest and related income	12 859 323 618	844 792 739	576 746 607	81 485 012
Interest and related expenses	13 (199 653 141)	(187 368 533)	(131 366 383)	(15 165 760)
<b>Net interest and related income</b>	<b>659 670 477</b>	<b>657 424 206</b>	<b>445 380 224</b>	<b>66 319 252</b>
Loan impairment charges	14 (281 831 858)	(339 348 244)	(205 384 931)	(49 666 837)
<b>Net income from lending activities</b>	<b>377 838 619</b>	<b>318 075 962</b>	<b>239 995 293</b>	<b>16 652 415</b>
Gross insurance premium income	1 147 757 892	1 128 398 808	844 470 475	124 728 943
Total insurance expenses	(1 149 340 498)	(728 429 302)	(873 235 644)	(78 969 380)
<b>Net insurance income</b>	<b>(1 582 606)</b>	<b>399 969 506</b>	<b>(28 765 169)</b>	<b>45 759 563</b>
Commissions and fees	1 142 092 072	1 242 158 601	795 293 987	128 151 706
Other operating income	1 668 827 218	662 912 593	1 416 178 489	137 341 934
Fair value adjustments	135 720 750	1 032 413 348	2 377 458 643	502 697 392
<b>Total income</b>	<b>3 322 896 053</b>	<b>3 655 530 010</b>	<b>4 800 161 243</b>	<b>830 603 010</b>
Operating expenses	15 (2 788 791 101)	(2 222 385 985)	(1 557 669 838)	(204 866 956)
<b>Profit from ordinary activities</b>	<b>534 104 952</b>	<b>1 433 144 025</b>	<b>3 242 491 405</b>	<b>625 736 054</b>
Movement in life assurance funds	(598 857 326)	(92 276 637)	(1 435 100 181)	(179 186 905)
Share of associate companies' profit net of tax	1 405 255 116	1 091 160 274	2 673 601 949	370 148 646
Net monetary loss	(157 026 690)	(128 762 162)	-	-
<b>Profit before taxation</b>	<b>1 183 476 052</b>	<b>2 303 265 500</b>	<b>4 480 993 173</b>	<b>816 697 795</b>
Income tax expense	16 (118 531 820)	(363 987 277)	(295 066 140)	(41 310 502)
<b>Net profit for the year</b>	<b>1 064 944 232</b>	<b>1 939 278 223</b>	<b>4 185 927 033</b>	<b>775 387 293</b>
Profit attributable to: Owners of parent Non-controlling interests <b>Profit for the year</b>	<b>1 051 585 421</b> <b>13 358 811</b> <b>1 064 944 232</b>	<b>1 344 922 287</b> <b>594 355 936</b> <b>1 939 278 223</b>	<b>3 255 331 492</b> <b>930 595 541</b> <b>4 185 927 033</b>	<b>554 224 420</b> <b>221 162 873</b> <b>775 387 293</b>
Other comprehensive income: Items that will not be reclassified to profit or loss Gains on property and equipment revaluation Fair value gains / (losses) on financial assets at FVTOCI Income tax relating to components of other comprehensive income <b>Other comprehensive income for the year net of tax</b> <b>Total comprehensive income for the year</b>	<b>672 273 181</b> <b>1 585 843</b> <b>(160 899 384)</b> <b>512 959 640</b> <b>1 577 903 872</b>	<b>1 585 695 888</b> <b>(35 020 433)</b> <b>(186 337 392)</b> <b>1 364 338 063</b> <b>3 303 616 286</b>	<b>2 279 135 715</b> <b>1 585 843</b> <b>(264 447 293)</b> <b>2 016 274 265</b> <b>6 202 201 298</b>	<b>478 099 954</b> <b>(7 806 926)</b> <b>(46 893 374)</b> <b>423 399 654</b> <b>1 198 786 947</b>
Total comprehensive income attributable to: Owners of parent Non-controlling interests <b>Total comprehensive income for the year</b>	<b>1 558 745 624</b> <b>19 158 248</b> <b>1 577 903 872</b>	<b>2 668 272 302</b> <b>635 343 984</b> <b>3 303 616 286</b>	<b>5 233 699 125</b> <b>968 502 173</b> <b>6 202 201 298</b>	<b>966 840 972</b> <b>231 945 975</b> <b>1 198 786 947</b>
Earnings per share Basic and earnings per share (ZW cents)	18 667.58	853.79	2 066.58	351.84

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY										
For the year ended 31 December 2020										
	Inflation adjusted									
	Share capital ZWS	Share premium ZWS	General reserve ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVTOCI ZWS	Retained income ZWS	Attributable to equity holders of parent ZWS	Non controlling interests ZWS	Total ZWS	
December 2020										
Balance at 1 January 2020	72 710 908	1 123 995 356	13 137 115	1 491 757 405	89 039 206	2 557 365 655	5 348 005 645	1 227 410 678	6 575 416 323	
Changes in equity for 2020										
Profit or loss	-	-	-	-	-	1 051 585 421	1 051 585 421	13 358 811	1 064 944 232	
Profit for the year	-	-	-	-	-	1 051 585 421	1 051 585 421	13 358 811	1 064 944 232	
Other comprehensive income, net of tax	-	-	-	505 966 381	1 193 822	-	505 966 381	5 799 437	511 765 818	
Revaluation of property	-	-	-	-	-	-	-	-	-	
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	-	-	-	-	
Transaction with owners of the parent	-	-	-	-	-	-	-	-	-	
Dividends paid	-	-	-	-	-	(23 038 917)	(23 038 917)	(647 053)	(23 685 970)	
Other movements	-	-	-	-	-	-	-	-	-	
Transfer to retained income	-	-	-	(12 159 800)	-	12 159 800	-	-	-	
Effects of monetary adjustments	-	-	-	-	(92 026 259)	-	(92 026 259)	-	(92 026 259)	
Balance at 31 December 2020	72 710 908	1 123 995 356	13 137 115	1 985 563 986	(1 793 231)	3 598 071 959	6 791 686 093	1 245 921 873	8 037 607 966	
	Inflation adjusted									
	Share capital ZWS	Share premium ZWS	General reserve ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVTOCI ZWS	Retained income ZWS	Attributable to equity holders of parent ZWS	Non controlling interests ZWS	Total ZWS	
Restated December 2019										
Balance at 31 December 2018	72 710 908	1 123 995 356	13 137 115	157 339 647	115 225 210	1 306 617 901	2 789 026 137	599 959 586	3 388 985 723	
Prior year error	-	-	-	(18 083 742)	-	(25 288 229)	(43 371 971)	-	(43 371 971)	
Restated balance 1 January 2019	72 710 908	1 123 995 356	13 137 115	139 255 905	115 225 210	1 281 329 672	2 745 654 166	599 959 586	3 345 613 752	
Changes in equity for 2019										
Profit or loss	-	-	-	-	-	1 344 922 287	1 344 922 287	594 355 936	1 939 278 223	
Profit for the year	-	-	-	-	-	1 344 922 287	1 344 922 287	594 355 936	1 939 278 223	
Profit for the year as previously reported	-	-	-	-	-	1 338 583 999	1 338 583 999	606 635 575	1 945 219 574	
Prior year error	-	-	-	-	-	6 338 288	6 338 288	(12 279 639)	(5 941 351)	
Other comprehensive income, net of tax	-	-	-	1 352 501 500	-	-	1 352 501 500	38 022 567	1 390 524 067	
Revaluation of property	-	-	-	-	-	-	-	-	-	
Profit for the year as previously reported	-	-	-	1 522 102 311	-	-	1 522 102 311	74 284 317	1 596 386 628	
Prior year error	-	-	-	(169 600 811)	-	-	(169 600 811)	(36 261 750)	(205 862 561)	
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	(26 186 004)	(26 186 004)	-	(26 186 004)	
Transaction with owners of the parent	-	-	-	-	-	-	-	-	-	
Dividends paid	-	-	-	-	-	(68 886 304)	(68 886 304)	(4 927 411)	(73 813 715)	
Other movements	-	-	-	-	-	-	-	-	-	
Adjustment for regulatory reserve in respect of doubtful advances	-	-	-	-	-	-	-	-	-	
Transfer to retained income	-	-	-	-	-	-	-	-	-	
Reduction in foreign currency translation reserve	-	-	-	-	-	-	-	-	-	
Adjustment for regulatory reserve in respect of doubtful advances	-	-	-	(52 293)	-	-	(52 293)	52 293	-	
Restated balance at 31 December 2019	72 710 908	1 123 995 356	13 137 115	1 491 757 405	89 039 206	2 557 365 655	5 348 005 645	1 227 410 678	6 575 416 323	
Unaudited Historical cost										
	Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	General reserve ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVTOCI ZWS	Retained income ZWS	Attributable to equity holders of parent ZWS	Non controlling interests ZWS	Total ZWS
December 2020										
Balance at 31 December 2018	1 751 906	27 081 696	105 410 850	5 870 251	432 334 433	(2 987 053)	596 855 711	1 166 317 794	282 553 625	1 448 871 419
Prior year error	-	-	-	-	-	-	-	-	-	-
Changes in equity for 2020	-	-	-	-	-	-	-	-	-	-
Profit or loss	-	-	-	-	-	-	3 255 331 492	3 255 331 492	930 595 541	4 185 927 033
Profit for the year	-	-	-	-	-	-	3 255 331 492	3 255 331 492	930 595 541	4 185 927 033
Other comprehensive income, net of tax	-	-	-	-	1 977 173 811	-	1 977 173 811	37 906 632	2 015 080 443	
Revaluation of property	-	-	-	-	-	1 193 822	1 193 822	-	1 193 822	
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	-	-	-	-	
Transaction with owners of the parent	-	-	-	-	-	-	(10 219 638)	(10 219 638)	(377 905)	(10 597 543)
Dividends paid	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-
Adjustment for regulatory reserve in respect of doubtful advances	-	-	-	-	(2 706 380)	-	2 706 380	-	-	-
Transfer to retained income	-	-	-	-	-	-	-	-	-	-
Reduction in foreign currency translation reserve	-	-	(4 118 745)	-	-	-	(4 118 745)	-	(4 118 745)	-
Adjustment for regulatory reserve in respect of doubtful advances	-	-	-	(52 293)	-	-	(52 293)	52 293	-	-
Restated balance at 31 December 2020	1 751 906	27 081 696	101 292 105	5 817 958	2 406 801 864	(1 793 231)	3 844 673 945	6 385 626 243	1 250 370 186	7 636 356 429
Unaudited Historical cost										
	Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	General reserve ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVTOCI ZWS	Retained income ZWS	Attributable to equity holders of parent ZWS	Non controlling interests ZWS	Total ZWS
Restated December 2019										
Balance at 31 December 2018	1 751 906	27 081 696	-	5 870 251	15 454 177	(2 234 887)	2 850 459	45 103 526	98 112 015	120 373 946
Prior year error	-	-	-	-	(2 234 887)	-	-	-	(2 234 887)	-
Restated balance 1 January 2019	1 751 906	27 081 696	-	5 870 251	13 219 290	-	2 850 459	45 103 526	95 877 128	118 139 059
Changes in functional currency	-	-	105 410 850	-	-	-	-	-	22 261 931	118 139 059
Changes in functional currency as previously reported	-	-	-	-	-	-	-	-	-	-
Prior year error	-	-	113 962 188	-	-	-	-	-	29 650 652	143 612 840
Prior year error	-	-	(8 551 338)	-	-	-	-	-	(467 009)	(9 018 347)
Changes in equity for 2019	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	554 224 420	554 224 420	221 162 873	775 387 293
Profit for the year as previously reported	-	-	-	-	-	-	543 967 157	543 967 157	221 106 697	765 073 854
Prior year error	-	-	-	-	-	-	10 257 263	10 257 263	56 176	10 313 439
Other comprehensive income, net of tax	-	-	-	-	419 115 143	-	-	419 115 143	10 122 023	429 237 166
Revaluation of property	-	-	-	-	-	-	-	-	-	-
Revaluation of property as previously reported	-	-	-	-	-	-	-	-	-	-
Prior year error	-	-	-	-	463 619 558	-	-	463 619 558	22 947 950	486 567 508
Fair value gain on financial assets at FVTOCI	-	-	-	-	(44 504 415)	-	-	(44 504 415)	(1 825 927)	(47 330 342)
Transaction with owners of the parent	-	-	-	-	-	(5 837 512)	-	(5 837 512)	-	(5 837 512)
Dividends paid	-	-	-	-	-	-	(2 472 235)	(2 472 235)	(176 845)	(2 649 080)
Restated balance at 31 December 2019	1 751 906	27 081 696	105 410 850	5 870 251	432 334 433	(2 987 053)	596 855 711	1 166 317 794	282 553 625	1 448 871 419





# Audited Financial Results for the year ended 31 December 2020

## 1.2 Reporting currency (continued)

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

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

- Formally recognise local unit monetary balances in the form of bank balances, balances on electronic payment platform and local bond notes as a currency distinct from the US\$. These were subsequently named RTGS Dollars (otherwise identified as ZWL or ZW\$).
- 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 separate identification and translation of these transactions at any other rate outside the “deemed” rate.

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

## 1.3 Inflation adjustment

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

The Group has applied the requirement of IAS 29 for the year ended 31 December 2020. Paragraphs 2 and 3 of IAS 29 requires that in the period in which an entity identifies the existence of hyperinflation in the economy, not having been hyperinflationary in the prior period, the entity shall apply the requirements of IAS 29 for such earlier period as if the economy had always been hyperinflationary.

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

The restatement of figures has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office. The conversion factors used to restate the financial statements at 31 December 2020 are as follows:

	Index	Conversion factors
31 December 2020	2 474.51	1.00
31 December 2019	551.63	4.49
31 December 2018	88.81	27.86

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.
- Non-monetary assets and liabilities and the components of shareholding’s equity are restated by applying (to the initial acquisition cost and any accumulated depreciation for property and equipment), the relevant conversion factors reflecting the increase in the CPI from the date of acquisition or initial recording to the Statement of financial position date.
- All items in the income statement are restated by applying the relevant factors.
- The capitalisation of borrowing costs during construction of a qualifying asset is considered to be a partial recognition of inflation and is reversed to the income statement and replaced by indexed cost.
- The effect of general inflation on the Group’s net monetary position is included in the income statement as a monetary gain or loss.
- Share capital and share premium were restated from the date of contribution and of this pre-dates 2009.

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

## 1.4 Basis of reporting

The preparation of the inflation adjusted 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 the principal financial statements of the Group. The historic amount are shown as supplementary information this information does not comply with International Financial Reporting Standards in that it has not taken account of the requirement of International Accounting Standards 29: Financial Reporting for Hyper-Inflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information as this is presented as supplementary 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 including life funds valuation (IFRS 4)
- Ascertaining of the degree of control or significant influence in investee companies (IAS 27 and IAS 28)
- Determination of carrying amounts of right of use assets and lease liabilities (IFRS 16)

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

## 2. SEGMENT INFORMATION

	Inflation adjusted			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments¹ ZW\$	Total ZW\$
31 December 2020				
External revenue				
Net earnings from lending activities	439 538 275	(11 858 820)	(49 840 836)	377 838 619
Net fees and commission income	1 124 933 945	(1 075 719)	16 651 240	1 140 509 466
Other revenue	1 315 427 162	425 483 035	(72 082 979)	1 668 827 218
Fair value adjustments	131 469 792	7 277 018	(3 026 060)	135 720 750
Total segment revenue	3 011 369 174	419 825 514	(108 298 635)	3 322 896 053
Total segment operating expenses	(2 506 115 202)	(296 074 145)	13 398 246	(2 788 791 101)
Material non-cash items included in the above figures:				
Depreciation of property and equipment	(352 332 314)	(13 447 512)	(11 609 957)	(377 389 783)
Amortisation of intangible assets	(76 769 498)	(6 391 601)	-	(83 161 099)
Reportable segment profit before taxation	475 747 206	328 520 759	379 208 087	1 183 476 052
Reportable segment assets as at 31 December 2020	14 307 658 307	4 109 514 094	560 234 722	18 977 407 123
Reportable segment liabilities as at 31 December 2020	8 783 501 475	2 245 104 978	(88 807 296)	10 939 799 157

¹Includes consolidation journals.

	Inflation adjusted			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments¹ ZW\$	Total ZW\$
Restated 31 December 2019				
External revenue				
Net earnings from lending activities	398 200 754	(80 124 792)	-	318 075 962
Net fees and commission income	1 228 257 617	400 587 273	13 283 217	1 642 128 107
Other revenue	581 025 498	148 884 841	(66 997 746)	662 912 593
Fair value adjustments	1 133 789 377	43 556 557	(144 932 586)	1 032 413 348
Total segment revenue	3 341 273 246	512 903 879	(198 647 115)	3 655 530 010
Total segment operating expenses	(1 806 885 680)	(334 976 664)	(80 523 641)	(2 222 385 985)
Material non-cash items included in the above figures:				
Depreciation of property and equipment	(124 773 893)	(16 417 579)	(13 548 421)	(154 739 893)
Amortisation of intangible assets	(90 906 687)	(1 505 316)	-	(92 412 003)
Reportable segment profit before taxation	1 534 387 566	993 687 366	(96 047 270)	2 432 027 662
Reportable segment assets as at 31 December 2019	12 371 845 870	3 110 770 781	153 103 893	15 635 720 544
Reportable segment liabilities as at 31 December 2019	7 628 195 948	1 468 958 825	(36 850 552)	9 060 304 221

¹Includes consolidation journals.

31 December 2020	Unaudited Historical cost			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments¹ ZW\$	Total ZW\$
External revenue				
Net earnings from lending activities	274 258 624	(9 466 638)	(24 796 693)	239 995 293
Net fees and commission income	783 542 135	(28 448 160)	11 434 844	766 528 819
Fair value adjustments	1 644 991 903	790 804 292	(58 337 552)	2 377 458 643
Other revenue	1 252 104 593	195 929 060	(31 855 164)	1 416 178 489
Total segment revenue	3 954 897 255	948 818 554	(103 554 566)	4 800 161 243
Total segment operating expenses	(1 393 609 781)	(188 521 208)	24 461 151	(1 557 669 838)
Material non-cash items included in the above figures:				
Depreciation of property and equipment	(105 979 074)	(3 952 367)	(3 369 400)	(113 300 841)
Amortization of intangible assets	(2 203 474)	(246 459)	-	(2 449 933)
Reportable segment profit before taxation	2 561 287 475	1 613 856 770	305 848 928	4 480 993 173
Reportable segment assets as at 31 December 2020	14 127 824 984	4 052 599 525	338 362 617	18 518 787 126
Reportable segment liabilities as at 31 December 2020	8 716 645 637	2 245 620 765	(79 835 705)	10 882 430 697

¹Includes consolidation journals.

Restated 31 December 2019	Unaudited Historical cost			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments¹ ZW\$	Total ZW\$
External revenue				
Net earnings from lending activities	26 847 056	(10 194 641)	-	16 652 415
Net fees and commission income	126 839 382	45 808 526	1 263 361	173 911 269
Fair value adjustments	365 653 129	165 704 449	(28 660 186)	502 697 392
Other revenue	117 318 471	27 903 219	(7 879 756)	137 341 934
Total segment revenue	636 658 038	229 221 553	(35 276 581)	830 603 010
Total segment operating expenses	(172 962 667)	(28 866 485)	(3 037 804)	(204 866 956)
Material non-cash items included in the above figures:				
Depreciation of property and equipment	(11 714 502)	(945 548)	(382 504)	(13 042 554)
Amortisation of intangible assets	(2 548 217)	(68 814)	-	(2 617 031)
Reportable segment profit before taxation	463 695 371	315 976 066	37 026 358	816 697 795
Reportable segment assets as at 31 December 2019	2 725 775 706	685 209 337	38 766 675	3 449 751 718
Reportable segment liabilities as at 31 December 2019	1 694 632 304	315 133 041	(8 885 046)	2 000 880 299

¹Includes consolidation journals.

## 3. TREASURY BILLS

### 3(a) Balances on the Statements of Financial Position

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

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

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
Treasury bills include:				
Assets classified as at fair value through profit or loss’ (FVTPL):				
Short term treasury bills ¹	309 051 167	282 143 011	309 051 167	62 896 699
Assets classified as ‘at fair value through other comprehensive income:				
Medium term treasury bills acquired from the market ²	165 972 103	501 993 023	165 972 103	111 906 738
Assets classified as ‘amortised cost’: Treasury bills issued as substitution for debt instruments ³	25 336 191	113 653 488	25 336 191	25 336 191
Capitalisation treasury bills ⁴	17 754 703	75 851 747	17 754 703	16 909 242
	518 114 164	973 641 269	518 114 164	217 048 870
Maturing within 1 year	475 023 270	784 136 034	475 023 270	174 803 437
Maturing after 1 year	43 090 894	189 505 235	43 090 894	42 245 433
	518 114 164	973 641 269	518 114 164	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 ZWL20 000 000 were acquired on 26 May 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 May 2025 and carry a coupon of 1% which is payable on maturity.

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

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

### Impairment assessment

Treasury bills classified and measured at amortised cost are assessed for impairment annually. There was no objective evidence at 31 December 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.

4. MORTGAGES AND OTHER ADVANCES

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>4.1 Gross loan book</b>				
Mortgage advances	104 016 406	127 067 024	104 016 406	28 326 402
Other advances:				
Loans, overdraft and other accounts	2 943 993 663	1 899 522 083	2 943 993 663	423 450 746
Finance leases	271 791 899	47 318 064	271 791 899	10 548 374
Bills discounted	1 149 070	59 608 287	1 149 070	13 288 171
Insurance advances	101 617 893	188 090 054	101 617 893	41 929 954
<b>Total other advances</b>	<b>3 318 552 525</b>	<b>2 194 538 488</b>	<b>3 318 552 525</b>	<b>489 217 245</b>
<b>Gross advances</b>	<b>3 422 568 931</b>	<b>2 321 605 512</b>	<b>3 422 568 931</b>	<b>517 543 647</b>
Off balance sheet exposures				
In respect of guarantees	688 652 647	636 121 888	688 652 647	141 807 400
In respect of Letter of credit	-	291 493 300	-	64 981 111
In respect of Loan commitments	219 933 545	450 168 271	219 933 545	100 353 711
<b>Gross credit exposure</b>	<b>4 331 155 123</b>	<b>3 699 388 971</b>	<b>4 331 155 123</b>	<b>824 685 869</b>
Gross advances	3 422 568 931	2 321 605 512	3 422 568 931	517 543 647
Less: Allowance for loan impairments	(275 225 469)	(300 382 935)	(275 225 469)	(66 962 832)
<b>Net advances</b>	<b>3 147 343 462</b>	<b>2 021 222 577</b>	<b>3 147 343 462</b>	<b>450 580 815</b>
<b>4.2 Maturity analysis</b>				
On demand	372 809 530	739 328 991	372 809 530	164 814 832
Within 1 month	148 324 919	69 955 639	148 324 919	15 594 853
Between 1 and 6 months	342 655 904	353 012 434	342 655 904	78 695 257
Between 6 and 12 months	1 505 968 640	357 920 020	1 505 968 640	79 789 280
After 12 months	1 961 396 130	2 179 171 887	1 961 396 130	485 791 647
	4 331 155 123	3 699 388 971	4 331 155 123	824 685 869
<b>4.3 Non-performing loans</b>				
Included in the above are the following:				
Non-performing loans	5 848 251	27 773 620	5 848 251	6 191 431
Less: Allowance for loan impairments	(1 485 660)	(11 513 519)	(1 485 660)	(2 566 650)
Value to be received from security held	4 362 591	16 260 101	4 362 591	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\$18 389 830 as at 31 December 2020 (2019: ZW\$10 024 217).

	Inflation adjusted				Unaudited Historical cost			
	31 Dec 2020 ZW\$	As a % of Total	Restated 31 Dec 2019 ZW\$	As a % of Total	31 Dec 2020 ZW\$	As a % of Total	Restated 31 Dec 2019 ZW\$	As a % of Total
<b>4.4 Sectorial analysis</b>								
<b>Gross advances:</b>								
Private	1 087 073 508	25%	568 708 252	15%	1 087 073 508	25%	126 779 222	15%
Agriculture	620 639 675	14%	435 112 922	12%	620 639 675	14%	96 997 499	12%
Mining	333 026 862	8%	391 570 453	11%	333 026 862	8%	87 290 799	11%
Manufacturing	102 519 481	2%	65 950 721	2%	102 519 481	2%	14 702 057	2%
Distribution	278 155 710	6%	200 731 065	5%	278 155 710	6%	44 747 950	5%
Construction	8 590 466	0%	36 629 616	1%	8 590 466	0%	8 165 653	1%
Transport	262 937 202	6%	32 187 129	1%	262 937 202	6%	7 175 312	1%
Services	535 996 695	12%	423 744 857	11%	535 996 695	12%	94 463 275	11%
Financial	190 870 235	4%	163 737 726	4%	190 870 235	4%	36 501 215	4%
Communication	2 759 097	0%	3 232 771	0%	2 759 097	0%	720 665	0%
	3 422 568 931	79%	2 321 605 512	63%	3 422 568 931	79%	517 543 647	63%
<b>Guarantees:</b>								
Manufacturing	682 463 199	16%	631 942 004	17%	682 463 199	16%	140 875 600	17%
Distribution	-	0%	-	0%	-	0%	-	0%
Construction	1 225 000	0%	-	0%	1 225 000	0%	-	0%
Transport	-	0%	-	0%	-	0%	-	0%
Services	4 549 448	0%	2 318 270	0%	4 549 448	0%	516 800	0%
Communication	-	0%	-	0%	-	0%	-	0%
Financial Services	415 000	0%	1 861 614	0%	415 000	0%	415 000	0%
Total guarantees	688 652 647	16%	636 121 888	17%	688 652 647	16%	141 807 400	17%
<b>Loan commitments:</b>								
Private	-	0%	17 226 480	0%	-	0%	3 840 211	0%
Agriculture	-	0%	70 645 307	2%	-	0%	15 748 597	2%
Mining	-	0%	160 247	0%	-	0%	35 723	0%
Manufacturing	127 337 597	3%	171 760 504	5%	127 337 597	3%	38 289 691	5%
Distribution	701 250	0%	59 424 980	2%	701 250	0%	13 247 307	2%
Construction	17 663 428	0%	582 317	0%	17 663 428	0%	129 813	0%
Transport	57 744 966	1%	12 089 915	0%	57 744 966	1%	2 695 143	0%
Communication	2 847 277	0%	1 406 586	0%	2 847 277	0%	313 563	0%
Services	13 209 630	0%	94 784 220	3%	13 209 630	0%	21 129 761	3%
Financial Services	429 397	0%	22 087 715	1%	429 397	0%	4 923 902	0%
Total Loan commitments	219 933 545	5%	450 168 271	12%	219 933 545	5%	100 353 711	12%
Letters of credit:								
Manufacturing	-	0%	291 493 300	8%	-	0%	64 981 111	8%
<b>Total letter of credit</b>	<b>-</b>	<b>0%</b>	<b>291 493 300</b>	<b>8%</b>	<b>-</b>	<b>0%</b>	<b>64 981 111</b>	<b>8%</b>
<b>Total credit exposure</b>	<b>4 331 155 123</b>	<b>100%</b>	<b>3 699 388 971</b>	<b>100%</b>	<b>4 331 155 123</b>	<b>100%</b>	<b>824 685 869</b>	<b>100%</b>
<b>4.5 Mortgage advances</b>								
Mortgage advances were spread as follows:								
Type of property:-								
High density	2 857 428	3%	10 559 364	8%	2 857 428	3%	2 353 945	8%
Medium density	3 414 690	3%	12 947 240	10%	3 414 690	3%	2 886 262	10%
Low density	91 968 919	88%	66 668 272	52%	91 968 919	88%	14 862 017	52%
Commercial	5 775 369	6%	36 892 148	29%	5 775 369	6%	8 224 178	29%
	104 016 406	100%	127 067 024	100%	104 016 406	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:

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
Gross investment in finance leases:				
Less than 1 year	224 595 640	9 343 380	224 595 640	2 082 872
Between 1 and 5 years	458 687 511	55 651 682	458 687 511	12 406 145
Gross investment in finance leases	683 283 151	64 995 062	683 283 151	14 489 017
Unearned finance charges	(411 491 252)	(17 676 998)	(411 491 252)	(3 940 643)
<b>Net investment in finance leases</b>	<b>271 791 899</b>	<b>47 318 064</b>	<b>271 791 899</b>	<b>10 548 374</b>
Maturing within 1 year	98 328 499	8 474 227	98 328 499	1 889 116
Maturing after 1 year	173 463 400	38 843 837	173 463 400	8 659 258
	271 791 899	47 318 064	271 791 899	10 548 374
<b>5. INVESTMENT PROPERTIES</b>				
<b>5.1 Made up as follows:</b>				
Land stock held for capital appreciation and completed properties available for lease:				
Residential	175 536 043	190 753 655	175 536 043	42 523 737
Commercial	1 947 935 313	2 116 806 185	1 947 935 313	471 888 780
Industrial	54 526 495	59 253 519	54 526 495	13 209 084
Balance at end of year	2 177 997 851	2 366 813 359	2 177 997 851	527 621 601
Non-current	2 177 997 851	2 366 813 359	2 177 997 851	527 621 601
<b>5.2 Reconciliation of carrying amount</b>				
Carrying amount at beginning of year	2 366 813 359	928 514 849	527 621 601	33 323 232
Effects of changes in functional currency	-	-	-	50 044 851
Fair value adjustments	(188 815 508)	1 438 298 510	1 650 376 250	444 253 518
Balance at end of year	2 177 997 851	2 366 813 359	2 177 997 851	527 621 601

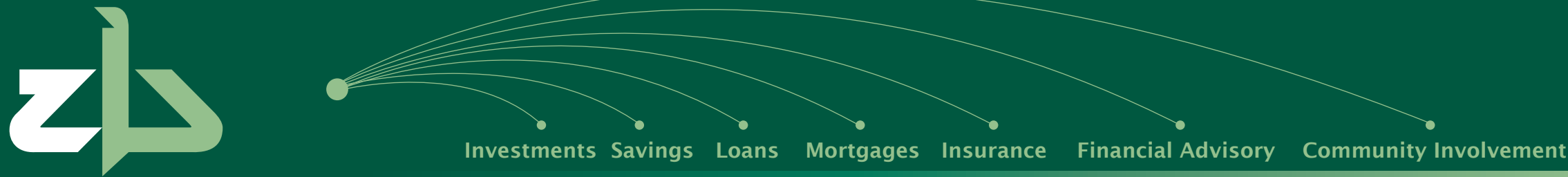
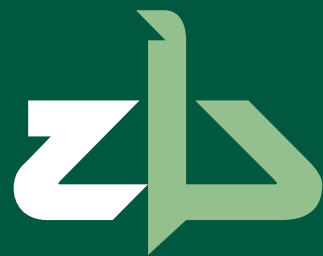
	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>6. RIGHT OF USE ASSETS</b>				
Balance at the beginning of year	29 811 485	178 473 626	6 645 722	6 405 194
Depreciation	(22 870 990)	(14 226 868)	(11 185 195)	(1 381 936)
Lease reassessments	144 714 568	7 275 706	70 773 530	1 621 936
Effects of inflation movements	(85 421 006)	(141 710 979)	-	-
Balance at the end of year	66 234 057	29 811 485	66 234 057	6 645 722

7. PROPERTY AND EQUIPMENT

	Inflation adjusted						
	Freehold properties ZW\$	Leasehold improvements ZW\$	Equipment furniture & fittings ZW\$	Computer equipment ZW\$	Marine assets and motor vehicles ZW\$	Capital work in progress ZW\$	Total ZW\$
<b>2020</b>							
<b>GROUP</b>							
<b>Cost or valuation</b>							
Balance at 1 January 2020	1 840 192 529	397 660 833	389 376 129	765 205 219	524 559 855	45 391 106	3 962 385 674
Additions	64 938 230	2 464 607	14 005 353	52 893 857	-	116 871 336	251 173 383
Disposals	-	-	(159 273)	(85 566)	(2 645 374)	-	(2 890 213)
Transfer between categories	-	47 036 319	20 610 991	4 687 764	-	(72 335 074)	-
Surplus on revaluation	16 533 752	-	178 878 330	471 434 323	5 426 776	-	672 273 181
<b>Balance at 31 December 2020</b>	<b>1 921 664 511</b>	<b>447 161 759</b>	<b>602 711 533</b>	<b>1 294 135 597</b>	<b>527 341 257</b>	<b>89 927 368</b>	<b>4 882 942 025</b>
<b>Accumulated depreciation</b>							
Balance at 1 January 2020	283 062 639	215 430 672	208 000 357	433 013 788	223 497 882	16 892 604	1 379 897 942
Recognised in statement of profit or loss	60 693 339	47 468 328	40 619 961	146 720 326	81 887 829	-	377 389 783
Disposals	-	-	(58 015)	(20 046)	(646 741)	-	(724 802)
Impairment	-	112 190 265	13 592 261	595 297	31 891 065	16 763 679	175 032 567
<b>Balance at 31 December 2020</b>	<b>343 755 978</b>	<b>375 089 265</b>	<b>262 154 564</b>	<b>580 309 365</b>	<b>336 630 035</b>	<b>33 656 283</b>	<b>1 931 595 490</b>
<b>Carrying value at 31 December 2020</b>	<b>1 577 908 533</b>	<b>72 072 494</b>	<b>340 556 969</b>	<b>713 826 232</b>	<b>190 711 222</b>	<b>56 271 085</b>	<b>2 951 346 535</b>
<b>Restated carrying value at 31 December 2019</b>	<b>1 557 129 890</b>	<b>182 230 161</b>	<b>181 375 775</b>	<b>332 191 431</b>	<b>301 061 973</b>	<b>28 498 502</b>	<b>2 582 487 732</b>

	Inflation adjusted						
	Freehold properties ZW\$	Leasehold improvements ZW\$	Equipment furniture & fittings ZW\$	Computer equipment ZW\$	Marine assets and motor vehicles ZW\$	Capital work in progress ZW\$	Total ZW\$
Restated 2019							
GROUP							
Cost or valuation							
Balance at 1 January 2019	882 524 242	277 517 907	249 550 720	521 933 331	294 010 614	18 345 086	2 243 881 900
Additions	16 771 260	5 521 816	30 035 166	17 399 167	52 319 616	27 046 020	149 093 045
Disposals	-	-	(496 169)	(951 872)	(14 837 118)	-	(16 285 159)
Surplus on revaluation	940 897 027	114 621 110	110 286 415	226 824 593	193 066 743	-	1 585 695 888
Balance at 31 December 2019	1 840 192 529	397 660 833	389 376 132	765 205 219	524 559 855	45 391 106	3 962 385 674
Accumulated depreciation							
Balance at 1 January 2019	281 360 887	198 130 763	179 872 586	360 874 768	190 832 978	-	1 211 071 982
Recognised in statement of profit or loss	1 701 752	17 299 909	27 785 450	72 722 856	35 229 926	-	154 739 893
Disposals	-	-	(158 348)	(702 218)	(2 726 506)	-	(3 587 072)
Impairment	-	-	500 669	118 382	161 484	16 892 604	17 673 139
Balance at 31 December 2019	283 062 639	215 430 672	208 000 357	433 013 788	223 497 882	16 892 604	1 379 897 942
Carrying value at 31 December 2019	1 557 129 890	182 230 161	181 375 775	332 191 431	301 061 973	28 498 502	2 582 487 732
Restated carrying value at 31 December 2018	601 163 355	79 387 143	69 678 133	161 058 563	103 177 637	15 967 863	1 030 432 694





Audited Financial Results for the year ended 31 December 2020

8. INTANGIBLE ASSETS

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
Computer software				
Carrying amount at beginning of year	300 182 868	325 562 341	47 551 609	7 843 505
Additions at cost	15 418 909	67 551 126	4 081 548	13 730 219
Reversal of cancelled projects	(16 054 420)	-	(16 054 420)	-
Amortization	(83 161 099)	(92 412 003)	(2 449 933)	(2 617 031)
Effects of changes in functional currency translation reserve	-	-	(4 739 780)	4 714 468
Exchange rate movements	-	-	-	23 880 448
Impairment	(186 698)	(518 596)	-	-
Balance at end of year	216 199 560	300 182 868	28 389 024	47 551 609

Prior year error

The Group changed its accounting policy on intangible assets to revaluation model in 2018. The intangible assets comprised of computer software and work in progress in the development of internally generated computer software. The Group has significant computer software assets that were acquired during the multicurrency period as well as in the mono currency period. The computer software acquired in the multi-currency period was, through implementation of SI 33 of 2019, converted to local currency at the rate of 1:1 for USD to ZWL currency. The implementation of SI 33 of 2019, coupled with the significant depreciation of the local currency and the resultant hyperinflation that occurred in the period following currency reforms, which were implemented on 22 February 2019, resulted in significant erosion of carrying value of assets including the computer software.

In the course of preparation of financial statements, management made judgement for certain items that are especially critical for the Group’s results and financial situation due to materiality, and a judgement was made to adopt the revaluation model for computer software with a view to provide financial information that is meaningful and reasonable to the users of financial statements. The revaluation exercise was undertaken by an independent external valuer and the necessary adjustments were done to the financial statements for the year ended 31 December 2019.

Further reassessment made on the application of revaluation model on computer software in the current year pointed to a technical difficulty in satisfying the requirement of the existence of an active market “as is required by IAS 38 [Intangible Assets]” for adoption of the revaluation model for intangible assets. This was due to the following reasons:

- The pricing information of the computer software is not publicly available as contracts are negotiated between individual buyers and sellers. Computer software was considered a packaged deal designed to meet the specific selection of the buyer.
- The computer software is customized to satisfy the requirements of the Group and this has made it a unique product.

The Group has accordingly reverted to the historical cost model from the 2020 financial year.

The inflation adjusted financial statements for the year ended 31 December 2019 have been restated to reverse the revaluation gain adjustment on computer software. The financial statements have also been restated to apply the exchange rate of USD1:ZWL1 on the date of change of functional currency (22 February 2019), which was the earliest observable exchange rate per IAS 21.

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
9. DEPOSITS AND OTHER ACCOUNTS				
9.1 Summary of deposits by type				
Balances of banks	30 529 298	69 244 530	30 529 298	15 436 329
Current accounts	1 857 839 882	1 875 623 661	1 857 839 882	418 123 193
Savings and call accounts	4 681 066 603	3 594 320 581	4 681 066 603	801 263 510
Fixed deposits	538 347 210	615 866 585	538 347 210	137 291 989
	7 107 782 993	6 155 055 357	7 107 782 993	1 372 115 021
9.2 Maturity analysis				
On demand	4 688 111 315	4 487 911 672	4 688 111 315	1 000 467 203
Within 1 month	2 362 638 511	1 519 827 684	2 362 638 511	338 807 415
Between 1 and 6 months	26 030 161	94 988 973	26 030 161	21 175 406
Between 6 and 12 months	26 922 779	33 448 957	26 922 779	7 456 605
After 12 months	4 080 227	18 878 071	4 080 227	4 208 392
	7 107 782 993	6 155 055 357	7 107 782 993	1 372 115 021

	Inflation adjusted				Unaudited Historical cost			
	31 Dec 2020 ZW\$	Contribution	%	Restated 31 Dec 2019 ZW\$	Contribution	%	Restated 31 Dec 2019 ZW\$	Contribution
9.3 Deposit concentration								
Private individuals	1 275 156 726	18%		924 998 921	15%		206 205 280	15%
Agriculture	523 997 303	7%		332 194 669	5%		74 054 459	5%
Mining	51 402 570	1%		339 051 727	6%		75 583 068	6%
Manufacturing	293 573 852	4%		498 186 153	8%		111 058 092	8%
Distribution	472 772 864	7%		176 418 257	3%		39 328 020	3%
Construction	120 134 405	2%		70 635 326	1%		15 746 372	1%
Transport	81 461 850	1%		55 202 253	1%		12 305 956	1%
Services	2 993 000 416	42%		2 294 187 704	37%		511 431 535	37%
Financial	653 303 426	9%		654 493 177	11%		145 902 818	11%
Communication	642 979 581	9%		809 687 170	13%		180 499 421	13%
	7 107 782 993	100%		6 155 055 357	100%		1 372 115 021	100%

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
9.4 Secured and unsecured deposits analysis				
Secured deposits	-	257 761 517	-	57 461 457
Unsecured deposits	7 107 782 993	5 897 293 840	7 107 782 993	1 314 653 564
	7 107 782 993	6 155 055 357	7 107 782 993	1 372 115 021

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

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
10. LEASE LIABILITIES				
Balance at the beginning of year	29 811 485	182 831 318	6 645 722	6 561 587
Add accrued interest posted to profit or loss	34 165 142	4 615 487	16 708 668	448 157
Less lease commitments paid during the year	(47 510 286)	(29 019 591)	(23 235 191)	(2 817 760)
Lease adjustments	64 007 929	7 275 706	68 889 265	1 621 936
Profit on lease liability reassessment	4 881 336	3 731 311	569 089	831 802
Effects of inflation adjustments	(15 778 053)	(139 622 746)	-	-
Balance at end of year	69 577 553	29 811 485	69 577 553	6 645 722
Maturing within 1 year	23 051 592	3 632 038	23 051 592	809 672
Maturing after 1 year	92 206 368	14 528 151	92 206 368	3 238 686
	69 577 553	29 811 485	69 577 553	6 645 722
11. LONG TERM BORROWINGS				
Comprising:				
Face value of loan	20 000 000	89 716 318	20 000 000	20 000 000
Valuation discount	(3 859 361)	(20 760 190)	(3 859 361)	(4 627 963)
Balance at end of year	16 140 639	68 956 128	16 140 639	15 372 037
Non-current	16 140 639	68 956 128	16 140 639	15 372 037
Valuation discount:				
Balance at beginning of the year	20 760 190	149 349 444	4 627 963	5 359 965
Amortisation during the year	(1 571 603)	(7 538 755)	(768 602)	(732 002)
Effects of monetary adjustments	(15 329 226)	(121 050 499)	-	-
Balance at end of year	3 859 361	20 760 190	3 859 361	4 627 963

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
12. INTEREST INCOME				
Interest income				
comprises interest on:				
Advances	642 451 560	412 942 759	439 962 484	43 799 916
Mortgages	21 248 146	40 779 094	14 002 698	3 254 181
Overdraft accounts	79 160 760	28 823 233	57 435 928	3 262 047
Trading income	85 595 490	298 766 961	52 090 606	26 348 060
Cash and short-term funds	2 929 823	3 822 552	2 125 270	441 915
Loans to other banks	2 179 272	1 326 317	733 643	67 571
Other	25 758 567	58 331 823	10 395 978	4 311 322
Total interest income	859 323 618	844 792 739	576 746 607	81 485 012
13. INTEREST EXPENSES				
Interest expenses				
comprise interest on:				
Retail deposits	18 918 337	93 515 373	12 665 155	1 998 192
Fixed deposits	84 119 116	33 634 311	48 657 150	7 231 664
Other interest payable categories	96 615 688	60 218 849	70 044 078	5 935 904
Total interest expenses	199 653 141	187 368 533	131 366 383	15 165 760
Net interest income	659 670 477	657 424 206	445 380 224	66 319 252
14. ANALYSIS OF NET IMPAIRMENT POSTED IN STATEMENT OF PROFIT OR LOSS				
Loans and advances	(260 157 829)	(266 029 283)	(198 842 876)	(40 196 625)
Insurance debtors	(9 231 212)	(84 933 698)	(9 231 212)	(11 170 139)
Loans and other advances	(269 389 041)	(350 962 981)	(208 074 088)	(51 366 764)
Other financial assets	(1 394 281)	174 601	(1 445 655)	25 427
Guarantees	(692 716)	625 516	(692 716)	91 550
Loan commitments	(16 570 969)	(1 568 398)	114 357	(229 550)
Net recoveries against loans previously written off	6 215 149	12 383 018	4 713 171	1 812 500
	(281 831 858)	(339 348 244)	(205 384 931)	(49 666 837)
15. OPERATING EXPENSES				
Commission and fees	48 826 813	40 578 511	23 879 047	3 537 671
Staff expenses	913 113 458	818 804 313	604 572 995	66 998 173
Communication expenses	79 563 225	85 062 190	56 246 997	11 495 609
National Social Security Authority expenses	4 271 056	8 226 479	2 877 373	526 598
Pension fund expenses	18 203 068	26 188 911	9 567 281	1 884 332
Computers and information technology expenses	418 881 979	246 367 800	301 272 037	21 810 453
Occupation expenses	95 480 479	128 904 755	56 925 800	6 626 189
Transport expenses	33 445 405	63 356 183	20 468 687	5 823 703
Travelling expenses	24 108 093	44 926 527	15 611 293	4 192 682
Depreciation of property and equipment	377 389 783	154 739 893	113 300 841	13 042 554
Amortization of intangible assets	83 161 099	92 412 003	2 449 933	2 617 031
Depreciation of right of use asset	21 969 044	8 969 595	10 744 093	509 353
Finance cost on operating lease liabilities	34 165 142	4 615 487	16 708 668	448 157
Impairment of property and equipment	175 032 567	17 673 139	69 821	97 853
Impairment of intangible assets	186 698	518 596	-	-
Administration expenses	405 135 166	449 814 764	290 008 799	62 215 185
Amortization of valuation discount on the long term borrowings	(1 571 603)	(7 538 755)	(768 602)	(732 002)
Directors fees	28 191 993	11 095 562	19 676 345	934 938
Audit fees	29 237 636	27 670 032	14 058 430	2 838 477
	2 788 791 101	2 222 385 985	1 557 669 838	204 866 956
16. INCOME TAX EXPENSE				
Current income tax	185 298 593	229 474 864	144 336 267	17 553 698
Deferred tax expense	(66 766 773)	134 512 413	150 729 873	23 756 804
	118 531 820	363 987 277	295 066 140	41 310 502
17. CONTINGENT LIABILITIES AND COMMITMENTS				
17.1 The nominal values of such commitments are listed below:				
In respect of guarantees	311 097 539	371 517 239	311 097 539	141 807 400
In respect of undrawn commitments	302 536 962	262 913 879	302 536 962	100 353 711
In respect of letters of credit	250 884 354	170 242 194	250 884 354	64 981 111
	864 518 855	804 673 312	864 518 855	242 161 111
17.2 Legal contingencies				

The dispute in which Transnational Holdings Limited (THL) was contesting the acquisition of Intermarket Holdings Limited (IHL) by the Company, which was before the Supreme Court of Appeal was resolved through a notice of withdrawal of the appeal filed by Transnational Holdings Limited (THL) on 2 October 2020.

18. 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 year ended 31 December 2020 of ZW668 cents (2019: ZW854 cents) is based on the attributable profit after tax of ZW\$1 051 585 421 (2019: ZW\$1 344 922 287) 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 year ended 31 December 2020 of ZW2 067 cents (2019: ZW352 cents) is based on the attributable profit after tax of ZW\$3 255 331 492 (2019: ZW\$554 224 420) and weighted average number of shares of 157 522 902 (2019: 157 522 902).

19. RISK MANAGEMENT

19.1 Capital risk management

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

The Group’s target is to maintain operating assets at a level that is lower than the available operating funds at all times in order to restrict the demand on shareholders’ equity for operational funding. This objective was met during the course of the year under review. Gearing was maintained at above 0.21% 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.

19.2 Financial risk management

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

19.2.1 Classification and measurement of financial assets and liabilities

31 December 2020	Inflation adjusted							
	CARRYING AMOUNT				FAIR VALUE			
	Designated at FVTPL	Designated at AMCO	Designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>Financial assets measured at fair value:</b>								
Listed equity securities	534 352 428	-	-	534 352 428	534 352 428	-	-	534 352 428
Government public utility stock	3 172 804	-	-	3 172 804	-	-	3 172 804	3 172 804
Unit trusts	44 631 872	-	-	44 631 872	-	44 631 872	-	44 631 872
Unlisted equity investments	576 347 064	-	-	576 347 064	-	-	576 347 064	576 347 064
Treasury bills	309 051 167	-	165 972 103	475 023 270	-	309 051 167	165 972 103	475 023 270
<b>Financial assets not measured at fair value:</b>								
Trade and other receivables	-	606 162 537	-	606 162 537	-	-	-	-
Cash and cash equivalents	-	5 086 686 008	-	5 086 686 008	-	-	-	-
Treasury bills	-	43 090 894	-	43 090 894	-	-	-	-
Advances and other accounts	-	3 147 343 462	-	3 147 343 462	-	-	-	-
Total	1 467 555 335	8 883 282 901	165 972 103	10 516 810 339	-	-	-	-
<b>Financial liabilities</b>								
Deposit and other accounts	-	(7 107 782 993)	-	(7 107 782 993)	-	-	-	-
Trade and other payables	-	(1 180 683 296)	-	(1 180 683 296)	-	-	-	-
Offshore borrowings	-	(243 206 638)	-	(243 206 638)	-	-	-	-
Total	-	(8 531 672 927)	-	(8 531 672 927)	-	-	-	-

Restated 31 December 2019	Inflation adjusted							
	CARRYING AMOUNT				FAIR VALUE			
	Designated at FVTPL	Designated at AMCO	Designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>Financial assets measured at fair value:</b>								
Listed equity securities	304 599 091	-	-	304 599 091	304 599 091	-	-	304 599 091
Government public utility stock	116 627 898	-	-	116 627 898	-	-	116 627 898	116 627 898
Unit trusts	32 468 169	-	-	32 468 169	-	32 468 169	-	32 468 169
Unlisted equity investments	174 373 443	-	-	174 373 443	-	-	174 373 443	174 373 443
Treasury bills	282 143 011	-	501 993 023	784 136 034	-	282 143 011	501 993 023	784 136 034
<b>Financial assets not measured at fair value:</b>								
Trade and other receivables	-	182 443 744	-	182 443 744	-	-	-	-
Cash and cash equivalents	-	4 453 093 877	-	4 453 093 877	-	-	-	-
Treasury bills	-	189 505 235	-	189 505 235	-	-	-	-
Advances and other accounts	-	2 021 222 577	-	2 021 222 577	-	-	-	-
Total	910 211 612	6 846 265 433	501 993 023	8 258 470 068	-	-	-	-
<b>Financial liabilities</b>								
Deposit and other accounts	-	(6 155 055 357)	-	(6 155 055 357)	-	-	-	-
Trade and other payables	-	(911 111 324)	-	(911 111 324)	-	-	-	-
Offshore borrowings	-	(335 619 414)	-	(335 619 414)	-	-	-	-
Total	-	(7 401 786 095)	-	(7 401 786 095)	-	-	-	-

31 December 2020	Unaudited Historical cost							
	CARRYING AMOUNT				FAIR VALUE			
	Designated at FVTPL	Designated at AMCO	Designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>Financial assets measured at fair value:</b>								
Listed equity securities	534 352 428	-	-	534 352 428	534 352 428	-	-	534 352 428
Government public utility stock	3 172 804	-	-	3 172 804	-	-	3 172 804	3 172 804
Unit trusts	44 631 872	-	-	44 631 872	-	44 631 872	-	44 631 872
Unlisted equity investments	576 347 064	-	-	576 347 064	-	-	576 347 064	576 347 064
Treasury bills	309 051 167	-	165 972 103	475 023 270	-	309 051 167	165 972 103	475 023 270
<b>Financial assets not measured at fair value:</b>								
Trade and other receivables	-	606 162 537	-	606 162 537	-	-	-	-
Cash and cash equivalents	-	5 086 686 008	-	5 086 686 008	-	-	-	-
Treasury bills	-	43 090 894	-	43 090 894	-	-	-	-
Advances and other accounts	-	3 147 343 462	-	3 147 343 462	-	-	-	-
Total	1 467 555 335	8 883 282 901	165 972 103	10 516 810 339	-	-	-	-
<b>Financial liabilities</b>								
Deposit and other accounts	-	(7 107 782 993)	-	(7 107 782 993)	-	-	-	-
Trade and other payables	-	(1 180 683 296)	-	(1 180 683 296)	-	-	-	-
Offshore borrowings	-	(243 206 638)	-	(243 206 638)	-	-	-	-
Total	-	(8 531 672 927)	-	(8 531 672 927)	-	-	-	-

Restated 31 December 2019	Unaudited Historical cost							
	CARRYING AMOUNT				FAIR VALUE			
	Designated at FVTPL	Designated at AMCO	Designated at FVTOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>Financial assets measured at fair value:</b>								
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
<b>Financial assets not measured at fair value:</b>								
Trade and other receivables	-	38 627 667	-	38 627 667	-	-	-	-
Cash and cash equivalents	-	992 705 450	-	992 705 450	-	-	-	-
Treasury bills	-	42 245 433	-	42 245 433	-	-	-	-
Advances and other accounts	-	450 580 815	-	450 580 815	-	-	-	-
Total	202 908 821	1 524 159 365	111 906 738	1 838 974 924	-	-	-	-
<b>Financial liabilities</b>								
Deposit and other accounts	-	(1 372 115 021)	-	(1 372 115 021)	-	-	-	-
Trade and other payables	-	(203 445 862)	-	(203 445 862)	-	-	-	-
Offshore borrowings	-	(74 817 920)	-	(74 817 920)	-	-	-	-
Total	-	(1 650 378 803)	-	(1 650 378 803)	-	-	-	-

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

19.2.2 Liquidity risk

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

**Identification techniques**  
This risk is identified through gap and maturity analysis.

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

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

**Liquidity gap analysis as at 31 December 2020**  
The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities.

	Inflation adjusted					
	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Total	Carrying amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>FINANCIAL ASSETS BY TYPE:</b>						
Cash and cash equivalents	4 327 713 487	122 342 924	636 629 597	-	5 086 686 008	5 086 686 008
Treasury bills	50 164 384	241 801 001	85 255 644	188 726 778	565 947 807	518 114 164
Mortgages and other advances	474 342 714	338 103 418	963 966 628	1 997 449 666	3 773 862 426	3 147 343 462
Investment securities	-	-	-	998 169 736	998 169 736	998 169 736
	4 852 220 585	702 247 343	1 685 851 869	3 184 346 180	10 424 665 977	9 750 313 370
<b>FINANCIAL LIABILITIES BY TYPE:</b>						
Deposits and other accounts	(7 119 911 925)	(44 462 314)	(27 867 461)	(4 318 241)	(7 196 559 941)	(7 107 782 993)
Trade and other payables	(887 514 885)	(263 084 687)	(30 083 724)	-	(1 180 683 296)	(1 180 683 296)
Long term loan	-	-	-	(20 000 000)	(20 000 000)	(16 140 639)
Offshore borrowings	-	(66 857 475)	(66 857 475)	(133 714 953)	(267 429 903)	(243 206 638)
Lease liabilities	(1 159 626)	(5 798 129)	(6 957 755)	(55 662 043)	(69 577 553)	(69 577 553)
	(8 008 586 436)	(380 202 605)	(131 766 415)	(213 695 237)	(8 734 250 693)	(8 617 391 119)
Period gap	(3 156 365 851)	322 044 738	1 554 085 454	2 970 650 943	1 690 415 284	1 132 922 251
Cumulative gap	(3 156 365 851)	(2 834 321 113)	(1 280 235 659)	1 690 415 284	-	-

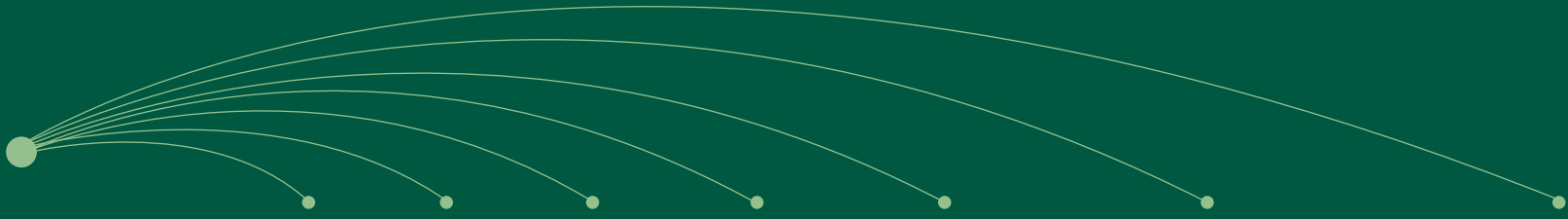
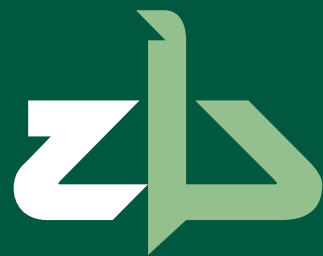
**Restated Liquidity gap analysis as at 31 December 2019**  
The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities.

	Inflation adjusted					
	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Total	Carrying amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>FINANCIAL ASSETS BY TYPE:</b>						
Cash and cash equivalents	3 528 892 808	226 264 077	647 775 844	-	4 402 932 729	4 453 093 877
Treasury bills	51 276 540	120 904 047	387 182 055	519 706 191	1 079 068 833	973 641 269
Mortgages and other advances	203 262 792	469 392 235	389 287 119	1 239 242 345	2 301 184 491	2 021 222 577
Investment securities	-	-	-	801 703 557	801 703 557	628 068 592
	3 783 432 140	816 560 359	1 424 245 018	2 560 652 093	8 584 889 610	8 076 026 315
<b>FINANCIAL LIABILITIES BY TYPE:</b>						
Deposits and other accounts	(5 962 509 543)	(118 419 798)	(33 339 431)	(461 061 487)	(6 575 330 259)	(6 155 055 357)
Trade and other payables	(653 615 556)	(159 033 334)	(98 462 434)	-	(911 111 324)	(911 111 324)
Long term loan	-	-	-	(89 716 318)	(89 716 318)	(68 956 128)
Offshore borrowings	-	(76 393 902)	(76 393 902)	(217 408 902)	(370 196 706)	(335 619 414)
Lease liabilities	(496 858)	(2 484 290)	(2 981 149)	(23 849 188)	(29 811 485)	(29 811 485)
	(6 616 621 957)	(356 331 324)	(211 176 915)	(792 035 895)	(7 976 166 092)	(7 500 553 708)
Period gap	(2 833 189 817)	460 229 035	1 213 068 103	1 768 616 198	608 723 518	575 472 607
Cumulative gap	(2 833 189 817)	(2 372 960 783)	(1 159 892 680)	608 723 518	-	-

**Liquidity gap analysis as at 31 December 2020**  
The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities.

	Unaudited Historical cost						
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Total ZW\$	Carrying amount ZW\$	
<b>FINANCIAL ASSETS BY TYPE:</b>							
Cash and cash equivalents	4 327 713 487	122 342 924	636 629 597	-	5 086 686 008	5 086 686 008	
Treasury bills	50 164 384	241 801 001	85 255 644	188 726 778	565 947 807	518 114 164	
Mortgages and other advances	474 342 714	338 103 418	963 966 628	1 997 449 666	3 773 862 426	3 147 343 462	
Investment securities	-	-	-	998 169 736	998 169 736	998 169 736	
	4 852 220 585	702 247 343	1 685 851 869	3 184 346 180	10 424 665 977	9 750 313 370	
<b>FINANCIAL LIABILITIES BY TYPE:</b>							
Deposits and other accounts	(7 119 911 925)	(44 462 314)	(27 867 461)	(4 318 241)	(7 196 559 941)	(7 107 782 993)	
Trade and other payables	(887 514 885)	(263 084 687)	(30 083 724)	-	(1 180 683 296)	(1 180 683 296)	
Long term loan	-	-	-	(20 000 000)	(20 000 000)	(16 140 639)	
Offshore borrowings	-	(66 857 475)	(66 857 475)	(133 714 953)	(267 429 903)	(243 206 638)	
Lease liabilities	(1 159 626)	(5 798 129)	(6 957 755)	(55 662 043)	(69 577 553)	(69 577 553)	
	(8 008 586 436)	(380 202 605)	(131 766 415)	(213 695 237)	(8 734 250 693)	(8 617 391 119)	
Period gap	(3 156 365 851)	322 044 738	1 554 085 454	2 970 650 943	1 690 415 284	1 132 922 251	
Cumulative gap	(3 156 365 851)	(2 834 321 113)	(1 280 235 659)	1 690 415 284	-	-	





Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2020

19.2.3 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.

19.2.3.1 Interest rate risk

Interest rate gap analysis as at 31 December 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\$
<b>FINANCIAL ASSETS BY TYPE:</b>					
Cash and cash equivalents	5 086 686 008	-	-	-	5 086 686 008
Treasury bills	50 000 000	228 161 763	78 005 017	161 947 384	518 114 164
Advances and other accounts	473 155 758	299 155 476	879 876 561	1 495 155 667	3 147 343 462
	5 609 841 766	527 317 239	957 881 578	1 657 103 051	8 752 143 634
<b>FINANCIAL LIABILITIES BY TYPE</b>					
Deposits and other accounts	(7 039 736 385)	(44 112 074)	(26 922 779)	2 988 245	(7 107 782 993)
Long term loan	-	-	-	(16 140 639)	(16 140 639)
Offshore borrowings	-	(60 801 658)	(60 801 658)	(121 603 322)	(243 206 638)
	(7 039 736 385)	(104 913 732)	(87 724 437)	(134 755 716)	(7 367 130 270)
Period gap	(1 429 894 619)	422 403 507	870 157 141	1 522 347 335	1 385 013 364
Cumulative gap	(1 429 894 619)	(1 007 491 112)	(137 333 971)	1 385 013 364	-

Restated Interest rate gap analysis as at 31 December 2019

	Inflation adjusted				
	Up to 1	2 to 6	7 to 12	Above 12	Carrying
	month	months	months	months	amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>FINANCIAL ASSETS BY TYPE:</b>					
Cash and cash equivalents	4 453 093 877	-	-	-	4 453 093 877
Treasury bills	51 156 312	109 651 355	378 187 564	434 646 038	973 641 269
Advances and other accounts	233 817 967	331 914 274	375 254 307	1 080 236 029	2 021 222 577
	4 738 068 156	441 565 629	753 441 871	1 514 882 067	7 447 957 723
<b>FINANCIAL LIABILITIES BY TYPE</b>					
Deposits and other accounts	(6 037 759 019)	(27 595 250)	(55 595 757)	(34 105 331)	(6 155 055 357)
Long term loan	-	-	-	(68 956 128)	(68 956 128)
Offshore borrowings	-	(76 393 902)	(41 816 610)	(217 408 902)	(335 619 414)
	(6 037 759 019)	(103 989 152)	(97 412 367)	(320 470 361)	(6 559 630 899)
Period gap	(1 299 690 863)	337 576 477	656 029 504	1 194 411 706	888 326 824
Cumulative gap	(1 299 690 863)	(962 114 386)	(306 084 882)	888 326 824	-

Interest rate gap analysis as at 31 December 2020

	Unaudited Historical cost				
	Up to 1	2 to 6	7 to 12	Above 12	Carrying
	month	months	months	months	amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>FINANCIAL ASSETS BY TYPE:</b>					
Cash and cash equivalents	5 086 686 008	-	-	-	5 086 686 008
Treasury bills	50 000 000	228 161 763	78 005 017	161 947 384	518 114 164
Advances and other accounts	473 155 758	299 155 476	879 876 561	1 495 155 667	3 147 343 462
	5 609 841 766	527 317 239	957 881 578	1 657 103 051	8 752 143 634
<b>FINANCIAL LIABILITIES BY TYPE</b>					
Deposits and other accounts	(7 039 736 385)	(44 112 074)	(26 922 779)	2 988 245	(7 107 782 993)
Long term loan	-	-	-	(16 140 639)	(16 140 639)
Offshore borrowings	-	(60 801 658)	(60 801 658)	(121 603 322)	(243 206 638)
	(7 039 736 385)	(104 913 732)	(87 724 437)	(134 755 716)	(7 367 130 270)
Period gap	(1 429 894 619)	422 403 507	870 157 141	1 522 347 335	1 385 013 364
Cumulative gap	(1 429 894 619)	(1 007 491 112)	(137 333 971)	1 385 013 364	-

Restated Interest rate gap analysis as at 31 December 2019

	Unaudited Historical cost				
	Up to 1	2 to 6	7 to 12	Above 12	Carrying
	month	months	months	months	amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
<b>FINANCIAL ASSETS BY TYPE:</b>					
Cash and cash equivalents	992 705 450	-	-	-	992 705 450
Treasury bills	11 404 015	24 444 016	84 307 420	96 893 419	217 048 870
Advances and other accounts	52 123 844	73 991 952	83 653 524	240 811 495	450 580 815
	1 056 233 309	98 435 968	167 960 944	337 704 914	1 660 335 135
<b>FINANCIAL LIABILITIES BY TYPE</b>					
Deposits and other accounts	(1 345 966 748)	(6 151 668)	(12 393 678)	(7 602 927)	(1 372 115 021)
Long term borrowings	-	-	-	(15 372 037)	(15 372 037)
Offshore borrowings	-	(17 030 102)	(9 321 963)	(48 465 855)	(74 817 920)
	(1 345 966 748)	(23 181 770)	(21 715 641)	(71 440 819)	(1 462 304 978)
Period gap	(289 733 439)	75 254 198	146 245 303	266 264 095	198 030 157
Cumulative gap	(289 733 439)	(214 479 241)	(68 233 938)	198 030 157	-

19.2.3.2 Foreign exchange risk

Foreign currency position

The carrying amount of the Group's non United States dollar monetary assets and liabilities as at 31 December 2020 were as follows:

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
Botswana pula	323 142 463	321 607 376	323 142 463	71 694 288
British pound	1 529 232 311	2 484 597 660	1 529 232 311	553 878 653
Malawian kwacha	-	35 093	-	7 823
Euro	1 582 674 325	1 193 533 882	1 582 674 325	266 068 406
South African rand	7 526 665 268	5 573 611 546	7 526 665 268	1 242 496 725
Zambian kwacha	-	19 379 519	-	4 320 177
USD	17 040 893 746	112 233 579	17 040 893 746	25 019 658
Total assets	28 002 608 113	9 704 998 655	28 002 608 113	2 163 485 730
Botswana pula	(182 980 623)	(318 645 706)	(182 980 623)	(71 034 058)
British pound	(833 987 347)	(1 218 306 921)	(833 987 347)	(271 590 933)
Euro	(901 990 745)	(1 139 795 118)	(901 990 745)	(254 088 698)
South African rand	(3 690 183 563)	5 598 416 982	(3 690 183 563)	1 248 026 474
USD	(7 468 591 071)	-	(7 468 591 071)	-
Total liabilities	(13 077 733 349)	2 921 669 237	(13 077 733 349)	651 312 785
	14 924 874 764	12 626 667 892	14 924 874 764	2 814 798 515

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

19.2.4 Credit risk

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

Internal rating grade

	Inflation adjusted 2020				Inflation adjusted Restated 2019			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
<b>Total loans and advances</b>	2 797 789 565	517 166 987	5 994 486	3 320 951 038	2 027 170 259	89 846 738	16 498 461	2 133 515 458
Guarantees	688 652 647	-	-	688 652 647	636 121 888	-	-	636 121 888
Loan commitments	219 933 545	-	-	219 933 545	450 168 271	-	-	450 168 271
Letters of credit	-	-	-	-	291 493 300	-	-	291 493 300
Treasury bills	518 114 164	-	-	518 114 164	973 641 269	-	-	973 641 269
Insurance debtors	79 955 826	-	21 662 067	101 617 893	132 327 527	-	55 762 527	188 090 054
Other financial assets	21 944 608	-	-	21 944 608	49 770 769	3 865 499	-	53 636 268
<b>Total financial assets</b>	4 326 390 355	517 166 987	27 656 553	4 871 213 895	4 560 693 283	93 712 237	72 260 988	4 726 666 508
<b>Total loans and advances</b>	2 797 789 565	751 842	145 435	2 798 686 842	2 027 170 259	908 333	355 684	2 028 434 276
Good(AAA to BBB-)	-	516 415 145	837	516 415 982	-	88 938 405	43 285	88 981 690
Special Mention(BB +to CCC-)	-	-	5 848 214	5 848 214	-	-	16 099 492	16 099 492
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
<b>Total loans and advances</b>	2 797 789 565	517 166 987	5 994 486	3 320 951 038	2 027 170 259	89 846 738	16 498 461	2 133 515 458
<b>Corporate Lending</b>								
Good(AAA to BBB-)	1 643 822 049	-	-	1 643 822 049	1 401 467 844	-	-	1 401 467 844
Special Mention(BB+ to CCC-)	-	491 236 304	-	491 236 304	-	85 378 955	-	85 378 955
Nonperforming(CC to D)	-	-	3 104 017	3 104 017	-	-	10 723 540	10 723 540
<b>Total corporate lending</b>	1 643 822 049	491 236 304	3 104 017	2 138 162 370	1 401 467 844	85 378 955	10 723 540	1 497 570 339
<b>Small business Lending</b>								
Good(AAA to BBB-)	108 763 132	42	1 043	108 764 217	28 490 485	49	197	28 490 731
Special Mention(BB+ to CCC-)	-	9 751 747	-	9 751 747	7 980	1 094 355	-	1 102 335
Nonperforming(CC to D)	-	-	202 628	202 628	-	-	709 903	709 903
<b>Total small business Lending</b>	108 763 132	9 751 789	203 671	118 718 592	28 498 465	1 094 404	710 100	30 302 969
<b>Consumer Lending</b>								
Good(AAA to BBB-)	951 751 652	751 800	144 392	952 647 844	473 071 784	347 615	112 930	473 532 329
Special Mention(BB+ to CCC-)	479 066	5 193 729	837	5 673 632	983 282	2 255 652	29 225	3 268 159
Nonperforming(CC to D)	-	-	2 248 905	2 248 905	-	-	3 226 876	3 226 876
<b>Total consumer lending</b>	952 230 718	5 945 529	2 394 134	960 570 381	474 055 066	2 603 267	3 369 032	480 027 364
<b>Mortgage Lending</b>								
Good(AAA to BBB-)	93 452 732	-	-	93 452 732	124 140 146	560 669	242 557	124 943 372
Special Mention(BB+ to CCC-)	37 645	10 233 365	-	10 271 010	460 976	209 443	14 060	684 479
Nonperforming(CC to D)	-	-	292 664	292 664	-	-	1 439 173	1 439 173
<b>Total Mortgage Lending</b>	93 490 377	10 233 365	292 664	104 016 406	124 601 122	770 112	1 695 790	127 067 024
<b>Guarantees</b>								
Good(AAA to BBB-)	688 652 647	-	-	688 652 647	636 121 888	-	-	636 121 888
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
<b>Total guarantees</b>	688 652 647	-	-	688 652 647	636 121 888	-	-	636 121 888
<b>Loan commitments</b>								
Good(AAA to BBB-)	219 933 545	-	-	219 933 545	450 168 271	-	-	450 168 271
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
<b>Total loan commitments</b>	219 933 545	-	-	219 933 545	450 168 271	-	-	450 168 271
<b>Letters of Credit</b>								
Good(AAA to BBB-)	-	-	-	-	291 493 300	-	-	291 493 300
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
<b>Total letters of credit</b>	-	-	-	-	291 493 300	-	-	291 493 300
<b>Other financial assets</b>								
Debentures	-	-	-	-	-	3 865 499	-	3 865 499
Non performing (CC to D)	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-
Good (AAA to BBB-)	21 944 608	-	-	21 944 608	49 770 769	-	-	49 770 769
<b>Total other financial assets</b>	21 944 608	-	-	21 944 608	49 770 769	3 865 499	-	53 636 268

	Unaudited Historical cost 2020				Unaudited Historical cost Restated 2019			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances	2 797 789 565	517 166 987	5 994 486	3 320 951 038	451 906 701	20 029 074	3 677 918	475 613 693
Guarantees	688 652 647	-	-	688 652 647	141 807 400	-	-	141 807 400
Loan commitments	219 933 545	-	-	219 933 545	100 353 711	-	-	100 353 711
Letters of credit	-	-	-	-	64 981 111	-	-	64 981 111
Treasury bills	518 114 164	-	-	518 114 164	217 048 870	-	-	217 048 870
Insurance debtors	79 955 826	-	21 662 067	101 617 893	29 499 099	-	12 430 855	41 929 954
Other financial assets	21 944 608	-	-	21 944 608	11 095 143	861 716	-	11 956 859
Total financial assets	4 326 390 355	517 166 987	27 656 553	4 871 213 895	1 016 692 035	20 890 790	16 108 773	1 053 691 598
Total loans and advances	2 797 789 565	751 842	145 435	2 798 686 842	451 906 701	202 490	79 291	452 188 482
Good(AAA to BBB-)	-	516 415 145	837	516 415 982	-	19 826 584	9 649	19 836 233
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	5 848 214	5 848 214	-	-	3 588 978	3 588 978
Total loans and advances	2 797 789 565	517 166 987	5 994 486	3 320 951 038	451 906 701	20 029 074	3 677 918	475 613 693
Corporate Lending								
Good(AAA to BBB-)	1 643 822 049	-	-	1 643 822 049	312 422 061	-	-	312 422 061
Special Mention(BB+ to CCC-)	-	491 236 304	-	491 236 304	-	19 033 094	-	19 033 094
Nonperforming(CC to D)	-	-	3 104 017	3 104 017	-	-	2 390 544	2 390 544
Total corporate lending	1 643 822 049	491 236 304	3 104 017	2 138 162 370	312 422 061	19 033 094	2 390 544	333 845 699
Small business Lending								
Good(AAA to BBB-)	108 763 132	42	1 043	108 764 217	6 351 238	11	44	6 351 293
Special Mention(BB+ to CCC-)	-	9 751 747	-	9 751 747	1 779	243 959	-	245 738
Nonperforming(CC to D)	-	-	202 628	202 628	-	-	158 255	158 255
Total small business Lending	108 763 132	9 751 789	203 671	118 718 592	6 353 017	243 970	158 299	6 755 286
Consumer Lending								
Good(AAA to BBB-)	951 751 652	751 800	144 392	952 647 844	105 459 474	77 492	25 175	105 562 141
Special Mention(BB+ to CCC-)	479 066	5 193 729	837	5 673 632	219 198	502 841	6 515	728 554
Nonperforming(CC to D)	-	-	2 248 905	2 248 905	-	-	719 351	719 351
Total consumer lending	952 230 718	5 945 529	2 394 134	960 570 381	105 678 672	580 333	751 041	107 010 046
Mortgage Lending								
Good(AAA to BBB-)	93 452 732	-	-	93 452 732	27 673 928	124 987	54 072	27 852 987
Special Mention(BB+ to CCC-)	37 645	10 233 365	-	10 271 010	102 763	46 690	3 134	152 587
Nonperforming(CC to D)	-	-	292 664	292 664	-	-	320 828	320 828
Total Mortgage Lending	93 490 377	10 233 365	292 664	104 016 406	27 776 691	171 677	378 034	28 326 402
Guarantees								
Good(AAA to BBB-)	688 652 647	-	-	688 652 647	141 807 400	-	-	141 807 400
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Total guarantees	688 652 647	-	-	688 652 647	141 807 400	-	-	141 807 400
Loan commitments								
Good(AAA to BBB-)	219 933 545	-	-	219 933 545	100 353 711	-	-	100 353 711
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Total loan commitments	219 933 545	-	-	219 933 545	100 353 711	-	-	100 353 711
Loan of credit								
Good(AAA to BBB-)	-	-	-	-	64 981 111	-	-	64 981 111
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Total letters of credit	-	-	-	-	64 981 111	-	-	64 981 111
Other financial assets								
Debentures	-	-	-	-	-	861 716	-	861 716
Non performing (CC to D)	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-
Good (AAA to BBB-)	21 944 608	-	-	21 944 608	11 095 143	-	-	11 095 143
Total other financial assets	21 944 608	-	-	21 944 608	11 095 143	861 716	-	11 956 859

19.2.4 Credit risk (continued)

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

	Inflation adjusted 2020				Inflation adjusted Restated 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	121 515 027	130 148 598	1 899 777	253 563 402	222 264 826	9 873 182	12 482 399	244 620 407
Treasury bills	-	-	-	-	-	-	-	-
Insurance debtors	-	-	21 662 067	21 662 067	-	-	55 762 528	55 762 528
Other financial assets	-	-	-	-	-	-	-	-
Total impairment allowances	121 515 027	130 148 598	23 561 844	275 225 469	222 264 826	9 873 182	68 244 927	300 382 935
In respect of guarantees	832 533	-	-	832 533	627 193	-	-	627 193
In respect of Letter of credit	-	-	-	-	-	-	-	-
In respect of Loan commitments	630 160	-	-	630 160	3 339 766	-	-	3 339 766
In respect of other financial assets	1 536 953	-	-	1 536 953	3 405	406 141	-	409 546
Total	124 514 673	130 148 598	23 561 844	278 225 115	226 235 190	10 279 323	68 244 927	304 759 440

Treasury bills were assessed for impairment at 31 December 2020 and, having been considered to carry low credit risk, no IFRS 9 impairment charge was raised. There was no objective evidence to suggest that future cash flows on the treasury bills could end up being less than those anticipated at the point of initial recognition.

Total loans and advances	121 496 630	182 868	84 274	121 763 772	222 016 514	300 620	142 784	222 459 918
Good(AAA to BBB-)	18 397	129 965 730	837	129 984 964	248 312	9 572 562	21 680	9 842 554
Special Mention(BB+ to CCC-)	-	-	1 814 666	1 814 666	-	-	12 317 935	12 317 935
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowance for total loans and advances	121 515 027	130 148 598	1 899 777	253 563 402	222 264 826	9 873 182	12 482 399	244 620 407

Impairment allowance for loans and advances by lending category:								
Corporate Lending								
Good(AAA to BBB-)	92 334 033	-	-	92 334 033	151 551 820	-	-	151 551 820
Special Mention(BB+ to CCC-)	-	128 506 460	-	128 506 460	-	8 762 499	-	8 762 499
Nonperforming(CC to D)	-	-	513 917	513 917	-	-	10 337 316	10 337 316
Impairment allowance for corporate lending	92 334 033	128 506 460	513 917	221 354 410	151 551 820	8 762 499	10 337 316	170 651 635

Small business Lending								
Good(AAA to BBB-)	4 084 218	13	571	4 084 802	2 823 166	52	45	2 823 263
Special Mention(BB+ to CCC-)	-	229 105	-	229 105	10 488	98 612	2 499	111 599
Nonperforming(CC to D)	-	-	106 001	106 001	-	-	214 041	214 041
Impairment allowance for small business lending	4 084 218	229 118	106 572	4 419 908	2 833 654	98 664	216 585	3 148 903

Consumer lending								
Good(AAA to BBB-)	23 733 784	182 855	83 703	24 000 342	52 105 156	100 182	38 659	52 243 997
Special Mention(BB+ to CCC-)	18 397	946 091	837	965 325	169 263	624 668	13 309	807 240
Nonperforming(CC to D)	-	-	1 194 748	1 194 748	-	-	1 099 133	1 099 133
Impairment allowance for consumer lending	23 752 181	1 128 946	1 279 288	26 160 415	52 274 419	724 850	1 151 101	54 150 370

Mortgage Lending								
Good(AAA to BBB-)	1 344 595	-	-	1 344 595	15 536 372	200 386	104 080	15 840 838
Special Mention(BB+ to CCC-)	-	284 074	-	284 074	68 561	86 783	5 872	161 216
Nonperforming(CC to D)	-	-	-	-	-	-	667 445	667 445
Impairment allowance for mortgage lending	1 344 595	284 074	-	1 628 669	15 604 933	287 169	777 397	16 669 499

Impairment allowances on guarantees and loan commitments included in provisions under other liabilities								
Guarantees								
Good(AAA to BBB-)	832 533	-	-	832 533	627 193	-	-	627 193
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowances for guarantees	832 533	-	-	832 533	627 193	-	-	627 193

Loan commitments								
Good(AAA to BBB-)	630 160	-	-	630 160	3 339 766	-	-	3 339 766
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowances for loan commitments	630 160	-	-	630 160	3 339 766	-	-	3 339 766

Other financial assets								
Debentures	-	-	-	-	3 405	-	-	3 405
Non performing (CC to D)	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-
Good (AAA to BBB-)	1 536 953	-	-	1 536 953	-	406 141	-	406 141
Impairment allowances for other financial assets	1 536 953	-	-	1 536 953	3 405	406 141	-	409 546

19.2.4 Credit risk (continued)

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

	Inflation adjusted 2020				Inflation adjusted Restated 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	2 797 789 565	517 166 987	5 994 486	3 320 951 038	2 027 170 258	89 846 738	16 498 463	2 133 515 459
Guarantees	688 652 647	-	-	688 652 647	636 121 888	-	-	636 121 888
Loan commitments	219 933 545	-	-	219 933 545	450 168 271	-	-	450 168 271
Letters of credit	-	-	-	-	291 493 299	-	-	291 493 299
Treasury bills	518 114 164	-	-	518 114 164	973 641 269	-	-	973 641 269
Insurance debtors	79 955 826	-	21 662 067	101 617 893	132 327 527	-	55 762 525	188 090 052
Other financial assets	21 944 608	-	-	21 944 608	49 770 771	3 865 499	-	53 636 268
Total financial assets	4 326 390 355	517 166 987	27 656 553	4 871 213 895	4 560 693 283	93 712 237	72 260 988	4 726 666 508

Balance at 1 January 2020	4 560 693 283	93 712 237	72 260 988	4 726 666 508	10 671 333 413	111 795 907	219 212 994	11 002 342 314
Effects of inflation adjustments	(3 544 001 248)	(72 821 447)	(56 152 215)	(3 672 974 910)	(8 923 878 990)	(93 797 845)	(213 394 936)	(9 231 071 771)
New assets	4 745 755 995	410 597 808	13 528 565	5 169 882 368	3 953 642 728	133 794 918	39 025 028	4 126 462 674
Repayments	(1 296 831 940)	(53 767 122)	(1 761 009)	(1 352 360 071)	(1 116 617 655)	(33 818 194)	(9 358 812)	(1 159 794 661)
Stage re assignments	-	-	-	-	-	-	-	-
Stage 1	-	139 462 842	(237 107)	139 225 735	-	(667 566)	24 453 779	23 786 213
Stage 2	(139 462 842)	-	17 331	(139 445 511)	667 566	-	23 594 983	24 262 549
Stage 3	237 107	(17 331)	-	219 776	(24 453 779)	(23 594 983)	-	(48 048 762)
Write-offs	-	-	-	-	-	-	(11 272 048)	(11 272 048)
Balance at 31 December 2020	4 326 390 355	517 166 987	27 656 553	4 871 213 895	4 560 693 283	93 712 237	72 260 988	4 726 666 508

An analysis of changes in the ECLs are as follows:

	Inflation adjusted 2020				Inflation adjusted Restated 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	121 515 027	130 148 598	1 899 777	253 563 402	222 264 834	9 873 178	12 482 397	244 620 409
Treasury bills	-	-	-	-	-	-	-	-
Insurance debtors	-	-	21 662 067	21 662 067	-	-	55 762 530	55 762 530
Other financial assets	-	-	-	-	-	-	-	-
Total Loans and other advances	121 515 027	130 148 598	23 561 844	275 225 469	222 264 834	9 873 178	68 244 927	300 382 936
In respect of guarantees	832 533	-	-	832 533	627 193	-	-	627 193
In respect of Letter of credit	-	-	-	-	-	-	-	-
In respect of Loan commitments	630 160	-	-	630 160	3 339 766	-	-	3 339 766
In respect of other financial assets	1 536 953	-	-	1 536 953	3 397	406 145	-	409 542
Total impairment allowances	124 514 673	130 148 598	23 561 844	278 225 115	226 235 190	10 279 323	68 244 927	304 759 440

Balance at 1 January 2020	226 235 190	10 279 323	68 244 927	304 759 440	360 901 396	13 102 440	48 202 456	422 206 292
Effects of inflation adjustments	(175 801 735)	(7 987 807)	(53 031 434)	(236 820 976)	(284 335 938)	(10 993 169)	17 033 118	(278 295 989)
Initial adoption of IFRS 9	-	-	-	-	-	-	-	-
New assets	156 095 584	94 716 608	9 390 331	260 202 523	204 298 702	15 439 824	3 079 633	222 818 159
Repayments	(34 681 118)	(13 416 719)	(1 818 035)	(49 915 872)	(49 546 070)	(2 153 425)	(2 394 834)	(54 094 329)
Stage reassignments	-	-	-	-	-	-	-	-
Stage 1	-	46 650 780	682 468	47 333 248	-	149 741	4 933 159	5 082 900
Stage 2	(46 650 780)	-	93 587	(46 557 193)	(149 741)	-	5 266 088	5 116 347
Stage 3	(682 468)	(93 587)	-	(776 055)	(4 933 159)	(5 266 088)	-	(10 199 247)
Write-offs	-	-	-	-	-	-	(7 874 693)	(7 874 693)
Balance at 31 December 2020	124 514 673	130 148 598	23 561 844	278 225 115	226 235 190	10 279 323	68 244 927	304 759 440

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

Unaudited Historical cost 2020				Unaudited Historical cost Restated 2019				
STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL	
ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	
Total loans and advances	2 797 789 565	517 166 987	5 994 486	3 320 951 038	451 906 701	20 029 074	3 677 918	475 613 693
Guarantees	688 652 647	-	-	688 652 647	141 807 400	-	-	141 807 400
Loan commitments	219 933 545	-	-	219 933 545	100 353 711	-	-	100 353 711
Letters of credit	-	-	-	-	64 981 111	-	-	64 981 111
Treasury bills	518 114 164	-	-	518 114 164	217 048 870	-	-	217 048 870
Insurance debtors	79 955 826	-	21 662 067	101 617 893	29 499 099	-	12 430 855	41 929 954
Other financial assets	21 944 608	-	-	21 944 608	11 095 143	861 716	-	11 956 859
Total financial assets	4 326 390 355	517 166 987	27 656 553	4 871 213 895	1 016 692 035	20 890 790	16 108 773	1 053 691 598

Balance at 1 January 2020	1 016 692 035	20 890 790	16 108 773	1 053 691 598	382 980 791	4 012 215	7 867 280	394 860 286
New assets	4 745 755 995	410 597 808	13 528 565	5 169 882 368	979 014 628	29 826 218	2 129 360	910 970 206
Repayments	(1 296 831 940)	(53 767 122)	(1 761 009)	(1 352 360 071)	(248 921 865)	(7 538 917)	(2 086 312)	(258 547 094)
Stage reassignments	-	-	-	-	-	-	-	-
Stage 1	-	139 462 842	(237 107)	139 225 735	-	(148 817)	5 451 356	5 302 539
Stage 2	(139 462 842)	-	17 331	(139 445 511)	148 817	-	5 259 909	5 408 726
Stage 3	237 107	(17 331)	-	219 776	(5 451 356)	(5 259 909)	-	(10 711 265)
Write-offs	-	-	-	-	-	-	(2 512 820)	(2 512 820)
Effect of changes in functional currency	-	-	-	-	8 921 020	-	-	8 921 020
Balance at 31 December 2020	4 326 390 355	517 166 987	27 656 553	4 871 213 895	1 016 692 035	20 890 790	16 108 773	1 053 691 598

An analysis of changes in the ECLs are as follows:

Unaudited Historical cost 2020				Unaudited Historical cost Restated 2019				
STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL	
ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	
Total loans and advances	121 515 027	130 148 598	1 899 777	253 563 402	49 548 363	2 200 977	2 782 637	54 531 977
Insurance debtors	-	-	21 662 067	21 662 067	-	-	12 430 856	12 430 856
Other financial assets	-	-	-	-	-	-	-	-
Total Loans and other advances	121 515 027	130 148 598	23 561 844	275 225 469	49 548 363	2 200 977	15 213 493	66 962 833
In respect of guarantees	832 533	-	-	832 533	139 817	-	-	139 817
In respect of Letter of credit	-	-	-	-	-	-	-	-
In respect of Loan commitments	630 160	-	-	630 160	744 517	-	-	744 517
In respect of other financial assets	1 536 953	-	-	1 536 953	758	90 539	-	91 297
Total impairment allowances	124 514 673	130 148 598	23 561 844	278 225 115	50 433 455	2 291 516	15 213 493	67 938 464

Balance at 1 January 2020	50 433 455	2 291 516	15 213 493	67 938 464	12 952 299	470 230	1 729 926	15 152 455
New assets	156 095 584	94 716 608	9 390 331	260 202 523	48 270 181	3 441 900	13 499 233	65 211 314
Repayments	(34 681 118)	(13 416 719)	(1 818 035)	(49 915 872)	(11 045 052)	(480 052)	(533 868)	(12 058 972)
Stage reassignments	-	-	-	-	-	-	-	-
Stage 1	-	46 650 780	682 468	47 333 248	-	33 381	1 099 724	1 133 105
Stage 2	(46 650 780)	-	93 587	(46 557 193)	(33 381)	-	1 173 943	1 140 562
Stage 3	(682 468)	(93 587)	-	(776 055)	(1 099 724)	(1 173 943)	-	(2 273 667)
Write-offs	-	-	-	-	-	-	(1 755 465)	(1 755 465)
Effect of changes in functional currency	-	-	-	-	1 389 132	-	-	1 389 132
Balance at 31 December 2020	124 514 673	130 148 598	23 561 844	278 225 115	50 433 455	2 291 516	15 213 493	67 938 464

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
ECL Movement				
Balance at beginning of year				
Impact of changes in functional currency at 1 Jan 2019	300 382 935	398 158 111	66 962 832	14 289 396
Increase / (decrease) in respect of impairments are:				
Loans and insurance debtors				
Write offs against provision				
Effects of inflation movements				
				</



**19.3 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.

**19.4 Risk rating**  
**19.4.1 Regulatory risk rating**

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

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

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

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

**Summary of Risk Assessment**

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

**Overall Risk Matrix – ZB Bank Limited**

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

**Overall Risk Matrix – ZB Building Society**

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

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

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

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

**20. COMPLIANCE WITH REGULATIONS**

**20.1 Banking operations**  
Commercial banks and building societies in Zimbabwe were required to maintain a minimum capital level of ZW\$25 million and ZW\$20 million respectively as at 31 December 2020. ZB Bank Limited and ZB Building Society (ZBBS) met these requirements as at 31 December 2020.

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

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

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

**21. SUBSEQUENT EVENTS**

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

**22. GOING CONCERN**

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

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

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

The projections for the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. These analyses have taken into account the ongoing developments related to the COVID-19 pandemic and do not affect the possibility of a strain that can affect the continuation of operations in their current state.

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

a) **Credit Risk** – changed operating models and market dynamics may affect the ability of borrowers to service their obligations. The Group may be forced to consider loan forbearance to mitigate the risk of loss.

b) **Liquidity Risk** – During the year, the market continued to have excess liquidity and the Group has not been affected by this risk. Any mismatches that may arise between assets and liabilities due to changed business models for suppliers of critical funding, the Group will maintain a significant liquidity buffer in the short-term. This may affect asset creation activities in the short-term period.

c) **Insurance Risk** – funeral insurance claims remained very low on individual life products despite the advent of COVID-19. There was also an improvement in the claims experience for 2020 where the overall claims ratio came down to 32% compared to 40% in 2019. Current claims levels have been in line with expected trends.

d) **Market risk** – the valuation of equity investments maybe affected through an unfavourable underlying performance fundamentals as a result of COVID-19. This may have an effect of reducing the carrying value for investments designated as fair value instruments. The Group does not hold any derivative instruments which may be exposed to secondary risks related to COVID-19. Additionally, there may be a market wide requirement to re-price instruments which may affect the Group’s investment portfolio of interest rate sensitive instruments. This may result in a repricing gap between assets and liabilities. The Group’s interest sensitive liabilities were higher than interest sensitive assets as at 31 December 2020. A market wide increase in interest rates is likely to reduce the Group’s net interest earnings in the short-term.

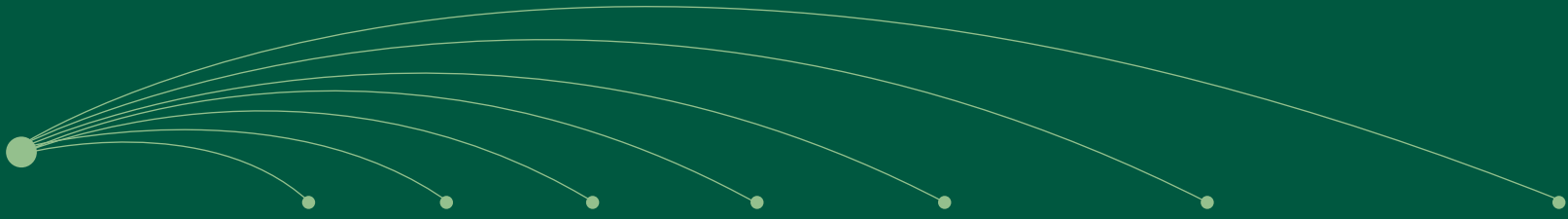
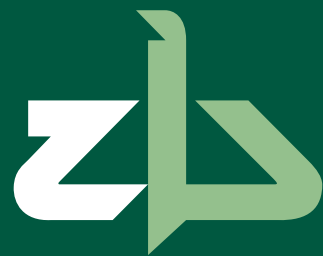
Consequently, the financial statements for the year ended 31 December 2020 have been prepared on a going concern basis.

**23. BOARD ATTENDANCE DURING THE YEAR**

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

\*P. Chiromo was appointed as the substantive board chairman of ZBFH with effect from 28 September 2020.  
\*\*G. Chikomo was appointed as the substantative Managing Director with effect from 17 August 2020  
\*\*\*E Masinire was appointed to the board with effect from 1 September 2020.  
\*\*\*\*A. Mangoro and R. Dzimba- Mabvurunge were appointed to the board with effect from 27 January 2020  
\*\*\*\*\*M. Shoniwa was appointed to the board with effect from 13 January 2020  
\*\*\*\*\*T. Sandura was appointed to the board with effect from 1 September 2020

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



Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

# Audited Financial Results for the year ended 31 December 2020



## STATEMENT OF FINANCIAL POSITION As at 31 December 2020

		Inflation adjusted		Unaudited Historical cost	
		31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
Notes					
<b>ASSETS</b>					
Cash and short term funds	1	4 624 853 014	4 168 810 565	4 624 853 014	929 331 624
Treasury Bills	2	518 114 164	973 641 269	518 114 164	217 048 870
Advances and other accounts	3	2 992 466 648	1 828 863 815	2 992 466 648	407 699 259
Inventories	4	31 941 332	52 200 852	29 710 244	3 641 281
Trade and other receivables	5	516 543 296	167 039 604	516 543 296	34 922 436
Financial assets at fair value through profit / loss	6	405 581 214	126 462 247	405 581 214	28 191 582
Financial assets held at amortised cost	6	68 108 946	95 993 737	68 108 946	21 399 392
Investment in Subsidiary company	7	1 578 171 428	1 594 657 624	1 560 019 251	347 762 808
Right of use asset	8	194 053 264	59 441 451	194 053 264	13 250 979
Intangible assets	9	192 282 723	271 140 015	27 441 348	46 791 475
Property and equipment	10	1 311 963 081	905 914 609	1 311 963 081	201 950 914
		12 434 079 110	10 244 165 788	12 248 854 470	2 251 990 620
<b>Liabilities</b>					
Deposits from customers	12	6 941 197 305	6 033 655 651	6 941 197 305	1 345 052 006
Offshore borrowings	13	243 206 638	335 619 414	243 206 638	74 817 920
Trade and other payables	14	868 280 553	726 766 933	868 280 553	162 014 433
Lease liabilities	15	207 726 184	59 441 451	207 726 184	13 250 979
Current tax liabilities		45 173 943	16 120 316	45 173 943	3 593 620
Deferred tax liabilities	11	205 976 792	93 651 422	137 274 209	14 988 802
<b>Total liabilities</b>		8 511 561 415	7 265 255 187	8 442 858 832	1 613 717 760
<b>Equity</b>					
Share Capital	24	75 138 687	75 138 687	1 810 402	1 810 402
Share premium	24	1 367 886 092	1 367 886 092	32 958 032	32 958 032
Functional currency translation reserve	24	-	-	45 437 973	49 556 719
Revaluation reserves	24	896 893 061	443 935 144	919 239 238	134 405 076
General reserves	24	(1 793 231)	89 039 206	(1 793 231)	(2 987 053)
Retained income	24	1 584 393 086	1 002 911 472	2 808 343 224	422 529 684
<b>Total equity</b>		3 922 517 695	2 978 910 601	3 805 995 638	638 272 860
<b>Total equity and liabilities</b>		12 434 079 110	10 244 165 788	12 248 854 470	2 251 990 620

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2020

		Inflation adjusted		Unaudited Historical cost	
		31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
Notes					
Interest and related income	16	786 361 477	779 971 027	536 440 838	76 340 859
Interest and related expenses	16	(146 925 744)	(183 645 000)	(113 088 832)	(14 939 299)
<b>Net interest income</b>		639 435 733	596 326 027	423 352 006	61 401 560
Loan impairment charges	17	(270 993 407)	(243 195 794)	(194 546 480)	(37 765 701)
<b>Net income from lending activities</b>		368 442 326	353 130 233	228 805 526	23 635 859
Commission and fee income	18	1 058 837 272	1 146 431 976	735 540 602	119 122 747
Other income	19	1 240 030 659	535 443 912	1 179 632 920	113 004 803
Fair value adjustment	20	261 136 124	964 147 270	1 527 992 806	301 535 608
<b>Total income</b>		2 928 446 381	2 999 153 391	3 671 971 854	557 299 017
Operating expenses	21	(2 284 033 613)	(1 631 842 763)	(1 243 703 230)	(157 405 472)
<b>Profit before tax</b>		644 412 768	1 367 310 628	2 428 268 624	399 893 545
Income tax (expense)/credit	22	(30 916 888)	(187 510 377)	(8 947 440)	2 250 964
Net monetary loss		19 907 171	(360 826 976)	-	-
<b>Net profit after taxation</b>		633 403 051	818 973 275	2 419 321 184	402 144 509
<b>Other Comprehensive income: Items that will never be reclassified to profit or loss</b>					
Gains on property revaluation	10	615 145 517	554 793 173	973 453 259	162 679 400
Items that may be reclassified to profit or loss					
Fair value gains / (losses) on financial assets at FVTOCI		1 585 843	(35 020 433)	1 585 843	(7 806 926)
Related tax		(153 763 897)	(126 346 782)	(187 045 874)	(28 260 049)
<b>Other comprehensive income for the year, net of tax</b>		462 967 463	393 425 958	787 993 228	126 612 425
<b>Total comprehensive income for the year</b>		1 096 370 514	1 212 399 233	3 207 314 412	528 756 934
Earnings per share (ZW cents)		3.5	4.52	13.36	2.22

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2020

		Inflation adjusted				
		Share capital ZWS	Share premium ZWS	Revaluation through other property and equipment ZWS	Fair value through other comprehensive income ZWS	Retained income ZWS
						Total ZWS
<b>Balance at 1 January 2019</b>		75 138 687	1 367 886 092	42 406 922	115 225 212	394 573 467
Prior year adjustment		-	-	(18 083 722)	-	(25 288 229)
Restated balance at 1 January 2019		75 138 687	1 367 886 092	24 323 180	115 225 212	369 285 238
<b>Profit or loss</b>		-	-	-	-	818 973 275
Profit for the year		-	-	-	-	818 973 275
- as previously reported		-	-	-	-	966 874 837
- prior year error		-	-	-	-	(147 901 562)
<b>Other comprehensive income, net of tax</b>		-	-	419 611 964	-	419 611 964
Revaluation of property		-	-	539 697 936	-	539 697 936
- as previously reported		-	-	(120 085 972)	-	(120 085 972)
- prior year error		-	-	-	-	-
Available for sale financial assets		-	-	-	(26 186 006)	(26 186 006)
<b>Distributions</b>		-	-	-	-	(185 347 041)
Dividend to shareholders		-	-	-	-	(185 347 041)
<b>Balance at 1 January 2020</b>		75 138 687	1 367 886 092	443 935 144	89 039 206	1 002 911 472
<b>Changes in equity for 2020</b>		-	-	-	-	633 403 051
<b>Profit or loss</b>		-	-	-	-	633 403 051
Profit for the year		-	-	-	-	633 403 051
<b>Other comprehensive income, net of tax</b>		-	-	461 773 641	-	461 773 641
Revaluation of property		-	-	-	1 193 822	1 193 822
Fair value gains on available for sale financial assets		-	-	-	-	-
Transactions with owners of the Bank		-	-	-	-	-
<b>Issue of shares</b>		-	-	-	-	-
<b>Distributions</b>		-	-	-	-	(60 737 161)
Dividend to shareholders		-	-	-	-	(60 737 161)
<b>Other movements</b>		-	-	(8 815 724)	-	8 815 724
Transfer to retained income		-	-	-	-	-
Effects of changes in general price index		-	-	-	(92 026 259)	(92 026 259)
<b>Balance at 31 December 2020</b>		75 138 687	1 367 886 092	896 893 061	(1 793 231)	1 584 393 086

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2020

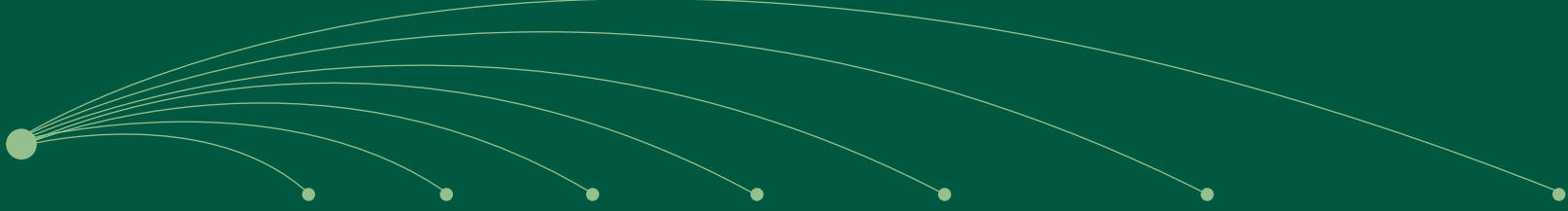
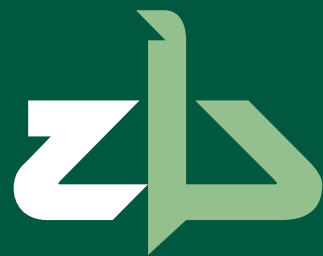
		Unaudited Historical cost					
		Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	Revaluation through other property and equipment ZWS	Fair value through other comprehensive income ZWS	Retained income ZWS
							Total ZWS
<b>Balance at 1 January 2019</b>		1 810 402	32 958 032	-	4 190 026	2 850 459	29 009 940
Prior year error		-	-	-	(2 234 887)	-	(1 972 892)
Restated balance at 1 January 2019		1 810 402	32 958 032	-	1 955 139	2 850 459	27 037 048
<b>Effects of changes in functional currency</b>		-	-	49 556 719	-	-	49 556 719
- as previously reported		-	-	57 470 363	-	-	57 470 363
- prior year error		-	-	(7 913 644)	-	-	(7 913 644)
<b>Profit or loss</b>		-	-	-	-	-	402 144 509
Profit for the year		-	-	-	-	-	402 144 509
- as previously reported		-	-	-	-	-	440 235 351
- prior year error		-	-	-	-	-	(38 090 842)
<b>Other comprehensive income, net of tax</b>		-	-	-	-	-	132 449 937
Revaluation of property		-	-	-	132 449 937	-	132 449 937
- as previously reported		-	-	-	159 440 754	-	159 440 754
- prior year error		-	-	-	(26 990 817)	-	(26 990 817)
Available for sale financial assets		-	-	-	-	(5 837 512)	(5 837 512)
<b>Distributions</b>		-	-	-	-	-	(6 651 873)
Dividend to shareholders		-	-	-	-	-	(6 651 873)
<b>Other movements</b>		-	-	-	-	-	-
Transfer to retained income		-	-	-	-	-	-
<b>Balance at 1 January 2020</b>		1 810 402	32 958 032	49 556 719	134 405 076	(2 987 053)	422 529 684
<b>Changes in equity for 2020</b>		-	-	-	-	-	2 419 321 184
<b>Profit or loss</b>		-	-	-	-	-	2 419 321 184
Profit for the year		-	-	-	-	-	2 419 321 184
<b>Other comprehensive income, net of tax</b>		-	-	-	-	-	786 799 406
Revaluation of property		-	-	-	786 799 406	-	786 799 406
Fair value gains on available for sale financial assets		-	-	-	-	1 193 822	1 193 822
<b>Distributions</b>		-	-	-	-	-	(35 472 888)
Dividend to shareholders		-	-	-	-	-	(35 472 888)
Transfer to retained income		-	-	-	(1 965 244)	-	1 965 244
Base currency change reversal on intangible assets		-	-	(4 118 746)	-	-	(4 118 746)
<b>Balance at 31 December 2020</b>		1 810 402	32 958 032	45 437 973	919 239 238	(1 793 231)	2 808 343 224

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
<b>Cash (used in)/generated from operating activities</b>	(691 237 292)	281 680 701	2 631 417 521	713 309 483
- Interest received	786 361 477	779 971 027	536 440 838	76 340 859
- Interest paid	(146 925 744)	(183 645 000)	(113 088 832)	(14 939 299)
- Income taxes paid	(43 301 789)	(179 073 363)	(30 775 092)	(10 105 509)
<b>Net cash (used in)/generated from operating activities</b>	(95 103 348)	698 933 365	3 023 994 435	764 605 534
<b>Cash flows from investing activities</b>				
Dividends received	46 516 108	33 477 222	24 858 225	4 643 044
Proceeds on disposal of property & equipment	259 821	142 419	259 821	31 749
Purchase of investment securities	-	-	-	-
Purchase of property and equipment	(241 545 947)	(120 204 297)	(205 986 986)	(17 435 387)
Purchase of intangible assets	(13 966 627)	(65 652 043)	(3 605 927)	(13 630 739)
<b>Net cash used in investing activities</b>	(208 736 645)	(152 236 699)	(184 474 867)	(26 391 333)
<b>Cash flows from financing activities</b>				
Lease liability payments	(86 661 927)	(38 806 434)	(55 302 486)	(2 636 467)
Offshore loan repayments	(131 529 444)	(111 873 134)	(92 033 778)	(24 939 306)
Dividend paid	(60 737 161)	(185 347 041)	(35 472 888)	(6 651 873)
<b>Net cash used in financing activities</b>	(278 928 532)	(336 026 609)	(182 809 152)	(34 227 646)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(582 768 525)	210 670 057	2 656 710 416	703 986 555
Cash and cash equivalents at the beginning of the year	4 168 810 565	3 521 164 398	929 331 624	134 760 277
Effect of exchange rate fluctuations on cash and cash equivalents held	1 038 810 974	436 976 110	1 038 810 974	90 584 792
<b>Cash and cash equivalents at the end of the year</b>	<b>4 624 853 014</b>	<b>4 168 810 565</b>	<b>4 624 853 014</b>	<b>929 331 624</b>
<b>Cash and cash equivalents comprise:</b>				
- Cash on hand	2 494 809 439	709 706 346	2 494 809 439	158 211 207
- Local bank accounts	1 399 826 632	2 586 554 893	1 399 826 632	576 607 457
- Foreign bank accounts	730 216 943	872 549 326	730 216 943	194 512 960
	4 624 853 014	4 168 810 565	4 624 853 014	929 331 624





Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2020

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>3.3 Loans and advances to customers by business line</b>				
Corporate lending	3 105 450 529	3 017 466 643	3 105 450 529	672 668 410
Small business lending	126 215 751	29 455 629	126 215 751	6 566 393
Consumer lending	882 905 979	290 530 806	882 905 979	64 766 547
Mortgage lending	95 117 708	104 748 756	95 117 708	23 351 105
	4 209 689 967	3 442 201 834	4 209 689 967	767 352 455
<b>3.4 Mortgage loans</b>				
Mortgage advances were spread as follows:				
Type of property:				
High density	658 303	5 538 507	658 303	1 234 671
Medium density	2 473 840	7 059 822	2 473 840	1 573 810
Low density	86 210 197	55 637 821	86 210 197	12 403 055
Commercial	5 775 368	36 512 606	5 775 368	8 139 569
	95 117 708	104 748 756	95 117 708	23 351 105
<b>3.5 Finance lease receivables</b>				
Gross investment in finance leases:				
Maturing within 1 year	224 595 640	9 343 381	224 595 640	2 082 872
Maturing after 1 year	458 687 510	55 651 683	458 687 510	12 406 145
Gross investment in finance leases	683 283 150	64 995 064	683 283 150	14 489 017
Unearned finance charges	(411 491 251)	(17 677 002)	(411 491 251)	(3 940 643)
Net investment in finance leases	271 791 899	47 318 062	271 791 899	10 548 374
Maturing within 1 year	98 328 499	8 474 226	98 328 499	1 889 116
Maturing after 1 year	173 463 400	38 843 836	173 463 400	8 659 258
	271 791 899	47 318 062	271 791 899	10 548 374

	Inflation adjusted				Unaudited Historical cost			
	31 Dec 2020 ZW\$	% Contribution	Restated 31 Dec 2019 ZW\$	% Contribution	31 Dec 2020 ZW\$	% Contribution	Restated 31 Dec 2019 ZW\$	% Contribution
<b>3.6 Sectoral analysis of advances</b>								
Private	1 000 510 407	30.86%	464 991 047	22.52%	1 000 510 407	30.86%	103 658 077	22.52%
Agriculture	620 639 675	19.14%	435 112 921	21.08%	620 639 675	19.14%	96 997 499	21.08%
Mining	333 026 862	10.27%	391 570 451	18.97%	333 026 862	10.27%	87 290 799	18.97%
Manufacturing	102 519 481	3.16%	65 950 719	3.19%	102 519 481	3.16%	14 702 057	3.19%
Distribution	277 922 014	8.57%	200 731 066	9.72%	277 922 014	8.57%	44 747 950	9.72%
Construction	8 590 466	0.26%	36 629 614	1.77%	8 590 466	0.26%	8 165 653	1.77%
Transport	262 937 202	8.11%	32 187 127	1.56%	262 937 202	8.11%	7 175 312	1.56%
Services	534 730 634	16.49%	267 836 854	12.97%	534 730 634	16.49%	59 707 501	12.97%
Financial	98 765 970	3.05%	166 175 798	8.05%	98 765 970	3.05%	37 044 721	8.05%
Communication	2 759 098	0.09%	3 232 778	0.16%	2 759 098	0.09%	720 664	0.17%
	3 242 401 809	100%	2 064 418 375	100%	3 242 401 809	100%	460 210 233	100%
<b>3.7 Sectoral analysis of guarantees</b>								
Manufacturing	682 463 199	99.10%	631 942 004	99.34%	682 463 199	99.10%	140 875 600	99.34%
Distribution	-	0.00%	216 665	0.03%	-	0.00%	48 300	0.03%
Construction	1 225 000	0.18%	-	0.00%	1 225 000	0.18%	-	0.00%
Services	4 549 448	0.66%	2 101 605	0.33%	4 549 448	0.66%	468 500	0.33%
Financial	415 000	0.06%	1 861 614	0.29%	415 000	0.06%	415 000	0.29%
	688 652 647	100%	636 121 888	100%	688 652 647	100%	141 807 400	100%
<b>3.8 Sectoral analysis of letters of credit</b>								
Manufacturing	-	0.00%	291 493 300	100%	-	0.00%	64 981 111	100%
	-	0.00%	291 493 300	100%	-	0.00%	64 981 111	100%
<b>3.9 Sectoral analysis of loan commitments</b>								
Private	-	0%	17 226 480	3.83%	-	0.00%	3 840 211	3.83%
Agriculture	127 337 597	46%	70 645 307	16.69%	127 337 597	45.70%	15 748 597	15.69%
Mining	701 250	0.25%	160 247	0.04%	701 250	0.25%	35 723	0.04%
Manufacturing	17 663 428	6.34%	171 760 504	38.15%	17 663 428	6.34%	38 289 691	38.15%
Distribution	57 744 966	20.72%	59 424 980	13.20%	57 744 966	20.72%	13 247 307	13.20%
Construction	2 847 277	1.02%	582 317	0.13%	2 847 277	1.02%	129 813	0.13%
Transport	13 209 630	4.74%	12 089 915	2.69%	13 209 630	4.74%	2 695 143	2.69%
Communications	429 396	0.15%	1 406 586	0.31%	429 396	0.15%	313 563	0.31%
Services	58 136 220	20.86%	94 784 222	21.06%	58 136 220	20.86%	21 129 762	21.06%
Financial	565 747	0.20%	22 087 713	4.91%	565 747	0.20%	4 923 901	4.91%
	278 635 511	100%	450 168 271	100%	278 635 511	100%	100 353 711	100%

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>3.10 Non-performing debt</b>				
Non-performing loans and advances	4 735 348	13 478 432	4 735 348	3 004 677
Less: Allowance for loan impairment	(1 485 660)	(11 513 609)	(1 485 660)	(2 566 670)
Value to be received from security held	3 249 688	1 964 823	3 249 688	438 007

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

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>3.11 Loan impairment movement</b>				
Balance at beginning of the year	235 554 560	327 085 131	52 510 974	11 738 676
Effects of monetary gain or loss	(244 358 539)	(268 196 202)	-	1 389 132
Charge to profit or loss	258 550 590	176 921 481	197 235 637	39 440 201
Recoveries/(Write offs) charged to provision	188 550	(255 850)	188 550	(57 035)
Balance at 31 December 2020	249 935 161	235 554 560	249 935 161	52 510 974

3.12 Internal rating grade:

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

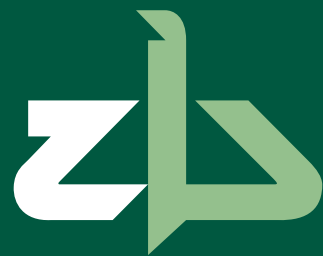
3.12.1 Total loans and advances

	Inflation adjusted							
	2020				Restated 2019			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
<b>Total loans and advances</b>								
Good (AAA to A-)	2 721 312 287	-	-	2 721 312 287	1 577 423 063	-	-	1 577 423 063
Special mention (BBB+ to B-)	-	516 354 174	-	516 354 174	-	473 516 880	-	473 516 880
Non performing (CC to D)	-	-	4 735 348	4 735 348	-	-	13 478 432	13 478 432
<b>Total</b>	2 721 312 287	516 354 174	4 735 348	3 242 401 809	1 577 423 063	473 516 880	13 478 432	2 064 418 375
<b>Corporate lending</b>								
Good (AAA to A-)	1 643 822 050	-	-	1 643 822 050	1 158 957 918	-	-	1 158 957 918
Special mention (BBB+ to B-)	-	491 236 304	-	491 236 304	-	470 001 728	-	470 001 728
Non performing (CC to D)	-	-	3 104 017	3 104 017	-	-	10 723 542	10 723 542
<b>Total</b>	1 643 822 050	491 236 304	3 104 017	2 138 162 371	1 158 957 918	470 001 728	10 723 542	1 639 683 188
<b>Small business lending</b>								
Good (AAA to A-)	116 261 376	-	-	116 261 376	28 301 978	-	-	28 301 978
Special mention (BBB+ to B-)	-	9 751 747	-	9 751 747	-	1 052 919	-	1 052 919
Non performing (CC to D)	-	-	202 628	202 628	-	-	100 734	100 734
<b>Total</b>	116 261 376	9 751 747	202 628	126 215 751	28 301 978	1 052 919	100 734	29 455 631
<b>Consumer lending</b>								
Good (AAA to A-)	876 344 518	-	-	876 344 518	286 280 983	-	-	286 280 983
Special mention (BBB+ to B-)	-	5 132 758	-	5 132 758	-	2 252 792	-	2 252 792
Non performing (CC to D)	-	-	1 428 703	1 428 703	-	-	1 997 026	1 997 026
<b>Total</b>	876 344 518	5 132 758	1 428 703	882 905 979	286 280 983	2 252 792	1 997 026	290 530 801
<b>Mortgage lending</b>								
Good (AAA to A-)	84 884 343	-	-	84 884 343	103 882 184	-	-	103 882 184
Special mention (BBB+ to CCC-)	-	10 233 365	-	10 233 365	-	209 441	-	209 441
Non performing (CC to D)	-	-	-	-	-	-	657 130	657 130
<b>Total</b>	84 884 343	10 233 365	-	95 117 708	103 882 184	209 441	657 130	104 748 755

3.12.1 Total loans and advances (continued)

	Unaudited Historical cost							
	2020				Restated 2019			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
<b>Total loans and advances</b>								
Good (AAA to A-)	2 721 312 287	-	-	2 721 312 287	351 646 858	-	-	351 646 858
Special mention (BBB+ to B-)	-	516 354 174	-	516 354 174	-	105 558 697	-	105 558 697
Non performing (CC to D)	-	-	4 735 348	4 735 348	-	-	3 004 678	3 004 678
<b>Total</b>	2 721 312 287	516 354 174	4 735 348	3 242 401 809	351 646 858	105 558 697	3 004 678	460 210 233
<b>Corporate lending</b>								
Good (AAA to A-)	1 643 822 050	-	-	1 643 822 050	258 360 563	-	-	258 360 563
Special mention (BBB+ to B-)	-	491 236 304	-	491 236 304	-	104 775 081	-	104 775 081
Non performing (CC to D)	-	-	3 104 017	3 104 017	-	-	2 390 544	2 390 544
<b>Total</b>	1 643 822 050	491 236 304	3 104 017	2 138 162 371	258 360 563	104 775 081	2 390 544	365 526 188
<b>Small business lending</b>								
Good (AAA to A-)	116 261 376	-	-	116 261 376	6 309 215	-	-	6 309 215
Special mention (BBB+ to B-)	-	9 751 747	-	9 751 747	-	234 722	-	234 722
Non performing (CC to D)	-	-	202 628	202 628	-	-	22 456	22 456
<b>Total</b>	116 261 376	9 751 747	202 628	126 215 751	6 309 215	234 722	22 456	6 566 393
<b>Consumer lending</b>								
Good (AAA to A-)	876 344 518	-	-	876 344 518	63 819 156	-	-	63 819 156
Special mention (BBB+ to B-)	-	5 132 758	-	5 132 758	-	502 204	-	502 204
Non performing (CC to D)	-	-	1 428 703	1 428 703	-	-	445 187	445 187
<b>Total</b>	876 344 518	5 132 758	1 428 703	882 905 979	63 819 156	502 204	445 187	64 766 547
<b>Mortgage lending</b>								
Good (AAA to A-)	84 884 343	-	-	84 884 343	23 157 924	-	-	23 157 924
Special mention (BBB+ to CCC-)	-	10 233 365	-	10 233 365	-	46 690	-	46 690
Non performing (CC to D)	-	-	-	-	-	-	146 491	146 491
<b>Total</b>	84 884 343	10 233 365	-	95 117 708	23 157 924	46 690	146 491	23 351 105

	Inflation adjusted							
	ECL STAGE CLASSIFICATION				Restated 2019			
	STAGE 1 ZWS	2020 STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
3.12.3 Letters of credit Good (AAA to A-) Total	-	-	-	-	291 493 300	-	-	291 493 300
	-	-	-	-	291 493 300	-	-	291 493 300



Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2020

3.13.1 Total loans and advances (continued)								
	Unaudited Historical cost							
	ECL STAGE CLASSIFICATION							
	2020				Restated 2019			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances								
Good (AAA to A-)	118 496 727	-	-	118 496 727	34 083 966	-	-	34 083 966
Special mention (BBB+ to B-)	-	129 952 774	-	129 952 774	-	15 860 338	-	15 860 338
Non performing (CC to D)	-	-	1 485 660	1 485 660	-	-	2 566 670	2 566 670
Total	118 496 727	129 952 774	1 485 660	249 935 161	34 083 966	15 860 338	2 566 670	52 510 974
Corporate lending								
Good (AAA to A-)	92 334 034	-	-	92 334 034	23 949 666	-	-	23 949 666
Special mention (BBB+ to B-)	-	128 506 460	-	128 506 460	-	15 682 077	-	15 682 077
Non performing (CC to D)	-	-	513 917	513 917	-	-	2 304 445	2 304 445
Total	92 334 034	128 506 460	513 917	221 354 411	23 949 666	15 682 077	2 304 445	41 936 188
Small business lending								
Good (AAA to A-)	4 076 504	-	-	4 076 504	621 780	-	-	621 780
Special mention (BBB+ to B-)	-	229 105	-	229 105	-	20 583	-	20 583
Non performing (CC to D)	-	-	106 001	106 001	-	-	7 327	7 327
Total	4 076 504	229 105	106 001	4 411 610	621 780	20 583	7 327	649 690
Consumer lending								
Good (AAA to A-)	20 843 043	-	-	20 843 043	6 737 559	-	-	6 737 559
Special mention (BBB+ to B-)	-	933 135	-	933 135	-	138 332	-	138 332
Non performing (CC to D)	-	-	865 742	865 742	-	-	190 277	190 277
Total	20 843 043	933 135	865 742	22 641 920	6 737 559	138 332	190 277	7 066 168
Mortgage lending								
Good (AAA to A-)	1 243 146	-	-	1 243 146	2 774 961	-	-	2 774 961
Special mention (BBB+ to CCC-)	-	284 074	-	284 074	-	19 346	-	19 346
Non performing (CC to D)	-	-	-	-	-	-	64 621	64 621
Total	1 243 146	284 074	-	1 527 220	2 774 961	19 346	64 621	2 858 928
Inflation adjusted								
	ECL STAGE CLASSIFICATION							
	2020				Restated 2019			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
3.13.3 Other financial assets								
Debtentures								
Special mention (BBB+ to CCC-)	-	-	-	-	-	406 141	-	406 141
Bonds								
Good (AAA+ to A-)	1 536 953	-	-	1 536 953	3 405	-	-	3 405
Total	1 536 953	-	-	1 536 953	3 405	406 141	-	409 546
Unaudited Historical cost								
	ECL STAGE CLASSIFICATION							
	2020				Restated 2019			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Debtentures								
Special mention (BBB+ to CCC-)	-	-	-	-	-	90 539	-	90 539
Bonds								
Good (AAA+ to A-)	1 536 953	-	-	1 536 953	759	-	-	759
Total	1 536 953	-	-	1 536 953	759	90 539	-	91 298
Inflation adjusted								
	ECL STAGE CLASSIFICATION							
	2020				Restated 2019			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
3.13.4 Financial guarantees and loan commitments								
Financial guarantees								
Good (AAA to A-)	832 532	-	-	832 532	627 193	-	-	627 193
Special mention (BBB+ to CCC-)	-	-	-	-	-	-	-	-
Total	832 532	-	-	832 532	627 193	-	-	627 193
Loan commitments								
Good (AAA to A-)	630 159	-	-	630 159	3 339 761	-	-	3 339 761
Total	630 159	-	-	630 159	3 339 761	-	-	3 339 761
Unaudited Historical cost								
	ECL STAGE CLASSIFICATION							
	2020				Restated 2019			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Guarantees								
Good (AAA to A-)	832 532	-	-	832 532	139 817	-	-	139 817
Special mention (BBB+ to CCC-)	-	-	-	-	-	-	-	-
Total guarantees	832 532	-	-	832 532	139 817	-	-	139 817
Loan commitments								
Good (AAA to A-)	630 159	-	-	630 159	744 516	-	-	744 516
Total	630 159	-	-	630 159	744 516	-	-	744 516

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
4 INVENTORIES				
As at 31 December 2020 the Bank held stocks of the following items:				
Point of sale machines	1 379 220	8 304 779	1 282 882	579 302
Stationery	28 848 734	30 387 519	26 833 663	2 119 687
Fuel	696 881	12 155 889	648 204	847 937
Personal protective equipment (PPE) materials	922 500	-	858 063	-
ATM spares	86 429	1 239 096	80 392	86 433
Computer consumables	7 568	113 569	7 040	7 922
	31 941 332	52 200 852	29 710 244	3 641 281
Current	31 941 332	52 200 852	29 710 244	3 641 281
5 TRADE AND OTHER RECEIVABLES				
Accrued interest	-	3 572 362	-	796 368
Remittances in transit	7 603	2 505 907	7 603	558 629
Advance payments and sundry assets	486 102 794	148 575 773	486 102 794	30 806 389
Amounts clearing from other banks	30 432 899	12 385 562	30 432 899	2 761 050
	516 543 296	167 039 604	516 543 296	34 922 436
Current	516 543 296	167 039 604	516 543 296	34 922 436
6 FINANCIAL ASSETS				
6.1 Carrying amounts				
Designated as at "Fair value through profit and loss"				
Unlisted equities	239 361 498	27 540 963	239 361 498	6 139 566
Listed equities	166 219 716	98 921 284	166 219 716	22 052 016
	405 581 214	126 462 247	405 581 214	28 191 582
Current	405 581 214	126 462 247	405 581 214	28 191 582
6.2 Movement of financial assets at fair value through profit or loss				
Balance at beginning of the year	126 462 247	118 871 742	28 191 582	4 266 157
Fair value adjustments				
- On listed equity investments	67 298 432	10 501 770	84 174 536	6 117 169
- On unlisted equity investments	211 820 535	(2 911 265)	233 058 475	5 011 354
	405 581 214	126 462 247	345 424 593	15 394 680
Exchange gains/(losses)				
- On listed equity investments	-	-	59 993 163	12 761 582
- On unlisted equity investments	-	-	163 458	35 320
Balance at end of year	405 581 214	126 462 247	405 581 214	28 191 582

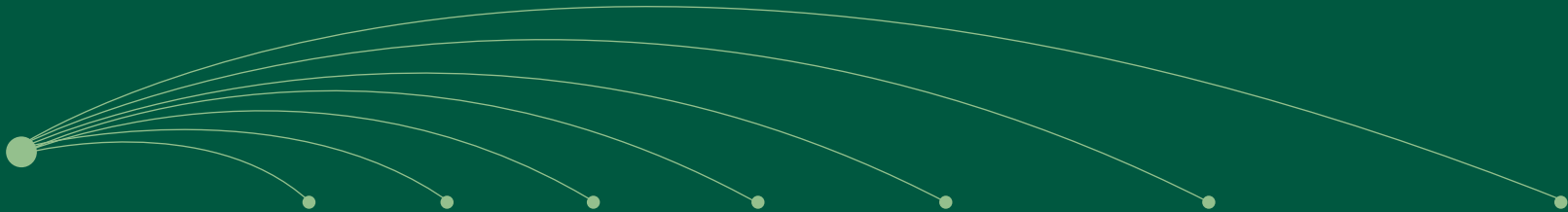
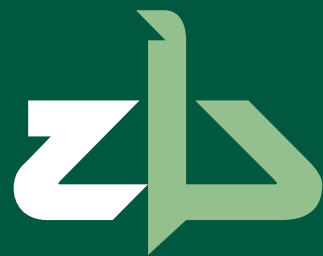
Prior year error in respect of financial assets  
The Bank held shares in Mashonaland Holdings, an associate of ZB Financial Holdings Limited (ZBFH). Previously the shares were being accounted for using the Net Asset Valuation method. Since Mashonaland Holdings is a listed company on the Zimbabwe Stock Exchange, the share price is now being used in the share price is now being used in the computation of the fair value of the investment.

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
6.3 Financial assets at amortised cost				
6.3.1 Carrying amounts				
Bank balances	46 164 338	42 357 468	46 164 338	9 442 533
Debtentures	-	3 865 499	-	861 716
Bonds	21 944 608	49 770 770	21 944 608	11 095 143
	68 108 946	95 993 737	68 108 946	21 399 392
6.3.2 Movement of financial assets held at amortised cost				
Carrying amounts				
Balance at beginning of the year	95 993 737	535 869 505	21 399 392	19 287 145
Movements during the year:				
- On Bonds	9 313 442	(30 466 168)	11 360 356	(6 791 667)
	105 307 179	505 403 337	32 759 748	12 495 478
Accrued interest on debtentures and bonds				
- current period	137 777	290 362	137 777	64 729
- prior year received in current period	(290 362)	(296 521)	(64 729)	(66 102)
	105 154 594	505 397 178	32 832 796	12 494 105
Exchange gains/(losses) on bank balances				
	36 721 805	97 237 959	36 721 805	8 879 860
	141 876 399	602 635 137	69 554 601	21 373 965
Impairment (charges)/reversal				
- on debtentures	-	(254 247)	-	(17 273)
- on bonds	(1 394 281)	628 508	(1 445 655)	42 700
	140 482 118	603 009 398	68 108 946	21 399 392
Monetary gains/losses				
- On bank balances	(32 914 938)	(13 154 216)	-	-
- On debtentures	(5 833 827)	(46 352 321)	-	-
- On bonds	(33 624 407)	(447 509 124)	-	-
Balance at end of year	68 108 946	95 993 737	68 108 946	21 399 392
7 INVESTMENT IN SUBSIDIARY COMPANY				
Investment in Barcelona Investments Limited				
Opening Net Asset Value	1 594 657 624	638 100 859	347 762 808	22 636 583
Fair value gain to profit or loss	(16 486 196)	956 556 765	1 212 256 443	290 407 085
FCTR adjustment	-	-	-	34 719 140
Carrying Value	1 578 171 428	1 594 657 624	1 560 019 251	347 762 808
8 RIGHT OF USE ASSETS				
Cost or valuation				
Balance at beginning of the year	298 530 686	257 442 545	18 398 860	9 239 290
Additions	-	4 666 715	-	1 040 327
Lease reassessment	206 917 524	36 421 426	206 917 524	8 119 243
Balance at the end of the year	505 448 210	298 530 686	225 316 384	18 398 860
Accumulated depreciation				
Balance at beginning of the year	239 089 235	91 606 771	5 147 881	3 287 652
Charge to statement of profit or loss	29 235 477	18 841 143	26 115 239	1 860 229
Impairment	43 070 234	128 641 321	-	-
	311 394 946	239 089 235	31 263 120	5 147 881
Carrying value at the end of the year	194 053 264	59 441 451	194 053 264	13 250 979

	Inflation adjusted		
	Computer software ZWS	Capital work in progress ZWS	Total ZWS
9 INTANGIBLE ASSETS			
2020			
Cost or valuation			
Balance at 1 January 2020	860 281 823	189 655 616	1 049 937 439
Additions	155 422	13 811 205	13 966 627
Reversal of cancelled contracts	-	(16 054 420)	(16 054 420)
Balance at 31 December 2020	860 437 245	187 412 401	1 047 849 646
Accumulated depreciation and impairment			
Balance at 1 January 2020	778 797 425	-	778 797 425
Charge to statement of profit or loss	76 769 498	-	76 769 498
Balance at 31 December 2020	855 566 923	-	855 566 923
Net book value at 31 December 2020	4 870 322	187 412 401	192 282 723
Restated 2019			
Cost or valuation			
Balance at 1 January 2019	860 281 823	124 003 574	984 285 397
Additions at cost	-	65 652 043	65 652 043
Balance at 31 December 2019	860 281 823	189 655 617	1 049 937 440
Accumulated depreciation and impairment			
Balance at 1 January 2019	687 890 738	-	687 890 738
Charge to statement of profit or loss	90 906 687	-	90 906 687
Balance at 31 December 2019	778 797 425	-	778 797 425
Net book value at 31 December 2019	81 484 398	189 655 617	271 140 015

	Unaudited Historical cost		
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Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2020

10. PROPERTY, PLANT AND EQUIPMENT							
	Inflation adjusted						Total ZW\$
	Freehold properties ZW\$	Leasehold improvements ZW\$	Equipment furniture & fittings ZW\$	Computer equipment ZW\$	Motor vehicles ZW\$	Capital work in progress ZW\$	
<b>2020</b>							
Cost or valuation							
Balance at 1 January 2020	19 024 345	382 484 742	267 090 192	624 593 712	397 974 673	28 498 603	1 719 666 267
Additions	64 938 230	2 464 607	12 274 721	44 997 053	-	116 871 336	241 545 947
Gains on revaluation	-	-	147 631 723	467 513 794	-	-	615 145 517
Disposals	-	-	(121 022)	(38 383)	(2 645 374)	-	(2 804 779)
Transfer between categories	-	46 971 028	20 976 281	4 687 764	-	(72 335 073)	-
Balance at 31 December 2020	83 962 575	431 620 377	447 851 895	1 141 753 940	395 329 299	73 034 866	2 573 552 952
<b>Accumulated depreciation and impairment</b>							
Balance at 1 January 2020	-	206 111 791	137 559 323	312 512 116	157 568 428	-	813 751 658
Charge to income statement	-	45 554 682	31 159 226	136 982 755	70 904 242	-	284 600 905
Disposals	-	-	(46 795)	-	(646 741)	-	(693 536)
Impairment	10 272 849	108 923 234	-	-	27 971 092	16 763 669	163 930 844
Balance at 31 December 2020	10 272 849	360 589 707	168 671 754	449 494 871	255 797 021	16 763 669	1 261 589 871
Net book value at 31 December 2020	73 689 726	71 030 670	279 180 141	692 259 069	139 532 278	56 271 197	1 311 963 081
<b>Restated 2019</b>							
Balance at 1 January 2019	-	267 989 578	175 073 566	401 665 983	212 161 692	18 345 187	1 075 236 006
Additions	10 567 568	5 521 816	21 024 431	9 194 009	46 850 453	27 046 020	120 204 297
Gain on revaluation	8 456 777	108 973 348	71 401 444	214 606 612	151 354 992	-	554 793 173
Disposals	-	-	(409 249)	(872 892)	(12 392 464)	-	(13 674 605)
Balance at 31 December 2019	19 024 345	382 484 742	267 090 192	624 593 712	397 974 673	45 391 207	1 736 558 871
<b>Accumulated depreciation and impairment</b>							
Balance at 1 January 2019	-	189 150 349	123 391 126	249 331 490	138 733 671	-	700 606 636
Charge to income statement	-	16 961 442	14 320 656	63 845 830	20 757 627	-	115 885 555
Disposals	-	-	(152 459)	(665 204)	(1 922 870)	-	(2 740 533)
Impairment	-	-	-	-	-	16 892 604	16 892 604
Balance at 31 December 2019	-	206 111 791	137 559 323	312 512 116	157 568 428	16 892 604	830 644 262
Net book value at 31 December 2019	19 024 345	176 372 951	129 530 869	312 081 596	240 406 245	28 498 603	905 914 609
Unaudited Historical cost							
	Freehold properties ZW\$	Leasehold improvements ZW\$	Equipment furniture & fittings ZW\$	Computer equipment ZW\$	Motor vehicles ZW\$	Capital work in progress ZW\$	Total ZW\$
<b>2020</b>							
Cost or valuation							
Balance at 1 January 2020	4 241 000	45 072 711	32 883 507	82 441 145	58 746 818	6 353 048	229 738 229
Additions	45 510 451	2 420 618	11 076 597	36 918 811	-	110 060 509	205 986 986
Gains on revaluation	23 938 275	-	230 322 831	614 800 713	104 391 440	-	973 453 259
Currency conversion reversal	-	-	-	-	-	(773 075)	-
Disposals	-	-	(121 022)	(38 383)	(2 645 374)	-	(2 804 779)
Transfer between categories	-	39 947 112	16 263 449	3 158 724	-	(59 369 285)	-
Balance at 31 December 2020	73 689 726	87 440 441	290 425 362	737 281 010	160 492 884	56 271 197	1 405 600 620
<b>Accumulated depreciation and impairment</b>							
Balance at 1 January 2020	-	5 754 792	4 007 851	12 870 390	5 154 282	-	27 787 315
Charge to income statement	-	10 654 979	7 284 165	32 132 086	16 453 065	-	66 524 295
Disposals	-	-	(46 795)	-	(646 741)	-	(693 536)
Impairment	-	-	-	19 465	-	-	19 465
Balance at 31 December 2020	-	16 409 771	11 245 221	45 021 941	20 960 606	-	93 637 539
Net book value at 31 December 2020	73 689 726	71 030 670	279 180 141	692 259 069	139 532 278	56 271 197	1 311 963 081
<b>Restated 2019</b>							
Balance at 1 January 2019	-	6 929 136	4 466 670	12 118 558	5 773 988	658 386	29 946 738
Effect of changes in functional currency	-	4 244 164	2 782 222	8 200 643	3 952 860	987 579	20 167 468
Additions	2 021 175	971 719	2 256 723	932 507	6 546 180	4 707 083	17 435 387
Gain on revaluation	2 219 825	32 927 692	23 392 579	61 220 764	42 918 540	-	162 679 400
Disposals	-	-	(14 687)	(31 327)	(444 750)	-	(490 764)
Balance at 31 December 2019	4 241 000	45 072 711	32 883 507	82 441 145	58 746 818	6 353 048	229 738 229
<b>Accumulated depreciation and impairment</b>							
Balance at 1 January 2019	-	4 099 696	2 611 850	6 651 463	3 138 746	-	16 501 755
Charge to statement of profit or loss	-	1 655 096	1 401 473	6 242 800	2 084 545	-	11 383 914
Disposals	-	-	(5 472)	(23 873)	(69 009)	-	(98 354)
Balance at 31 December 2019	-	5 754 792	4 007 851	12 870 390	5 154 282	-	27 787 315
Net book value at 31 December 2019	4 241 000	39 317 919	28 875 656	69 570 755	53 592 536	6 353 048	201 950 914

11. DEFERRED TAX ASSET / (LIABILITIES)

	Inflation adjusted				
	Balance at 1 January ZW\$	Recognised in profit or loss ZW\$	Recognised in OCI affecting equity ZW\$	Other movements ZW\$	Balance at 31 December ZW\$
<b>2020</b>					
Property and equipment	(163 794 070)	34 010 9808	(153 371 876)	-	(283 155 038)
Provisions and deferred income	67 119 691	22 238 433	-	-	89 358 124
Fair value adjustments on investment securities	(1 377 048)	(11 391 680)	-	-	(12 768 728)
Fair value adjustments on available for sale financial assets	4 400 005	(3 419 134)	(392 021)	-	588 850
	(93 651 422)	41 438 527	(153 763 897)	-	(205 976 792)
<b>Restated 2019</b>					
Property and equipment	(61 419 063)	32 806 202	(135 181 209)	-	(163 794 070)
Provisions and deferred income	110 335 353	(43 215 662)	-	-	67 119 691
Unrealised exchange (losses)/ gains	(114 539)	114 539	-	-	-
Fair value adjustments on investment securities	(1 522 611)	145 563	-	-	(1 377 048)
Fair value adjustments on available for sale financial assets	(27 544 654)	23 110 232	8 834 427	-	4 400 005
	19 734 486	12 960 874	(126 346 782)	-	(93 651 422)
Unaudited Historical cost					
	Balance at 1 January ZW\$	Recognised in profit or loss ZW\$	Recognised in OCI affecting equity ZW\$	Other movements ZW\$	Balance at 31 December ZW\$
<b>2020</b>					
Property and equipment	(26 520 925)	2 416 932	(186 653 853)	-	(210 757 846)
Provisions and deferred income	16 043 475	73 314 650	-	-	89 358 125
Unrealised exchange (losses)/ gains	-	-	-	-	-
Fair value adjustments on investment securities	(375 712)	(12 393 017)	-	-	(12 768 729)
Fair value adjustments on available for sale financial assets	980 871	-	(392 021)	-	588 850
Arising from changes in functional currency	(5 047 098)	-	-	1 352 489	(3 694 609)
Effect tax rate change	(69 413)	69 413	-	-	-
	(14 988 802)	63 407 978	(187 045 874)	1 352 489	(137 274 209)
<b>Restated 2019</b>					
Property and equipment	(1 695 368)	5 403 906	(30 229 463)	-	(26 520 925)
Provisions and deferred income	3 959 798	12 083 677	-	-	16 043 475
Unrealised exchange (losses)/ gains	(4 111)	4 111	-	-	-
Fair value adjustments on investment securities	(80 023)	(295 689)	-	-	(375 712)
Fair value adjustments on available for sale financial assets	(988 543)	-	1 969 414	-	980 871
Arising from changes in functional currency	-	-	-	(5 047 098)	(5 047 098)
Effect tax rate change	-	(69 413)	-	-	(69 413)
	1 191 753	17 126 592	(28 260 049)	(5 047 098)	(14 988 802)

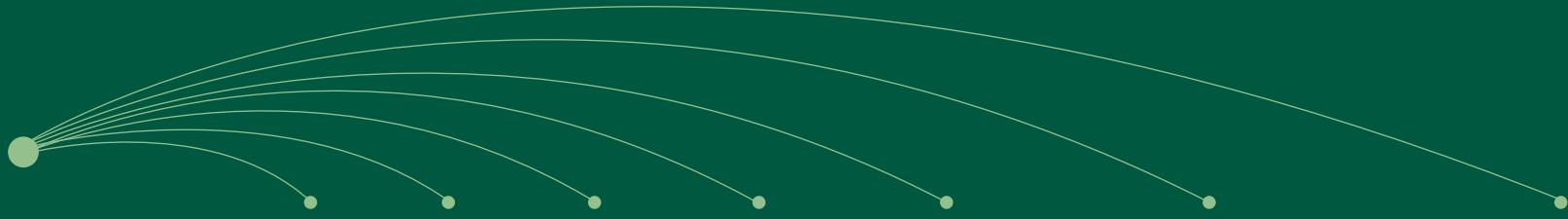
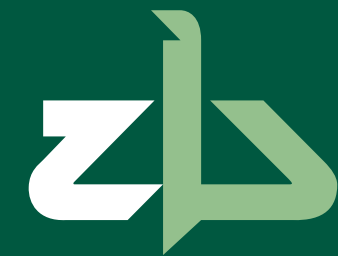
	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>12 DEPOSITS FROM CUSTOMERS</b>				
Deposits by type				
Current accounts	1 857 839 882	1 875 623 659	1 857 839 882	418 123 193
Savings and call accounts	4 507 958 741	3 482 566 981	4 507 958 741	776 350 852
Term deposits	544 869 384	606 220 480	544 869 384	135 141 632
Bank deposits	30 529 298	69 244 531	30 529 298	15 436 329
	6 941 197 305	6 033 655 651	6 941 197 305	1 345 052 006
Current	6 941 197 305	6 033 541 851	6 941 197 305	1 345 026 637
Non-current	-	113 800	-	25 369
	6 941 197 305	6 033 655 651	6 941 197 305	1 345 052 006
Maturity Analysis of deposits from customers				
On Demand	4 496 951 163	4 393 517 699	4 496 951 163	979 424 438
Within 1 Month	2 398 643 036	1 510 410 654	2 398 643 036	336 708 125
Between 1 and 6 Months	43 728 106	117 101 867	43 728 106	26 104 920
Between 6 and 12 months	1 875 000	12 511 631	1 875 000	2 789 154
After 12 Months	-	113 800	-	25 369
	6 941 197 305	6 033 655 651	6 941 197 305	1 345 052 006
Secured and unsecured deposits analysis				
Secured deposits	67 280 542	257 761 517	67 280 542	57 461 457
Unsecured deposits	6 873 916 763	5 775 894 134	6 873 916 763	1 287 590 549
	6 941 197 305	6 033 655 651	6 941 197 305	1 345 052 006

	Inflation adjusted			Unaudited Historical cost		
	31 Dec 2020 ZW\$	Contribution	%	31 Dec 2019 ZW\$	Contribution	%
Deposit Concentration						
Private	1 013 512 834	15%	785 313 452	13%	1 013 512 834	15%
Agriculture	517 251 984	7%	325 846 698	5%	517 251 984	7%
Mining	51 402 570	1%	339 051 726	6%	51 402 570	1%
Manufacturing	293 517 509	4%	498 031 338	8%	293 517 509	4%
Distribution	464 049 443	7%	164 928 674	3%	464 049 443	7%
Construction	119 908 332	2%	70 428 808	1%	119 908 332	2%
Transport	81 461 850	1%	55 202 253	1%	81 461 850	1%
Services	2 986 121 499	43%	2 279 645 971	38%	2 986 121 499	43%
Financial	771 412 188	11%	705 991 117	12%	771 412 188	11%
Communications	642 559 096	9%	809 215 614	13%	642 559 096	9%
	6 941 197 305	100%	6 033 655 651	100%	6 941 197 305	100%

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>13 OFFSHORE BORROWINGS</b>				
Balance at beginning of the year	335 619 414	165 716 199	74 817 920	5 947 347
Effects of changes in functional currency	-	-	-	8 921 020
New loans	-	-	-	-
Repayments	(131 529 444)	(111 873 134)	(92 033 778)	(24 939 306)
Exchange rate movement	39 116 668	281 776 349	260 422 496	84 888 859
Balance at 31 December 2020	243 206 638	335 619 414	243 206 638	74 817 920

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

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
14 TRADE AND OTHER PAYABLES				
Interest accrued on deposits	37 095 624	43 968 061	37 095 624	9 768 277
Items in transit	212 057 533	189 383 620	212 057 533	42 218 322
Accruals and sundries	507 852 835	404 935 493	507 852 835	90 303 494
Expected credit loss on loan commitments	1 462 691	3 966 954	1 462 691	884 333
Amounts clearing to other banks	109 811 870	84 512 805	109 811 870	18 840 007
	868 280 553	726 766 933	868 280 553	162 014 433
Current	868 280 553	726 766 933	868 280 553	162 014 433
15 LEASE LIABILITIES				
Balance at beginning of the year	59 441 451	167 883 117	13 250 979	6 025 115
Additions arising from new leases	-	4 666 715	-	1 040 327
Add accrued interest posted to profit and loss	69 627 872	10 094 584	44 432 365	473 092
Less lease commitments paid during the year	(86 661 927)	(38 806 434)	(55 302 486)	(2 636 467)
Add lease liability reassessment	206 917 524	36 421 429	206 917 524	8 119 243
Add (profit)/loss on adjustment of lease liabilities	(1 572 198)	1 030 253	(1 572 198)	229 669
Arising from monetary adjustments	(40 026 538)	(121 848 213)	-	-
	207 726 184	59 441 451	207 726 184	13 250 979
Maturing within 1 year	86 552 577	24 767 271	86 552 577	5 521 241
Maturing after 1 year	121 173 607	34 674 180	121 173 607	7 729 738
	207 726 184	59 441 451	207 726 184	13 250 979



Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

# Audited Financial Results for the year ended 31 December 2020

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>20 FAIR VALUE ADJUSTMENTS</b>				
Arising from FVTPL investments				
Investment securities	279 118 968	7 590 505	317 233 011	11 128 523
Investment in subsidiary company	(16 486 196)	956 556 765	1 212 256 443	290 407 085
Treasury bills	(1 496 648)	-	(1 496 648)	-
	261 136 124	964 147 270	1 527 992 806	301 535 608
<b>21 OPERATING EXPENSES</b>				
Staff expenses	627 731 752	481 180 466	399 100 138	49 289 454
Communication expenses	72 668 149	78 381 959	51 301 464	10 959 461
Computer and information technology	362 043 517	200 055 923	271 311 381	23 299 406
Occupation expenses	71 551 682	52 393 378	43 993 844	5 007 397
Transport expenses	11 601 489	14 794 746	7 767 574	1 864 741
Travelling expenses	10 655 329	16 216 806	7 026 327	2 104 513
Administration expenses	1 127 781 695	788 819 485	463 202 502	64 880 500
	2 284 033 613	1 631 842 763	1 243 703 230	157 405 472
<b>Included in operating expenses are the following</b>				
Depreciation charge on property and equipment	284 600 905	115 885 555	66 524 295	11 383 914
Amortisation of intangible assets	76 769 498	90 906 687	2 203 474	2 548 217
Depreciation charge on right of use asset	29 235 477	18 841 143	26 115 239	1 860 229
Auditors' remuneration	10 225 373	8 813 917	5 102 113	895 564
<b>22 INCOME TAX EXPENSE</b>				
Current income tax	72 355 415	200 471 251	72 355 418	14 875 628
Deferred taxation	(41 438 527)	(12 960 874)	(63 407 978)	(17 126 592)
	30 916 888	187 510 377	8 947 440	(2 250 964)
<b>23. CONTINGENT LIABILITIES AND COMMITMENTS</b>				
<b>23.1 The nominal values of such commitments are listed below:</b>				
In respect of guarantees	688 652 647	636 121 888	688 652 647	141 807 400
In respect of undrawn commitments	278 635 511	450 168 271	278 635 511	100 353 711
In respect of letters of credit	-	291 493 300	-	64 981 111
	967 288 158	1 377 783 459	967 288 158	307 142 222
<b>23.2 Impairment movement on Guarantees</b>				
Balance at beginning of the year	2 117 388	6 446 771	139 817	231 367
Charge to statement of profit or loss (Note 17)	12 740 232	(1 347 532)	692 715	(91 550)
Effects of monetary loss	(14 025 088)	(2 981 851)	-	-
Balance at end of the year	832 532	2 117 388	832 532	139 817
<b>23.3 Impairment movement on loan commitments</b>				
Balance at beginning of the year	1 849 578	14 348 968	744 516	514 966
Charge/(credit) to statement of profit or loss (Note 17)	4 523 453	3 378 768	(114 356)	229 550
Effects of monetary (loss)/gain	(5 742 871)	(15 878 158)	-	-
Balance at end of the year	630 160	1 849 578	630 160	744 516
<b>24 CAPITAL ADEQUACY</b>				
Ordinary share capital	75 138 687	75 138 687	1 810 402	1 810 402
Share premium	1 367 886 092	1 367 886 092	32 958 032	32 958 032
Total Reserves	2 479 492 916	1 535 885 822	3 771 227 204	603 504 426
IFRS Capital	3 922 517 695	2 978 910 601	3 805 995 638	638 272 860
<b>Add/(less) Regulatory adjustments</b>				
Fair value adjustment on capitalisation treasury bills	2 245 297	13 864 576	2 245 297	3 090 759
Interest in reserve on non-performing loans	(4 114 885)	(6 286 912)	(4 114 885)	(1 401 509)
Loans to group entities and directors	(3 473 420)	(4 843 720)	(3 473 420)	(1 079 786)
Revaluation reserve	(896 893 061)	(443 935 144)	(964 677 211)	(183 961 795)
Tier 1 capital	3 020 281 626	2 537 709 401	2 835 975 419	454 920 529
Revaluation reserve	896 893 061	443 935 144	919 239 238	134 405 076
Effect of changes in functional currency	-	-	45 437 973	49 556 719
Tier 2 Capital	896 893 061	443 935 144	964 677 211	183 961 795
Total Capital Base	3 917 174 687	2 981 644 545	3 800 652 629	638 882 324
Credit risk weighted assets	7 216 463 055	5 553 557 231	7 031 238 414	1 191 268 573
Operational risk equivalent assets	6 150 194 028	4 060 054 526	3 012 044 211	475 214 067
Market risk equivalent assets	1 611 615 208	1 051 116 054	1 611 615 208	234 319 928
Total Risk weighted Assets	14 978 272 291	10 664 727 811	11 654 897 833	1 900 802 568
Tier 1 capital ratio	20.16%	22.50%	23.98%	23.93%
Tier 2 capital ratio	5.99%	5.46%	8.63%	9.68%
Capital adequacy ratio	26.15%	27.96%	32.61%	33.61%

## 25 RISK MANAGEMENT

### 25.1 Financial assets and financial liabilities classification and fair values

	Inflation adjusted								
	CARRYING AMOUNT				FAIR VALUE				
	Designated at Fair Value P/L ZW\$	Designated at AMCO ZW\$	Designated at FVTOCI ZW\$	Other financial liabilities ZW\$	Total ZW\$	Level 1 ZW\$	Level 2 ZW\$	Level 3 ZW\$	Total ZW\$
<b>31 December 2020</b>									
Equity Securities	405 581 214	-	-	-	405 581 214	166 219 716	-	239 361 498	405 581 214
Treasury Bills	309 051 167	-	165 972 103	-	475 023 270	-	309 051 167	165 972 103	475 023 270
Investment in Subsidiary company	1 578 171 428	-	-	-	1 578 171 428	-	1 578 171 428	1 578 171 428	-
	2 292 803 809	-	165 972 103	-	2 458 775 912	166 219 716	309 051 167	1 983 505 029	2 458 775 912
Cash and short term funds	-	4 624 853 014	-	-	4 624 853 014	-	-	-	4 624 853 014
Treasury Bills	-	43 090 895	-	-	43 090 895	-	-	-	43 090 895
Advances and other accounts	-	2 992 466 648	-	-	2 992 466 648	-	-	-	2 992 466 648
Inventories, trade other receivables	-	486 110 397	-	-	486 110 397	-	-	-	486 110 397
Investment securities	-	68 108 946	-	-	68 108 946	-	-	-	68 108 946
Amounts clearing from other banks	-	30 432 899	-	-	30 432 899	-	-	-	30 432 899
	-	8 245 062 799	-	-	8 245 062 799	-	-	-	8 245 062 799
Deposits from customers	-	(6 941 197 305)	-	-	(6 941 197 305)	-	-	-	(6 941 197 305)
Offshore borrowings	-	-	-	(243 206 638)	(243 206 638)	-	-	-	(243 206 638)
Trade and other payables	-	-	-	(758 468 683)	(758 468 683)	-	-	-	(758 468 683)
Amounts clearing to other banks	-	(109 811 870)	-	-	(109 811 870)	-	-	-	(109 811 870)
	-	(7 051 009 175)	-	(1 001 675 321)	(8 052 684 496)	-	-	-	(8 052 684 496)
<b>Restated 31 December 2019</b>									
Equity Securities	126 462 247	-	-	-	126 462 247	98 921 284	-	27 540 963	126 462 247
Treasury Bills	282 143 011	-	501 993 023	-	784 136 034	-	282 143 011	501 993 023	784 136 034
Investment in Subsidiary company	1 594 657 624	-	-	-	1 594 657 624	-	-	1 594 657 624	1 594 657 624
	2 003 262 882	-	501 993 023	-	2 505 255 905	98 921 284	282 143 011	2 124 191 610	2 505 255 905
Cash and short term funds	-	4 168 810 565	-	-	4 168 810 565	-	-	-	4 168 810 565
Treasury Bills	-	189 505 234	-	-	189 505 234	-	-	-	189 505 234
Advances and other accounts	-	1 828 863 815	-	-	1 858 863 815	-	-	-	1 858 863 815
Inventories, trade other receivables	-	154 654 041	-	-	154 654 041	-	-	-	154 654 041
Investment securities	-	95 993 737	-	-	95 993 737	-	-	-	95 993 737
Amounts clearing from other banks	-	12 385 562	-	-	12 385 562	-	-	-	12 385 562
	-	6 450 212 954	-	-	6 450 212 954	-	-	-	6 450 212 954
Deposits from customers	-	(6 033 655 651)	-	-	(6 033 655 651)	-	-	-	(6 033 655 651)
Offshore borrowings	-	-	-	(335 619 414)	(335 619 414)	-	-	-	(335 619 414)
Trade and other payables	-	-	-	(642 254 128)	(642 254 128)	-	-	-	(642 254 128)
Amounts clearing to other banks	-	(84 512 805)	-	-	(84 512 805)	-	-	-	(84 512 805)
	-	(6 118 168 456)	-	(977 873 542)	(7 096 041 998)	-	-	-	(7 096 041 998)

	Unaudited Historical cost							
	Designated at Fair Value P/L ZW\$	Designated at AMCO ZW\$	Designated at FVTOCI ZW\$	Other financial liabilities ZW\$	Total ZW\$	Level 1 ZW\$	Level 2 ZW\$	Level 3 ZW\$
<b>31 December 2020</b>								
Equity Securities	405 581 214	-	-	-	405 581 214	166 219 716	-	239 361 498
Treasury Bills	309 051 167	-	165 972 103	-	475 023 270	-	309 051 167	165 972 103
Investment in Subsidiary company	1 560 019 251	-	-	-	1 560 019 251	-	-	1 560 019 251
	2 274 651 632	-	165 972 103	-	2 440 623 735	166 219 716	309 051 167	1 965 352 852
Cash and short term funds	-	4 624 853 014	-	-	4 624 853 014	-	-	-
Treasury Bills	-	43 090 895	-	-	43 090 895	-	-	-
Advances and other accounts	-	2 992 466 648	-	-	2 992 466 648	-	-	-
Inventories, trade other receivables	-	486 110 397	-	-	486 110 397	-	-	-
Investment securities	-	68 108 946	-	-	68 108 946	-	-	-
Amounts clearing from other banks	-	30 432 899	-	-	30 432 899	-	-	-
	-	8 245 062 799	-	-	8 245 062 799	-	-	-
Deposits from customers	-	(6 941 197 305)	-	-	(6 941 197 305)	-	-	-
Offshore borrowings	-	-	-	(243 206 638)	(243 206 638)	-	-	-
Trade and other payables	-	-	-	(758 468 683)	(758 468 683)	-	-	-
Amounts clearing to other banks	-	(109 811 870)	-	-	(109 811 870)	-	-	-
	-	(7 051 009 175)	-	(1 001 675 321)	(8 052 684 496)	-	-	-
<b>Restated 31 December 2019</b>								
Equity Securities	28 191 582	-	-	-	28 191 582	22 052 016	-	6 139 566
Treasury Bills	62 896 699	-	111 906 738	-	174 803 437	-	62 896 699	111 906 738
Investment in Subsidiary company	347 762 808	-	-	-	347 762 808	-	-	347 762 808
	438 851 089	-	111 906 738	-	550 757 827	22 052 016	62 896 699	465 809 112
Cash and short term funds	-	929 331 624	-	-	929 331 624	-	-	-
Treasury Bills	-	42 245 433	-	-	42 245 433	-	-	-
Advances and other accounts	-	407 699 259	-	-	407 699 259	-	-	-
Inventories, trade other receivables	-	32 161 386	-	-	32 161 386	-	-	-
Investment securities	-	21 399 392	-	-	21 399 392	-	-	-
Amounts clearing from other banks	-	2 761 050	-	-	2 761 050	-	-	-
	-	1 435 598 144	-	-	1 435 598 144	-	-	-
Deposits from customers	-	(1 345 052 006)	-	-	(1 345 052 006)	-	-	-
Offshore borrowings	-	-	-	(74 817 920)	(74 817 920)	-	-	-
Trade and other payables	-	-	-	(143 174 427)	(143 174 427)	-	-	-
Amounts clearing to other banks	-	(18 840 007)	-	-	(18 840 007)	-	-	-
	-	(1 363 892 013)	-	(217 992 347)	(1 581 884 360)	-	-	-

### 25.2 Liquidity risk

	Inflation adjusted					
	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Gross nominal inflow/ (outflow) ZWS	Carrying amount ZWS
Liquidity gap analysis						
As at 31 December 2020						
FINANCIAL ASSETS BY TYPE						
Cash and cash equivalents	3 865 880 493	122 342 924	636 629 597	-	4 624 853 014	4 624 853 014
Treasury bills	50 164 384	241 801 001	85 255 644	188 726 778	565 947 807	518 114 164
Advances and other accounts	474 071 064	332 305 245	944 373 286	1 835 046 241	3 585 795 836	2 992 466 648
Investment securities at fair value through profit or loss	-	-	-	405 581 214	405 581 214	405 581 214
Investment securities held at amortised cost	-	-	-	68 108 946	68 108 946	68 108 946
	4 390 115 941	696 449 170	1 666 258 527	2 497 463 179	9 250 286 817	8 609 123 986
FINANCIAL LIABILITIES BY TYPE						
Deposits and other accounts	6 908 212 343	44 073 614	1 889 827	-	6 954 175 784	6 941 197 305
Offshore borrowings	-	66 857 474	66 857 474	133 714 953	267 429 901	243 206 638
Trade and other payables	512 933 142	181 981 951	136 163 718	-	831 078 811	868 280 553
Lease liabilities	-	-	86 552 577	121 173 607	207 726 184	207 726 184
	7 421 145 485	292 913 039	291 463 596	254 888 560	8 260 410 680	8 260 410 680
Period gap	(3 031 029 544)	403 536 131	1 374 794 931	2 242 574 619	989 876 137	348 713 306
Cumulative gap	(3 031 029 544)	(2 627 493 413)	(1 252 698 482)	989 876 137	-	-
Restated as at 31 December 2019						
FINANCIAL ASSETS BY TYPE						
Cash and cash equivalents	3 312 561 443	196 488 639	663 332 838	-	4 172 382 920	4 168 810 565
Treasury bills	51 276 539	120 904 046	387 182 050	519 706 189	1 079 068 833	973 641 269
Advances and other accounts	188 979 458	335 972 418	386 289 945	1 160 402 451	2 071 644 272	1 828 863 815
Investment securities at fair value through profit or loss	-	-	-	126 462 247	126 462 247	126 462 247
Investment securities held at amortised cost	-	-	-	95 993 737	95 993 737	95 993 737
	3 552 817 440	653 365 103	1 436 804 842	1 902 564 624	7 545 552 009	7 193 771 633
FINANCIAL LIABILITIES BY TYPE						
Deposits and other accounts	5 912 099 996	118 203 705	12 628 670	114 046	6 043 046 417	6 033 655 651
Offshore borrowings	-	76 393 903	76 393 903	217 408 901	370 196 707	335 619 414
Trade and other payables	394 536 863	224 490 026	63 771 972	-	682 798 861	726 766 933
Lease liabilities	-	-	24 767 271	34 674 180	59 441 451	59 441 451
	6 306 636 859	419 087 634	177 561 816	252 197 127	7 155 483 436	7 155 483 449
Period gap	(2 753 819 419)	234 277 469	1 259 243 025	1 650 367 497	390 068 573	38 288 184
Cumulative gap	(2 753 819 419)	(2 519 541 950)	(1 260 298 924)	390 068 573	-	-





Audited Financial Results for the year ended 31 December 2020

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

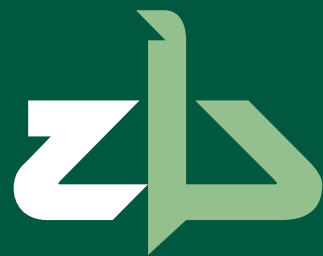
Interest rate gap analysis		Unaudited Historical cost				
		Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
As at 31 December 2020						
ASSETS						
Cash and short term funds		730 216 943	-	-	-	730 216 943
Money market investments		-	-	-	-	-
Treasury bills		50 000 000	228 161 763	78 005 017	161 947 384	518 114 164
Advances and other accounts		472 273 612	297 969 363	795 672 222	1 426 551 451	2 992 466 648
Investment securities at fair value through profit or loss		-	-	-	405 581 214	405 581 214
Investment securities held at amortised cost		-	-	-	68 108 946	68 108 946
		1 252 490 555	526 131 126	873 677 239	2 062 188 995	4 714 487 915
LIABILITIES						
Deposits and other accounts		6 895 594 197	43 728 108	1 875 000	-	6 941 197 305
Offshore borrowings		-	60 801 658	60 801 658	121 603 322	243 206 638
Lease liability		-	-	86 552 577	121 173 607	207 726 184
		6 895 594 197	104 529 766	149 229 235	242 776 929	7 392 130 127
Period gap		(5 643 103 642)	421 601 360	724 448 004	1 819 412 066	(2 677 642 212)
Cumulative gap		(5 643 103 642)	(5 221 502 282)	(4 497 054 278)	(2 677 642 212)	-
Restated as at 31 December 2019						
ASSETS						
Cash and cash equivalents		204 512 961	-	100 000 000	-	304 512 961
Treasury bills		11 404 015	24 444 016	84 307 420	96 893 419	217 048 870
Advances and other accounts		42 100 919	68 834 908	78 089 714	218 673 718	407 699 259
Investment securities at fair value through profit or loss		-	-	-	28 191 582	28 191 582
Investment securities held at amortised cost		-	-	-	21 399 392	21 399 392
		258 017 895	93 278 924	262 397 134	365 158 111	978 852 064
LIABILITIES						
Deposits and other accounts		1 316 132 562	26 104 920	2 789 154	25 370	1 345 052 006
Offshore borrowings		-	15 576 619	15 576 619	43 664 682	74 817 920
Lease liability		-	-	5 521 241	7 729 738	13 250 979
		1 316 132 562	41 681 539	23 887 014	51 419 790	1 433 120 905
Period gap		(1 058 114 667)	51 597 385	238 510 120	313 738 321	(454 268 841)
Cumulative gap		(1 058 114 667)	(1 006 517 282)	(768 007 162)	(454 268 841)	-

Live beyond the clock

#LiveBeyond







ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2020

AUDITED FINANCIAL RESULTS for the year ended 31 December 2020

STATEMENTS OF FINANCIAL POSITION As at 31 December 2020				
Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>ASSETS</b>				
Cash and cash equivalents	1	42 330 688	53 731 020	42 330 688
Money market investments	2	49 992 421	8 987 609	49 992 421
Loans and other advances	3	84 434 619	62 469 324	84 434 619
Trade and other receivables	4	136 184 367	75 235 923	136 184 367
Inventories	5	2 551 004	3 605 066	2 372 817
Financial assets at fair value through profit or loss	6	29 808 362	3 082 596	29 808 362
Right of use assets	7	660 890	643 584	660 890
Property and equipment	8	56 641 745	74 201 363	56 641 745
Investment properties	9	449 541 000	468 416 592	449 541 000
Investments in subsidiaries	10	266 394 774	292 360 681	266 388 063
<b>Total assets</b>		<b>1 118 539 870</b>	<b>1 042 733 758</b>	<b>1 118 354 972</b>
<b>LIABILITIES</b>				
Deposits from customers	11	285 340 212	173 741 961	285 340 212
Trade and other payables	12	30 559 666	13 107 179	30 559 666
Lease liabilities	13	729 183	643 584	729 183
Deferred tax liabilities	14	24 807 950	25 835 814	24 807 950
<b>Total liabilities</b>		<b>341 437 011</b>	<b>213 328 538</b>	<b>341 437 011</b>
<b>EQUITY</b>				
Share capital	15.1	39 628 482	39 628 482	954 814
Share premium	15.1	369 258 036	369 258 036	8 896 953
Reserves	15.2	368 216 341	420 518 702	767 066 194
<b>Total equity</b>		<b>777 102 859</b>	<b>829 405 220</b>	<b>184 766 684</b>
<b>Total equity and liabilities</b>		<b>1 118 539 870</b>	<b>1 042 733 758</b>	<b>1 118 354 972</b>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2020				
Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
Interest income	16.1	20 968 544	52 193 789	13 851 994
Interest expense	16.2	(1 550 044)	(5 577 455)	(874 158)
<b>Net interest income</b>		<b>19 418 500</b>	<b>46 616 334</b>	<b>12 977 836</b>
Allowance for loan impairment	17	(1 607 239)	(3 279 121)	(1 607 239)
<b>Net income from lending activities</b>		<b>17 811 261</b>	<b>43 337 213</b>	<b>11 370 597</b>
Commissions, fees and operating income	18	114 634 464	98 024 713	88 077 961
Fair value adjustments	19	(18 115 733)	395 513 607	575 453 772
<b>Total income</b>		<b>114 329 992</b>	<b>536 875 533</b>	<b>674 902 330</b>
Total operating expenses	20	(163 495 846)	(149 384 370)	(105 777 749)
Operating (loss) / profit		(49 165 854)	387 491 163	569 124 581
Net monetary adjustment		(6 963 722)	(119 841 981)	-
(Loss) / profit before taxation		(56 129 576)	267 649 182	569 124 581
Income tax credit / (expense)	21	1 047 555	17 257 565	(17 232 830)
(Loss) / profit for the year		(55 082 021)	284 906 747	551 891 751
<b>Other comprehensive income: Items that will not be reclassified to profit or loss</b>				
Gains on property and equipment revaluation		2 799 351	51 950 449	42 075 200
Related tax		(19 691)	(1 371 584)	(1 815 674)
<b>Other comprehensive income for the year, net of tax</b>		<b>2 799 350</b>	<b>50 578 865</b>	<b>40 259 526</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(52 302 361)</b>	<b>335 485 612</b>	<b>592 151 277</b>
Earnings per share				
Basic and fully diluted earnings per share (ZW cents)		(57.69)	298.39	578.01

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2020				
	Inflation adjusted			
	Ordinary shares ZW\$	Share premium ZW\$	Property and equipment revaluation reserve ZW\$	Retained income/(loss) ZW\$
<b>Balance at 1 January 2019</b>	39 628 482	369 258 036	2 306 798	86 291 476
<b>Changes in equity for 2019</b>				
Profit or loss	-	-	-	284 906 747
Other comprehensive income, net of tax	-	-	50 578 865	-
Revaluation of property and equipment	-	-	-	-
Transactions with owners of the Society	-	-	-	(3 565 184)
Dividends paid	-	-	-	(3 565 184)
<b>Balance at 1 January 2020</b>	39 628 482	369 258 036	52 885 663	367 633 039
<b>Changes in equity for 2020</b>				
Profit or loss	-	-	-	(55 082 021)
Loss for the year	-	-	-	(55 082 021)
Other comprehensive income, net of tax	-	-	2 779 660	-
Revaluation of property and equipment	-	-	-	-
Other movements	-	-	(19 430)	19 430
Transfer to retained income	-	-	-	-
<b>Balance at 31 December 2020</b>	39 628 482	369 258 036	55 645 893	312 570 448

STATEMENT OF CHANGES IN EQUITY (continued) For the year ended 31 December 2020					
	Unaudited Historical cost				
	Ordinary shares ZW\$	Share premium ZW\$	Foreign currency translation reserve ZW\$	Property and equipment revaluation reserve ZW\$	Retained income/(loss) ZW\$
<b>Balance at 1 January 2019</b>	954 814	8 896 953	-	222 949	8 784 867
Effects of change in functional currency	-	-	18 061 563	-	-
<b>Changes in equity for 2019</b>					
Profit or loss	-	-	-	-	134 328 731
Profit for the year	-	-	-	-	134 328 731
Other comprehensive income, net of tax	-	-	-	13 644 757	-
Revaluation of property and equipment	-	-	-	-	-
Transactions with owners of the Society	-	-	-	-	(127 950)
Dividends paid	-	-	-	-	(127 950)
<b>Balance at 1 January 2020</b>	954 814	8 896 953	18 061 563	13 867 706	142 985 648
<b>Changes in equity for 2020</b>					
Profit or loss	-	-	-	-	551 891 751
Profit for the year	-	-	-	-	551 891 751
Other comprehensive income, net of tax	-	-	-	40 259 526	-
Revaluation of property and equipment	-	-	-	-	-
Other movements	-	-	-	(19 430)	19 430
Transfer to retained income	-	-	-	-	-
<b>Balance at 31 December 2020</b>	954 814	8 896 953	18 061 563	54 107 802	694 896 829

STATEMENT OF CASH FLOWS For the year ended 31 December 2020				
Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>Cash flows (used in) / generated from operating activities</b>	(36 387 502)	(494 351 940)	14 580 425	(10 233 689)
Interest received	20 968 544	52 193 789	13 851 994	4 170 679
Interest paid	(1 550 044)	(5 577 455)	(874 158)	(395 116)
<b>Net cash (used in)/generated from operating activities</b>	(16 969 002)	(447 735 606)	27 558 261	(6 458 126)
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property and equipment	35 012	-	35 012	-
Purchase of property and equipment	-	(855 421)	-	(30 700)
Dividends received	6 124 182	3 484 091	3 048 232	564 138
<b>Net cash generated from investing activities</b>	6 159 194	2 628 670	3 083 244	533 438
<b>Cash flows from financing activities</b>				
Dividends paid	-	(3 565 184)	-	(127 950)
Lease commitments paid during the year	(590 524)	(1 138 575)	(288 799)	(40 862)
<b>Net cash used in financing activities</b>	(590 524)	(4 703 759)	(288 799)	(168 812)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(11 400 332)	(449 810 695)	30 352 706	(6 093 500)
Cash and cash equivalents at beginning of year	53 731 020	503 541 715	11 977 982	18 071 482
<b>Cash and cash equivalents at end of year</b>	42 330 688	53 731 020	42 330 688	11 977 982

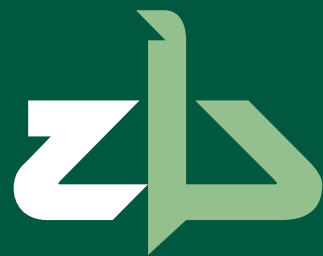
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020				
	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>1. CASH AND CASH EQUIVALENTS</b>				
Cash on hand	7 163 441	4 496 674	7 163 441	1 002 420
Local bank accounts	28 831 171	41 949 923	28 831 171	9 351 683
Balances at the RBZ	6 336 076	7 284 423	6 336 076	1 623 879
	42 330 688	53 731 020	42 330 688	11 977 982
Current	42 330 688	53 731 020	42 330 688	11 977 982
<b>2. MONEY MARKET INVESTMENTS</b>				
Fixed deposits	49 992 421	8 987 609	49 992 421	2 003 562
Maturing within 1 year	49 992 421	8 987 609	49 992 421	2 003 562

Fixed deposits are investments in money market instruments on an unsecured basis. Fixed deposits on average run for 30 days on an average interest rate of 8.0% per annum (2019: 6.5%).

These money market investments are short term in nature and the carrying amount approximates the fair value, thus these have been classified as level 2 financial instruments in the fair value hierarchy.

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>3. LOANS AND ADVANCES</b>				
<b>3.1 Categories of loans and advances</b>				
<b>Mortgage loans</b>				
Residential properties	8 898 698	21 938 723	8 898 698	4 890 687
Commercial properties	-	379 545	-	84 610
<b>Other loans and overdrafts</b>				
Consumer loans	79 164 163	49 216 900	79 164 163	10 971 673
Gross loans and advances	88 062 861	71 535 168	88 062 861	15 946 970
Less: Allowance for loan impairment	(3 628 242)	(9 065 844)	(3 628 242)	(2 021 003)
Loans and advances	84 434 619	62 469 324	84 434 619	13 925 967
<b>3.2 Maturity analysis</b>				
Within 1 month	4 510 388	14 228 963	4 510 388	3 171 990
Between 2 – 6 months	1 186 113	862 555	1 186 113	192 285
Between 7 – 12 months	13 762 144	5 152 111	13 762 144	1 148 534
After 12 months	68 604 216	51 291 539	68 604 216	11 434 161
	88 062 861	71 535 168	88 062 861	15 946 970
<b>3.3 Loans and advances to customers by business line</b>				
Mortgage lending	8 898 698	22 318 268	8 898 698	4 975 297
Consumer lending	77 664 401	48 369 561	77 664 401	10 782 780
Small business lending	1 499 762	847 339	1 499 762	188 893
	88 062 861	71 535 168	88 062 861	15 946 970
<b>3.4 Mortgage loans spread</b>				
Residential high density	2 199 125	5 020 857	2 199 125	1 119 273
Residential medium density	940 850	5 887 416	940 850	1 312 452
Residential low density	5 758 723	11 030 450	5 758 723	2 458 962
Commercial	-	379 545	-	84 610
	8 898 698	22 318 268	8 898 698	4 975 297





Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

# Audited Financial Results for the year ended 31 December 2020

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>3.5 Non-performing debt</b>				
Non-performing loans and advances	1 112 903	2 182 551	1 112 903	486 545
Less: Allowance for loan impairment	(329 006)	(1 181 873)	(329 006)	(263 469)
Value to be received from security held	783 897	1 000 678	783 897	223 076

For the secured non-performing loans, security exists in the form of liens registered over funded accounts, bonds registered over landed property and guarantees in various forms. The Society discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees. The internally discounted value of security held in respect of the non-performing book amounted to ZW\$1 753 947 as at 31 Dec 2020 (2019: ZW\$1 245 141).

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Percentage Contribution	31 Dec 2019 ZW\$	Percentage Contribution
<b>3.6 Sectoral analysis</b>				
Private	86 563 099	99%	70 687 829	99%
Distribution	233 697	0%	-	0%
Services	1 266 065	1%	847 339	1%
	88 062 861	100%	71 535 168	100%

	Unaudited Historical cost			
	31 Dec 2020 ZW\$	Percentage Contribution	31 Dec 2019 ZW\$	Percentage Contribution
Private	86 563 099	99%	15 758 077	99%
Distribution	233 697	0%	-	0%
Services	1 266 065	1%	188 893	1%
	88 062 861	100%	15 946 970	100%

### 3.7 Internal rating scale of advances and other accounts

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

	Inflation adjusted 31 Dec 2020				Inflation adjusted 31 Dec 2019			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
<b>Total loans and advances</b>								
Good (AAA to BBB-)	85 474 199	751 842	145 435	86 371 476	66 110 271	908 337	355 684	67 374 292
Special mention (BB+ to CCC-)	516 711	60 971	837	578 519	1 452 238	44 292	1 539 814	
Non-performing (CC+ to D)	-	-	1 112 866	1 112 866	-	-	2 621 062	
Total	85 990 910	812 813	1 259 138	88 062 861	67 562 509	952 629	3 020 030	71 535 168
<b>Mortgage lending</b>								
Good (AAA to BBB-)	8 568 389	-	-	8 568 389	20 257 963	560 669	242 557	21 061 189
Special mention (BB+ to CCC-)	37 645	-	-	37 645	460 976	-	14 059	475 035
Non-performing (CC+ to D)	-	-	292 664	292 664	-	-	782 044	
Total	8 606 034	-	292 664	8 898 698	20 718 939	560 669	1 038 660	22 318 268
<b>Consumer lending</b>								
Good (AAA to BBB-)	75 407 133	751 800	144 392	76 303 325	45 663 799	347 619	112 930	46 124 348
Special mention (BB+ to CCC-)	479 066	60 971	837	540 874	983 282	2 857	29 225	1 015 364
Non-performing (CC+ to D)	-	-	820 202	820 202	-	-	1 229 849	1 229 849
Total	75 886 199	812 771	965 431	77 664 401	46 647 081	350 476	1 372 004	48 369 561
<b>Small business lending</b>								
Good (AAA to BBB-)	1 498 677	42	1 043	1 499 762	188 509	49	197	188 755
Special mention (BB+ to CCC-)	-	-	-	-	7 980	41 435	-	49 415
Non-performing (CC+ to D)	-	-	-	-	-	-	609 169	609 169
Total	1 498 677	42	1 043	1 499 762	196 489	41 484	609 366	847 339

	Unaudited Historical cost 31 Dec 2020				Unaudited Historical cost 31 Dec 2019			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
<b>Total loans and advances</b>								
Good (AAA to BBB-)	85 474 199	751 842	145 435	86 371 476	14 737 625	202 491	79 291	15 019 407
Special mention (BB+ to CCC-)	516 711	60 971	837	578 519	323 740	9 874	9 649	343 263
Non-performing (CC+ to D)	-	-	1 112 866	1 112 866	-	-	584 300	584 300
Total	85 990 910	812 813	1 259 138	88 062 861	15 061 365	212 365	673 240	15 946 970
<b>Mortgage lending</b>								
Good (AAA to BBB-)	8 568 389	-	-	8 568 389	4 516 004	124 987	54 072	4 695 063
Special mention (BB+ to CCC-)	37 645	-	-	37 645	102 763	-	3 134	105 897
Non-performing (CC+ to D)	-	-	292 664	292 664	-	-	174 337	174 337
Total	8 606 034	-	292 664	8 898 698	4 618 767	124 987	231 543	4 975 297
<b>Consumer lending</b>								
Good (AAA to BBB-)	75 407 133	751 800	144 392	76 303 325	10 179 598	77 493	25 175	10 282 266
Special mention (BB+ to CCC-)	479 066	60 971	837	540 874	219 198	637	6 515	226 350
Non-performing (CC+ to D)	-	-	820 202	820 202	-	-	274 164	274 164
Total	75 886 199	812 771	965 431	77 664 401	10 398 796	78 130	305 854	10 782 780
<b>Small business lending</b>								
Good (AAA to BBB-)	1 498 677	42	1 043	1 499 762	42 023	11	44	42 078
Special mention (BB+ to CCC-)	-	-	-	-	1 779	9 237	-	11 016
Non-performing (CC+ to D)	-	-	-	-	-	-	135 799	135 799
Total	1 498 677	42	1 043	1 499 762	43 802	9 248	135 843	188 893

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

	Inflation adjusted 31 Dec 2020				Inflation adjusted 31 Dec 2019			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
<b>Total ECL for loans and advances</b>								
Good (AAA to BBB-)	2 999 904	182 868	84 274	3 267 046	7 537 715	300 617	142 779	7 981 111
Special mention (BB+ to CCC-)	18 397	12 956	837	32 190	248 312	10 416	21 680	280 408
Non-performing (CC+ to D)	-	-	329 006	329 006	-	-	804 325	804 325
Total	3 018 301	195 824	414 117	3 628 242	7 786 027	311 033	968 784	9 065 844
<b>ECL for mortgage lending</b>								
Good (AAA to BBB-)	101 449	-	-	101 449	3 088 408	200 386	104 080	3 392 874
Special mention (BB+ to CCC-)	-	-	-	-	68 561	-	5 872	74 433
Non-performing (CC+ to D)	-	-	-	-	-	-	377 567	377 567
Total	101 449	-	-	101 449	3 156 969	200 386	487 519	3 844 874
<b>ECL for consumer lending</b>								
Good (AAA to BBB-)	2 890 741	182 855	83 703	3 157 299	4 415 331	100 182	38 659	4 554 172
Special mention (BB+ to CCC-)	18 397	12 956	837	32 190	169 263	4 136	13 309	186 708
Non-performing (CC+ to D)	-	-	329 006	329 006	-	-	245 585	245 585
Total	2 909 138	195 811	413 546	3 518 495	4 584 594	104 318	297 553	4 986 465
<b>ECL for small business lending</b>								
Good (AAA to BBB-)	7 714	13	571	8 298	33 976	49	40	34 065
Special mention (BB+ to CCC-)	-	-	-	-	10 488	6 280	2 499	19 267
Non-performing (CC+ to D)	-	-	-	-	-	-	181 173	181 173
Total	7 714	13	571	8 298	44 464	6 329	183 712	234 505

	Unaudited Historical cost 31 Dec 2020				Unaudited Historical cost 31 Dec 2019			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
<b>Total ECL for loans and advances</b>								
Good (AAA to BBB-)	2 999 904	182 868	84 274	3 267 046	1 680 345	67 015	31 829	1 779 189
Special mention (BB+ to CCC-)	18 397	12 956	837	32 190	55 355	2 322	4 833	62 510
Non-performing (CC+ to D)	-	-	329 006	329 006	-	-	179 304	179 304
Total	3 018 301	195 824	414 117	3 628 242	1 735 700	69 337	215 966	2 021 003
<b>ECL for mortgage lending</b>								
Good (AAA to BBB-)	101 449	-	-	101 449	688 483	44 671	23 202	756 356
Special mention (BB+ to CCC-)	-	-	-	-	15 284	-	1 309	16 593
Non-performing (CC+ to D)	-	-	-	-	-	-	84 169	84 169
Total	101 449	-	-	101 449	703 767	44 671	108 680	857 118
<b>ECL for consumer lending</b>								
Good (AAA to BBB-)	2 890 741	182 855	83 703	3 157 299	984 288	22 333	8 618	1 015 239
Special mention (BB+ to CCC-)	18 397	12 956	837	32 190	37 733	922	2 967	41 622
Non-performing (CC+ to D)	-	-	329 006	329 006	-	-	54 747	54 747
Total	2 909 138	195 811	413 546	3 518 495	1 022 021	23 255	66 332	1 111 608
<b>ECL for small business lending</b>								
Good (AAA to BBB-)	7 714	13	571	8 298	7 574	11	9	7 594
Special mention (BB+ to CCC-)	-	-	-	-	2 338	1 400	557	4 295
Non-performing (CC+ to D)	-	-	-	-	-	-	40 388	40 388
Total	7 714	13	571	8 298	9 912	1 411	40 954	52 277

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>4. TRADE AND OTHER RECEIVABLES</b>				
Sundry debtors and other accounts	121 217 074	27 005 525	121 217 074	6 020 202
Intercompany balances	467	1 562 140	467	348 240
Prepayments	14 966 826	46 668 258	14 966 826	10 403 516
	136 184 367	75 235 923	136 184 367	16 771 958
Current	136 184 367	75 235 923	136 184 367	16 771 958

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>5 INVENTORIES</b>				
Housing stands	2 551 004	3 605 066	2 372 817	675 000
Non-current	2 551 004	3 605 066	2 372 817	675 000
<b>6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
<b>6.1 Unlisted equity investments</b>				
Balance at beginning of year	3 082 596	3 364 351	687 187	120 742
Fair value gain / (loss)	26 725 766	(281 755)	29 121 175	566 445
Balance at end of year	29 808 362	3 082 596	29 808 362	687 187
Non-current	29 808 362	3 082 596	29 808 362	687 187

### 6.2 Measurement of fair value

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

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>7. RIGHT OF USE ASSETS</b>				
Balance at beginning of year	643 584	2 589 658	143 471	92 940
Lease reassessments	690 887	365 644	690 887	81 511
Depreciation charge	(271 833)	(138 970)	(173 468)	(30 980)
Impairment loss	(401 748)	(2 172 748)	-	-
Balance at end of year	660 890	643 584	660 890	143 471

### 8. PROPERTY AND EQUIPMENT

	Inflation adjusted					
	Freehold properties ZW\$	Leasehold improvements ZW\$	Motor vehicles ZW\$	Office furniture & equipment ZW\$	Computer equipment ZW\$	Total ZW\$
<b>2020</b>						
<b>Cost / Valuation</b>						
Balance at beginning of year	57 073 206	13 524 125	12 228 114	32 562 217	14 865 561	130 253 223
Transfers between categories	-	365 290	-	(365 290)	-	-
Disposals	-	-	-	(18 788)	(2 157)	(20 945)
Revaluation gains	393 816	-	2 405 535	-	-	2 799 351
Balance at end of year	57 467 022	13 889 415	14 633 649	32 178 139	14 863 404	133 031 629

### Accumulated depreciation and impairment charges

Balance at beginning of year	8 773 527	8 525 012	9 330 215	17 540 944	11 882 163	56 051 861
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	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>10. INVESTMENT IN SUBSIDIARIES</b>				
<b>10.1 Assets at fair value through profit or loss</b>				
Balance at beginning of year	292 360 681	154 651 361	65 174 750	5 527 766
Effects of changes in functional currency	-	-	-	5 940 720
Fair value (loss) / gain	(25 965 907)	137 709 320	201 213 313	53 706 264
Balance at end of year	266 394 774	292 360 681	266 388 063	65 174 750
Non-current	266 394 774	292 360 681	266 388 063	65 174 750

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

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>11. DEPOSITS FROM CUSTOMERS</b>				
<b>11.1 Deposit by type</b>				
Savings accounts	281 259 984	154 658 841	281 259 984	34 477 305
Fixed deposits	4 080 228	19 083 120	4 080 228	4 254 102
	285 340 212	173 741 961	285 340 212	38 731 407
<b>11.2 Maturity analysis</b>				
On demand	197 653 362	124 413 631	197 653 362	27 734 895
Within 1 month	58 175 938	9 417 032	58 175 938	2 099 291
1 month to 6 months	382 935	209 703	382 935	46 748
6 months to 12 months	25 047 749	20 937 326	25 047 749	4 667 451
More than 1 year	4 080 228	18 764 269	4 080 228	4 183 022
	285 340 212	173 741 961	285 340 212	38 731 407

	Inflation adjusted				Unaudited Historical cost			
	31 Dec 2020 ZW\$	% Contribution	31 Dec 2019 ZW\$	% Contribution	31 Dec 2020 ZW\$	% Contribution	31 Dec 2019 ZW\$	% Contribution
<b>11.3 Sectorial analysis</b>								
Private individuals	261 643 892	92%	139 685 468	80%	261 643 892	92%	31 139 367	80%
Financial institutions	640 560	0%	820 981	0%	640 560	0%	183 017	0%
Communication	420 484	0%	471 553	0%	420 484	0%	105 121	0%
Manufacturing	56 343	0%	154 814	0%	56 343	0%	34 512	0%
Distribution	8 723 421	3%	11 489 583	7%	8 723 421	3%	2 561 314	7%
Construction	231 276	0%	229 858	0%	231 276	0%	51 241	0%
Agriculture	6 745 319	2%	6 347 972	4%	6 745 319	2%	1 415 121	4%
Services	6 878 917	2%	14 541 732	8%	6 878 917	2%	3 241 714	8%
	285 340 212	100%	173 741 961	100%	285 340 212	100%	38 731 407	100%

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>12. TRADE AND OTHER PAYABLES</b>				
Leave pay accrual	146 696	173 132	146 696	38 595
Creditors and other accounts	11 521 979	1 230 637	11 521 979	274 339
Deferred income	2 296 166	1 571 251	2 296 166	350 271
Intercompany balances	16 594 825	10 132 159	16 594 825	2 258 711
	30 559 666	13 107 179	30 559 666	2 921 916
Current	30 559 666	13 107 179	30 559 666	2 921 916
<b>13 LEASE LIABILITIES</b>				
Balance at beginning of year	643 584	2 592 366	143 471	93 037
Lease reassessments	690 887	145 379	690 887	86 079
Accrued interest expense posted to profit or loss	382 835	2 398 489	187 228	5 217
Lease commitments paid during the year	(590 524)	(1 138 575)	(288 799)	(40 862)
Gain on lease modification	(3 604)	-	(3 604)	-
Net monetary adjustment	(393 995)	(3 354 075)	-	-
Balance at end of year	729 183	643 584	729 183	143 471

	Inflation adjusted			
	Balance at 1 January ZW\$	Recognised in comprehensive profit or loss ZW\$	Recognised in other comprehensive income ZW\$	Effects of changes in functional currency ZW\$
<b>2020</b>				
Property and equipment	2 414 983	(103 775)	19 691	-
Investment property	23 420 831	(943 780)	-	-
	25 835 814	(1 047 555)	19 691	-
<b>2019</b>				
Property and equipment	1 603 439	(560 040)	1 371 584	-
Investment property	40 118 356	(16 697 525)	-	-
	41 721 795	(17 257 565)	1 371 584	-
	Unaudited Historical cost			
	Balance at 1 January ZW\$	Recognised in comprehensive profit or loss ZW\$	Recognised in other comprehensive income ZW\$	Effects of changes in functional currency ZW\$
<b>2020</b>				
Property and equipment	538 360	(23 134)	1 815 674	-
Investment property	5 221 086	17 255 964	-	-
	5 759 446	17 232 830	1 815 674	-
<b>2019</b>				
Property and equipment	40 500	(5 200)	440 164	62 896
Investment property	377 425	4 279 670	-	563 991
	417 925	4 274 470	440 164	626 887

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>15 EQUITY AND RESERVES</b>				
<b>15.1 Share capital</b>				
Authorised 100 000 000 ordinary shares of ZW\$0.01 each	1 000 000	1 000 000	1 000 000	1 000 000
Issued and fully paid 95 481 425 ordinary shares of ZW\$0.01 each	39 628 482	39 628 482	954 814	954 814
Share premium	369 258 036	369 258 036	8 896 953	8 896 953
<b>15.2 Reserves</b>				
Functional currency translation reserve	-	-	18 061 563	18 061 563
Revaluation reserves	55 645 893	52 885 663	54 107 802	13 867 706
Retained income	312 570 448	367 633 039	694 896 829	142 985 648
Total reserves	368 216 341	420 518 702	767 066 194	174 914 917
<b>15.3 Capital adequacy</b>				
Share capital	39 628 482	39 628 482	954 814	954 814
Share premium	369 258 036	369 258 036	8 896 953	8 896 953
Retained income	312 570 448	367 633 039	694 896 829	142 985 648
Tier 1 Capital	721 456 966	776 519 557	704 748 596	152 837 415
Functional currency translation reserve	-	-	18 061 563	18 061 563
Revaluation reserves	55 645 893	52 885 663	54 107 802	13 867 706
Tier 2 Capital	55 645 893	52 885 663	72 169 365	31 929 269
Total capital base	777 102 859	829 405 220	776 917 961	184 766 684
Credit risk weighted assets	1 025 797 703	987 014 664	1 025 797 703	220 030 133
Operational risk equivalent assets	334 562 004	368 693 759	334 562 004	82 191 015
Total risk weighted assets	1 360 359 707	1 355 708 423	1 360 359 707	302 221 148
Tier 1 ratio	53.0%	57.3%	51.8%	50.6%
Tier 2 ratio	4.1%	3.9%	5.3%	10.6%
Capital adequacy ratio	57.1%	61.2%	57.1%	61.1%
<b>16 NET INTEREST INCOME</b>				
<b>16.1 Interest income</b>				
Mortgage advances	3 092 823	6 157 045	1 910 590	443 056
Consumer loans	16 493 775	39 982 701	10 890 230	2 378 027
Short term funds and securities	959 825	5 932 147	671 323	1 322 423
Other	422 121	121 896	379 851	27 173
	20 968 544	52 193 789	13 851 994	4 170 679
<b>16.2 Interest expense</b>				
Fixed deposits	441 121	2 697 782	219 373	289 091
Savings accounts	726 088	2 828 428	467 557	100 808
Other	382 835	51 245	187 228	5 217
	1 550 044	5 577 455	874 158	395 116
Net interest income	19 418 500	46 616 334	12 977 836	3 775 563
<b>17 LOAN IMPAIRMENT MOVEMENT</b>				
Balance at beginning of year	9 065 844	35 944 548	2 021 003	1 290 005
Net monetary adjustments	(7 044 841)	(30 157 825)	-	-
Charge to statement of profit or loss	1 607 239	3 279 121	1 607 239	730 998
Balance at end of year	3 628 242	9 065 844	3 628 242	2 021 003
<b>18 COMMISSIONS, FEES AND OPERATING INCOME</b>				
Commissions and fees	67 505 578	82 800 307	49 080 742	7 802 527
Operating lease rental income	16 729 141	4 030 127	11 976 927	601 816
Exchange gains	23 575 900	4 949 544	23 575 900	1 103 377
Profit on disposal of equipment	19 488	-	19 488	-
Dividend income	6 124 182	3 484 091	3 048 232	564 138
Other	680 175	2 760 644	376 672	65 596
	114 634 464	98 024 713	88 077 961	10 137 454
<b>19 FAIR VALUE ADJUSTMENT</b>				
Arising from fair value through profit or loss instruments:				
Investment securities	26 725 766	(281 755)	29 121 175	566 445
Investment properties	(18 875 592)	258 086 042	345 119 284	85 550 466
Investments in subsidiaries	(25 965 907)	137 709 320	201 213 313	53 706 264
	(18 115 733)	395 513 607	575 453 772	139 823 175
<b>20 OPERATING EXPENSES</b>				
Operating expenses comprise the following:				
Staff cost	21 818 510	22 533 663	16 012 041	1 753 523
Communication expenses	469 561	566 426	324 930	65 916
Computer and information technology expenses	31 706 566	25 127 983	27 483 314	2 598 102
Occupation expenses	5 666 121	3 654 893	4 094 289	364 242
Transport costs	447 236	674 660	298 052	72 633
Security	5 147 490	2 402 273	4 177 082	215 776
Administration expenses	98 240 362	94 424 472	53 388 041	9 331 801
	163 495 846	149 384 370	105 777 749	14 401 993
Included in administration expenses are the following:				
Audit fees	6 191 358	5 060 424	2 659 827	74 414
Directors fees	1 282 516	644 785	744 068	43 806
Depreciation of property and equipment	8 788 887	8 102 907	1 959 263	290 804
Depreciation right of use assets	271 833	138 970	173 468	30 980
Impairment of assets	11 956 307	2 172 748	-	-
Operating lease liabilities finance cost	382 835	2 398 489	187 228	5 217
<b>21 INCOME TAX EXPENSE / (CREDIT)</b>				
Deferred tax credit / (expense)	1 047 555	17 257 565	(17 232 830)	(4 274 470)
Total tax credit / (expense) recognised in statement of profit or loss	1 047 555	17 257 565	(17 232 830)	(4 274 470)





Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2020

22 RISK MANAGEMENT

22.1 Financial assets and financial liabilities classification and fair value

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

	Inflation adjusted							
	CARRYING AMOUNT				FAIR VALUE			
	Designated at FVTPL	Amortised cost	Designated at FVOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
As at 31 December 2020								
Financial assets measured at fair value								
Financial assets at FVTPL	29 808 362	-	-	29 808 362	-	-	29 808 362	29 808 362
Investments in subsidiaries	266 394 774	-	-	266 394 774	-	-	266 394 774	266 394 774
	296 203 136	-	-	296 203 136	-	-	296 203 136	296 203 136
Financial assets not measured at fair value								
Trade and other receivables	-	121 217 541	-	121 217 541				
Loans and advances	-	84 434 619	-	84 434 619				
Money market investments	-	49 992 421	-	49 992 421				
Cash and cash equivalents	-	42 330 688	-	42 330 688				
	-	297 975 269	-	297 975 269				
Financial liabilities not measured at fair value								
Trade and other payables	-	(30 559 666)	-	(30 559 666)				
Deposits from customers	-	(285 340 212)	-	(285 340 212)				
	-	(315 899 878)	-	(315 899 878)				
As at 31 December 2019								
Financial assets measured at fair value								
Financial assets at FVTPL	3 082 596	-	-	3 082 596	-	-	3 082 596	3 082 596
Investments in subsidiaries	292 360 681	-	-	292 360 681	-	-	292 360 681	292 360 681
	295 443 277	-	-	295 443 277	-	-	295 443 277	295 443 277
Financial assets not measured at fair value								
Trade and other receivables	-	75 235 923	-	75 235 923				
Loans and advances	-	62 469 324	-	62 469 324				
Money market investments	-	8 987 609	-	8 987 609				
Cash and cash equivalents	-	53 731 020	-	53 731 020				
	-	153 755 618	-	153 755 618				
Financial liabilities not measured at fair value								
Trade and other payables	-	(13 107 179)	-	(13 107 179)				
Deposits from customers	-	(173 741 961)	-	(173 741 961)				
	-	(186 849 140)	-	(186 849 140)				

	Unaudited Historical cost							
	CARRYING AMOUNT				FAIR VALUE			
	Designated at FVTPL	Amortised cost	Designated at FVOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
As at 31 December 2020								
Financial assets measured at fair value								
Financial assets at FVTPL	29 808 362	-	-	29 808 362	-	-	29 808 362	29 808 362
Investments in subsidiaries	266 388 063	-	-	266 388 063	-	-	266 388 063	266 388 063
	296 196 425	-	-	296 196 425	-	-	296 196 425	296 196 425
Financial assets not measured at fair value								
Trade and other receivables	-	121 217 541	-	121 217 541				
Loans and advances	-	84 434 619	-	84 434 619				
Money market investments	-	49 992 421	-	49 992 421				
Cash and cash equivalents	-	42 330 688	-	42 330 688				
	-	297 975 269	-	297 975 269				
Financial liabilities not measured at fair value								
Trade and other payables	-	(30 559 666)	-	(30 559 666)				
Deposits from customers	-	(285 340 212)	-	(285 340 212)				
	-	(315 899 878)	-	(315 899 878)				
As at 31 December 2019								
Financial assets measured at fair value								
Financial assets at FVTPL	687 187	-	-	687 187	-	-	687 187	687 187
Investments in subsidiaries	65 174 750	-	-	65 174 750	-	-	65 174 750	65 174 750
	65 861 937	-	-	65 861 937	-	-	65 861 937	65 861 937
Financial assets not measured at fair value								
Trade and other receivables	-	6 368 442	-	6 368 442				
Loans and advances	-	13 925 967	-	13 925 967				
Money market investments	-	2 003 562	-	2 003 562				
Cash and cash equivalents	-	11 977 982	-	11 977 982				
	-	34 275 953	-	34 275 953				
Financial liabilities not measured at fair value								
Trade and other payables	-	(2 921 916)	-	(2 921 916)				
Deposits from customers	-	(38 731 407)	-	(38 731 407)				
	-	(41 653 323)	-	(41 653 323)				

22.2 Interest rate risk

22.2.1 Interest rate gap analysis

	Inflation adjusted				
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
As at 31 December 2020					
Financial assets by type					
Local bank accounts	28 831 171	-	-	-	28 831 171
Money market investments	49 992 421	-	-	-	49 992 421
Loans and other advances	882 146	1 186 113	13 762 144	68 604 216	84 434 619
	79 705 738	1 186 113	13 762 144	68 604 216	163 258 211
Financial liability by type					
Deposits from customers	255 828 239	383 966	25 047 779	4 080 228	285 340 212
Sensitivity gap	(176 122 501)	802 147	(11 285 635)	64 523 988	(122 082 001)
Cumulative gap	(176 122 501)	(175 320 354)	(186 605 989)	(122 082 001)	-
As at 31 December 2019					
Financial assets by type					
Local bank accounts	41 949 923	-	-	-	41 949 923
Money market investments	8 987 609	-	-	-	8 987 609
Loans and other advances	11 931 624	704 470	4 967 232	44 865 998	62 469 324
	62 869 156	704 470	4 967 232	44 865 998	113 406 856
Financial liability by type					
Deposits from customers	133 830 663	209 703	20 937 326	18 764 269	173 741 961
Sensitivity gap	(70 961 507)	494 767	(15 970 094)	26 101 729	(60 335 105)
Cumulative gap	(70 961 507)	(70 466 740)	(86 436 834)	(60 335 105)	-

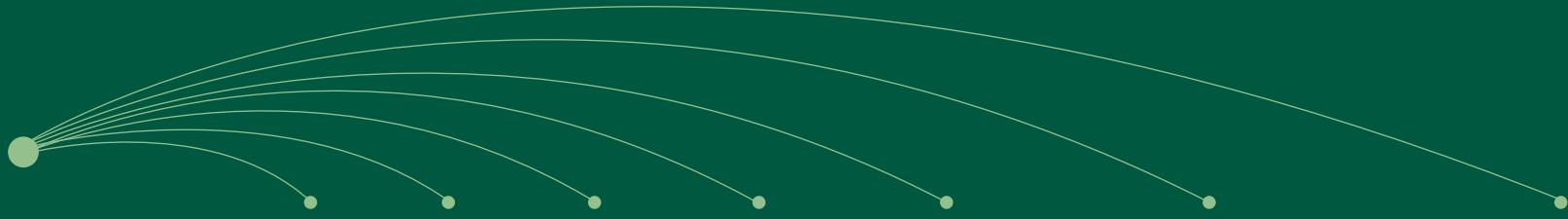
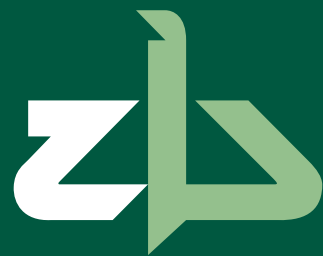
	Unaudited Historical cost				
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
As at 31 December 2020					
Financial assets by type					
Local bank accounts	28 831 171	-	-	-	28 831 171
Money market investments	49 992 421	-	-	-	49 992 421
Loans and other advances	882 146	1 186 113	13 762 144	68 604 216	84 434 619
	79 705 738	1 186 113	13 762 144	68 604 216	163 258 211
Financial liability by type					
Deposits from customers	255 828 239	383 966	25 047 779	4 080 228	285 340 212
Sensitivity gap	(176 122 501)	802 147	(11 285 635)	64 523 988	(122 082 001)
Cumulative gap	(176 122 501)	(175 320 354)	(186 605 989)	(122 082 001)	-
As at 31 December 2019					
Financial assets by type					
Local bank accounts	9 351 682	-	-	-	9 351 682
Money market investments	2 003 562	-	-	-	2 003 562
Loans and other advances	2 659 855	157 044	1 107 320	10 001 748	13 925 967
	14 015 099	157 044	1 107 320	10 001 748	25 281 211
Financial liability by type					
Deposits from customers	29 834 186	46 748	4 667 451	4 183 022	38 731 407
Sensitivity gap	(15 819 087)	110 296	(3 560 131)	5 818 726	(13 450 196)
Cumulative gap	(15 819 087)	(15 708 791)	(19 268 922)	(13 450 196)	-

22.3 Liquidity risk

22.3.1 Liquidity gap analysis

	Inflation adjusted					
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Gross nominal inflow/ (outflow) ZW\$	Carrying amount ZW\$
As at 31 December 2020						
Financial assets by type						
Cash and cash equivalents	42 330 688	-	-	-	42 330 688	42 330 688
Money market investments	50 043 836	-	-	-	50 043 836	49 992 421
Loans and other advances	271 650	5 798 173	29 106 973	162 403 425	197 580 221	84 434 619
Financial assets at FVTPL	-	-	-	29 808 362	29 808 362	29 808 362
	92 646 174	5 798 173	29 106 973	192 211 787	319 763 107	206 566 090
Financial liabilities by type						
Deposits from customers	255 883 314	388 700	25 977 634	4 318 241	286 567 889	285 340 212
Trade and other payables	-	28 263 500	-	-	28 263 500	30 559 666
Lease liabilities	-	-	-	729 183	729 183	729 183
	255 883 314	28 652 200	25 977 634	5 047 424	315 560 572	316 629 061
Sensitivity gap	(163 237 140)	(22 854 027)	3 129 339	187 164 363	4 202 535	(110 062 971)
Cumulative gap	(163 237 140)	(186 091 167)	(182 961 828)	4 202 535	-	-
As at 31 December 2019						
Financial assets by type						
Cash and cash equivalents	53 731 020	-	-	-	53 731 020	53 731 020
Money market investments	9 029 829	-	-	-	9 029 829	8 987 609
Loans and other advances	14 283 336	1 092 292	5 435 260	78 839 894	99 650 782	62 469 324
Financial assets at FVTPL	-	-	-	3 082 596	3 082 596	3 082 596
	77 044 185	1 092 292	5 435 260	81 922 490	165 494 227	128 270 549
Financial liabilities by type						
Deposits from customers	133 830 664	216 091	20 993 044	24 210 547	179 250 346	173 741 961
Trade and other payables	-	11 535 928	-	-	11 535 928	13 107 179
Lease liabilities	-	-	-	643 584	643 584	643 584
	133 830 664	11 752 019	20 993 044	24 854 131	191 429 858	187 492 724
Sensitivity gap	(56 786 479)	(10 659 727)	(15 557 784)	57 068 359	(25 935 631)	(59 222 175)
Cumulative gap	(56 786 479)	(67 446 206)	(83 003 990)	(25 935 631)	-	-

	Unaudited Historical cost					
	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Gross nominal inflow/ (outflow) ZWS	Carrying amount ZWS
As at 31 December 2020						
Financial assets by type						
Cash and cash equivalents	42 330 688	-	-	-	42 330 688	42 330 688
Money market investments	50 043 836	-	-	-	50 043 836	49 992 421
Loans and other advances	271 650	5 798 173	29 106 973	162 403 425	197 580 221	84 434 619
Financial assets at FVTPL	-	-	-	29 808 362	29 808 362	29 808 362
	92 646 174	5 798 173	29 106 973	192 211 787	319 763 107	206 566 090
Financial liabilities by type						
Deposits from customers	255 883 314	388 700	25 977 634	4 318 241	286 567 889	285 340 212
Trade and other payables	-	28 263 500	-	-	28 263 500	30 559 666
Lease liabilities	-	-	-	729 183	729 183	729 183
	255 883 314	28 652 200	25 977 634	5 047 424	315 560 572	316 629 061
Sensitivity gap	(163 237 140)	(22 854 027)	3 129 339	187 164 363	4 202 535	(110 062 971)
Cumulative gap	(163 237 140)	(186 091 167)	(182 961 828)	4 202 535	-	-
As at 31 December 2019						
Financial assets by type						
Cash and cash equivalents	11 977 982	-	-	-	11 977 982	11 977 982
Money market investments	2 012 974	-	-	-	2 012 974	2 003 562
Loans and other advances	3 184 111	243 499	1 211 655	17 575 375	22 214 640	13 925 967
Financial assets at FVTPL	-	-	-	687 187	687 187	687 187
	17 175 067	243 499	1 211 655	18 262 562	36 892 783	28 594 698
Financial liabilities by type						
Deposits from customers	29 834 186	48 172	4 679 872	5 397 133	39 959 363	38 731 407
Trade and other payables	-	2 571 645	-	-	2 571 645	2 921 916
Lease liabilities	-	-	-	143 471	143 471	143 471
	29 834 186	2 970 088	4 679 872	5 540 604	43 024 750	41 796 794
Sensitivity gap	(12 659 119)	(2 376 318)	(3 468 217)	12 721 958	(5 781 696)	(13 202 096)
Cumulative gap	(12 659 119)	(15 035 437)	(18 503 654)	(5 781 696)	-	-



Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS

# Audited Financial Results for the year ended 31 December 2020



## AUDITED FINANCIAL RESULTS for the year ended 31 December 2020

### STATEMENTS OF FINANCIAL POSITION As at 31 December 2020

Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>ASSETS</b>				
Cash and cash equivalents	4 200 400	774 424	4 200 400	172 638
Funds on deposit	5 942 149	11 073 475	5 942 149	2 468 553
Reinsurance claim receivable	17 270	975 436	17 270	217 452
Inventories, Trade and other receivables	2 13 508 749	7 676 491	13 508 749	1 711 281
Investment securities	3 471 008 719	464 858 569	471 008 719	103 628 544
Treasury bills and bonds	3 12 220 511	20 209 564	12 220 511	4 505 215
Investment properties	4 208 249 228	207 706 356	208 249 228	46 302 916
Right of use asset	5 7 365 883	4 860 202	5 099 666	1 083 460
Equity accounted investments	6 2 482 737 278	1 646 843 337	2 450 748 623	364 786 119
Intangible assets	7 23 965 462	29 074 264	996 295	767 134
Equipment	8 27 371 149	23 928 679	27 371 149	5 334 297
<b>TOTAL ASSETS</b>	<b>3 256 586 798</b>	<b>2 417 980 797</b>	<b>3 199 362 759</b>	<b>530 977 609</b>
<b>LIABILITIES</b>				
Life assurance funds	9 1 673 756 150	1 074 898 822	1 673 756 150	238 655 969
Lease Liability	10 5 470 576	4 748 350	5 470 576	1 058 525
Deferred tax liability	155 719 524	107 995 531	155 719 526	11 831 124
Trade and other payables	11 50 704 313	29 139 790	50 704 313	6 495 984
Provisions	6 373 856	11 538 048	6 373 856	2 572 118
Reinsurance premium payable	2 056 516	773 872	2 056 516	172 512
Taxation	34 586 340	3 069 553	34 586 340	684 282
	<b>1 928 667 275</b>	<b>1 232 163 966</b>	<b>1 928 667 277</b>	<b>261 470 514</b>
<b>EQUITY</b>				
Share capital	9 634 892	9 634 892	231 908	231 908
Share premium	184 102 910	184 102 910	4 431 623	4 431 623
Investment reserve	1 236 516 791	526 416 451	827 451 668	117 351 328
Revaluation reserve	52 356 864	42 947 598	38 701 969	7 013 701
Foreign currency translation reserve	-	-	28 051 287	28 051 287
Retained earnings	(154 691 934)	422 714 980	371 827 027	112 427 248
<b>Total equity</b>	<b>1 327 919 523</b>	<b>1 185 816 831</b>	<b>1 270 695 482</b>	<b>269 507 095</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 256 586 798</b>	<b>2 417 980 797</b>	<b>3 199 362 759</b>	<b>530 977 609</b>

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2020

Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>INCOME</b>				
Gross premium income	12 166 279 025	255 637 296	115 020 301	21 939 086
Premiums ceded to reinsurers	13 (12 523 047)	(13 137 253)	(10 341 566)	(1 012 390)
<b>Net premiums</b>	<b>153 755 978</b>	<b>242 500 043</b>	<b>104 678 735</b>	<b>20 926 696</b>
Fair value gains on fair value through profit or loss financial instruments	18 881 533	(135 847 547)	416 152 998	75 117 355
Fair value gain on investment properties	542 872	114 561 562	161 946 312	37 945 791
Investment income	14 10 989 880	30 673 790	7 991 379	3 204 391
Profit on disposal of listed equity investments	53 091 974	16 114 575	8 261 210	2 417 274
Other (loss)/ income	15 2 941 794	(1 333 157)	2 175 847	118 240
<b>Total income</b>	<b>240 204 031</b>	<b>266 669 266</b>	<b>701 206 481</b>	<b>139 729 747</b>
<b>Expenses and Policyholder Benefits</b>				
Policyholders' benefits	16 (302 390 388)	(95 212 243)	(283 300 620)	(8 909 062)
Changes to policyholder liabilities	(598 857 326)	(92 276 638)	(1 435 100 181)	(179 186 906)
Operating expenses	17 (138 729 512)	(198 842 617)	(89 838 463)	(16 332 287)
Commissions	(48 826 813)	(40 578 512)	(23 879 047)	(3 537 681)
Profit share under bancassurance agreements	(5 699 431)	(3 739 461)	(4 316 407)	(507 910)
<b>Total expenses and policyholder benefits</b>	<b>(1 094 503 470)</b>	<b>(430 649 471)</b>	<b>(1 836 434 718)</b>	<b>(208 473 846)</b>
<b>Operating profit before taxation</b>	<b>(854 299 439)</b>	<b>(163 980 205)</b>	<b>(1 135 228 237)</b>	<b>(68 744 097)</b>
Share of profit/ (loss) of equity accounted investee net of tax	6 1 047 445 869	907 765 123	2 287 728 194	294 770 110
Lease finance charge	(4 217 687)	(421 386)	(2 062 685)	(28 628)
Net monetary gain/loss	66 845 264	(13 780 180)	-	-
<b>Profit before taxation</b>	<b>255 774 007</b>	<b>729 583 352</b>	<b>1 150 437 272</b>	<b>225 997 383</b>
Income tax expense	18 (121 025 925)	(79 722 960)	(179 737 153)	(9 580 262)
<b>Profit for the year</b>	<b>134 748 082</b>	<b>649 860 392</b>	<b>970 700 119</b>	<b>216 417 121</b>
<b>Other comprehensive income</b>				
Revaluation of Property and Equipment	9 411 391	20 133 574	22 594 136	4 384 426
Share of other comprehensive income of equity accounted investee net of tax	6 (2 125)	7 420 822	9 094 132	2 120 638
<b>Other comprehensive income for the year</b>	<b>9 409 266</b>	<b>27 554 396</b>	<b>31 688 268</b>	<b>6 505 064</b>
<b>Total comprehensive income for the year</b>	<b>144 157 348</b>	<b>677 414 788</b>	<b>1 002 388 387</b>	<b>222 922 185</b>

### STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2020

Note	Inflation adjusted						
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Investment reserve ZW\$	Retained earnings ZW\$	FCTR equity ZW\$	Total ZW\$
<b>Balance at 31 December 2018</b>	9 634 892	184 102 910	15 393 197	-	310 249 410	-	519 380 409
Profit for the year	-	-	-	-	676 737 795	-	676 737 795
Transfer to/ from retained earnings	-	-	-	526 416 451	(526 416 451)	-	-
<b>Revaluation of property</b>	-	-	113 330 992	-	-	-	113 330 992
Dividend paid	-	-	-	-	(10 978 371)	-	(10 978 371)
<b>Balance at 31 December 2019 (reported)</b>	9 634 892	184 102 910	128 724 189	526 416 451	449 592 383	-	1 298 470 825
Correction of prior year error	-	-	(85 776 591)	-	(26 877 403)	-	(112 653 994)
<b>Balance at 31 December 2019 (restated)</b>	9 634 892	184 102 910	42 947 598	526 416 451	422 714 980	-	1 185 816 831
Profit for the year	-	-	-	-	134 748 082	-	134 748 082
Revaluation of Property	-	-	9 409 266	-	-	-	9 409 266
Transfer (to)/ from retained earnings	-	-	-	710 100 340	(710 100 340)	-	-
Dividend paid	-	-	-	-	(2 054 656)	-	(2 054 656)
<b>Balance at 31 December 2020</b>	9 634 892	184 102 910	52 356 864	1 236 516 791	(154 691 934)	-	1 327 919 523

### STATEMENT OF CHANGES IN EQUITY (continued) For the year ended 31 December 2020

Note	Unaudited Historical cost						
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Investment reserve ZW\$	Retained earnings ZW\$	FCTR equity ZW\$	Total ZW\$
<b>Balance at 31 December 2018</b>	231 908	4 431 623	508 637	9 217 528	4 537 927	-	18 927 623
Profit for the year	-	-	-	-	216 284 239	-	216 284 239
<b>Revaluation of Property</b>	-	-	36 844 588	-	-	-	36 844 588
<b>Arising from change in functional currency</b>	-	-	-	-	-	29 155 989	29 155 989
Dividend paid	-	-	-	-	(394 000)	-	(394 000)
Transfer to investment reserve	-	-	-	108 133 800	(108 133 800)	-	-
<b>Balance at 31 December 2019 (Reported)</b>	231 908	4 431 623	37 353 225	117 351 328	112 294 366	29 155 989	300 818 439
Correction of prior year error	-	-	(30 339 524)	-	132 882	(1 104 702)	(31 311 344)
<b>Balance at 31 December 2019 (Restated)</b>	231 908	4 431 623	7 013 701	117 351 328	112 427 248	28 051 287	269 507 095
Profit for the year	-	-	-	-	970 700 119	-	970 700 119
Revaluation of property	-	-	31 688 268	-	-	-	31 688 268
Transfer (to)/ from retained earnings	-	-	-	710 100 340	(710 100 340)	-	-
Dividend paid	-	-	-	-	(1 200 000)	-	(1 200 000)
<b>Balance at 31 December 2020</b>	231 908	4 431 623	38 701 969	827 451 668	371 827 027	28 051 287	1 270 695 482

### STATEMENT OF CASH FLOWS For the year ended 31 December 2020

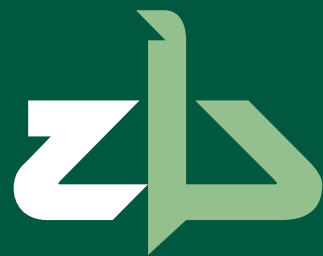
	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>Cash generated from operations</b>	<b>(44 512 918)</b>	<b>(77 890 233)</b>	<b>(85 872 618)</b>	<b>(6 701 710)</b>
Cash generated /(used) to increase working capital	4 747 460	(31 811 180)	38 296 787	4 596 813
Cash generated from operating activities	(39 765 458)	(109 701 413)	(47 575 831)	(2 104 897)
Interest received	2 925 806	8 673 002	1 953 812	589 234
Other dividends received	2 065 776	15 449 713	1 958 465	1 971 424
Dividends received from associates	10 127 746	-	9 437 765	-
Dividend paid	(2 054 656)	(10 978 371)	(1 200 000)	(394 000)
Taxation paid	(41 785 154)	(10 032 607)	(1 946 693)	(163 249)
<b>Cash generated from operating activities</b>	<b>(68 485 940)</b>	<b>(106 589 679)</b>	<b>(37 372 482)</b>	<b>(101 488)</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(1 720 309)	(1 877 178)	(982 825)	(172 137)
Purchase of intangible assets	(1 452 282)	(1 899 084)	(475 621)	(99 480)
Proceeds on disposal of equipment	-	202 478	-	45 138
Net (purchase) / disposal of financial assets at amortised cost	7 989 053	98 345 017	(7 715 296)	(195 611)
Purchase of equity investments	(8 930 247)	(75 232 959)	(4 175 364)	(3 451 466)
(Purchase) /maturity of funds on deposit	5 131 326	65 898 729	(3 473 596)	293 883
Proceeds on disposal of listed equity investments	74 753 602	28 503 906	61 209 394	4 089 833
<b>Cash used in investing activities</b>	<b>75 771 143</b>	<b>113 940 909</b>	<b>44 386 692</b>	<b>510 160</b>
<b>Cash flows from financing activities</b>				
Lease payments	(3 859 227)	(6 942 181)	(2 986 448)	(249 146)
<b>Cash used in financing activities</b>	<b>(3 859 227)</b>	<b>(6 942 181)</b>	<b>(2 986 448)</b>	<b>(249 146)</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>3 425 976</b>	<b>409 049</b>	<b>4 027 762</b>	<b>159 526</b>
Cash and cash equivalents at the beginning of the year	774 424	365 375	172 638	13 112
<b>Cash and cash equivalents at the end of year</b>	<b>4 200 400</b>	<b>774 424</b>	<b>4 200 400</b>	<b>172 638</b>

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
<b>1. FUNDS ON DEPOSIT</b>				
Fixed deposits	5 942 149	11 073 475	5 942 149	2 468 553
These are money market placements with terms of not more than a year.				
<b>2. INVENTORIES &amp; TRADE AND OTHER RECEIVABLES</b>				
Printing and stationery stock	261 377	116 107	261 377	25 887
Prepayments	2 870 901	151 917	2 870 901	33 870
Related party balances	535 256	170 622	535 256	38 036
Rent debtors	83 932	351 109	83 932	78 271
Sundry debtors	7 572 387	5 360 420	7 572 387	1 194 971
Advances for sales agents	2 296 109	2 025 193	2 296 109	451 462
Allowance for credit losses	(111 213)	(498 877)	(111 213)	(111 216)
	<b>13 508 749</b>	<b>7 676 491</b>	<b>13 508 749</b>	<b>1 711 281</b>
<b>3. INVESTMENT SECURITIES</b>				
<b>Designated as fair value through profit and loss:-</b>				
Equity securities – Listed	138 478 307	128 907 671	138 478 307	28 736 727
Equity securities – Unlisted	297 924 541	310 776 297	297 924 541	69 279 772
Gold Fund	34 605 871	25 174 601	34 605 871	5 612 045
<b>Total</b>	<b>471 008 719</b>	<b>464 858 569</b>	<b>471 008 719</b>	<b>103 628 544</b>
<b>At Amortised cost</b>				
Bonds	10 379 305	4 062 921	10 379 305	905 726
Treasury bills	1 805 115	15 856 455	1 805 115	3 534 798
Debentures	21 684	93 164	21 684	20 769
Paid up Permanent	14 407	197 024	14 407	43 922
<b>Total</b>	<b>12 220 511</b>	<b>20 209 564</b>	<b>12 220 511</b>	<b>4 505 215</b>
Fair Value Measurement				

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS	31 Dec 2020 ZWS	Restated 31 Dec 2019 ZWS
Level 1				
Quoted equities	138 478 307	128 907 671	138 478 307	28 736 727
Gold Fund	34 605 871	25 174 601	34 605 871	5 612 045
	173 084 178	154 082 272	173 084 178	34 348 772
Level 3				
Unquoted equities	297 924 541	310 776 297	297 924 541	69 279 772





ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2020

3.1 Reconciliation of carrying amount

	Inflation adjusted			
	Equities listed ZW\$	Equities unlisted ZW\$	Gold fund ZW\$	Total ZW\$
2020				
Balance at 1 January 2020	128 907 671	310 776 297	25 174 601	464 858 569
Additions	8 930 247	-	-	8 930 247
Disposals	(21 661 630)	-	-	(21 661 630)
Fair value gains	22 302 019	(12 851 756)	9 431 270	18 881 533
Balance at 31 December 2020	138 478 307	297 924 541	34 605 871	471 008 719
Restated 2019				
Balance at 1 January 2019	355 555 280	169 140 585	11 734 435	536 430 300
Additions	75 232 959	-	-	75 232 959
Disposals	(10 957 143)	-	-	(10 957 143)
Fair value gains	(290 923 425)	141 635 712	13 440 166	(135 847 547)
Balance at 31 December 2019	128 907 671	310 776 297	25 174 601	464 858 569

	Unaudited Historical cost			
	Equities listed ZW\$	Equities unlisted ZW\$	Gold fund ZW\$	Total ZW\$
2020				
Balance at 1 January 2020	28 736 727	69 279 772	5 612 045	103 628 544
Additions	4 175 363	-	-	4 175 363
Disposals	(52 948 186)	-	-	(52 948 186)
Fair value gains	158 514 403	228 644 769	28 993 826	416 152 998
Foreign currency translation				
Balance at 31 December 2020	138 478 307	297 924 541	34 605 871	471 008 719
Restated 2019				
Balance at 1 January 2019	12 760 433	6 070 245	421 135	19 251 813
Additions	3 451 466	-	-	3 451 466
Disposals	(1 672 555)	-	-	(1 672 555)
Fair value gains	13 860 142	56 463 389	4 793 824	75 117 355
Foreign currency translation	337 241	6 746 138	397 086	7 480 465
Balance at 31 December 2019	28 736 727	69 279 772	5 612 045	103 628 544

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
4. INVESTMENT PROPERTIES				
Reconciliation of carrying amount				
Opening balance as at 1 January	207 706 356	93 144 794	46 302 916	3 342 850
Fair value adjustment	542 872	114 561 562	161 946 312	37 945 791
Foreign currency translation	-	-	-	5 014 275
Closing balance as at 31 December	208 249 228	207 706 356	208 249 228	46 302 916
5. RIGHT OF USE ASSET				
Cost				
Balance at 1 January	21 325 964	29 323 146	1 674 396	1 052 371
Remeasurement of lease asset	8 425 201	2 790 290	5 335 814	622 025
Monetary adjustment	-	(10 787 472)	-	-
Balance at 31 December	29 751 165	21 325 964	7 010 210	1 674 396
Amortisation and impairment losses				
Balance as at 1 January	16 465 762	11 729 247	590 936	420 948
Amortisation	5 919 520	4 736 515	1 319 608	169 988
Balance as at 31 December	22 385 282	16 465 762	1 910 544	590 936
Net book value as at 31 December	7 365 883	4 860 202	5 099 666	1 083 460

6. EQUITY ACCOUNTED INVESTMENTS

	Inflation adjusted		
	Associate ZW\$	Subsidiary ZW\$	Total ZW\$
2020			
Balance at 1 January 2020	1 636 382 304	10 461 033	1 646 843 337
Share of profit/( loss) for the year	1 047 102 138	343 731	1 047 445 869
Dividends received	(10 127 746)	-	(10 127 746)
Share of other comprehensive income	-	(2 125)	(2 125)
Termination transfer	(201 422 057)	-	(201 422 057)
Balance at 31 December 2020	2 471 934 639	10 802 639	2 482 737 278
Restated 2019			
Balance at 1 January 2019	728 345 534	2 369 959	730 715 493
Share of profit/(loss) for the year	908 036 770	(271 647)	907 765 123
Share of other comprehensive income	-	7 420 822	7 420 822
Foreign currency translation reserve	-	941 899	941 899
Balance at 31 December 2019	1 636 382 304	10 461 033	1 646 843 337
Unaudited Historical cost			
Associate ZW\$	Subsidiary ZW\$	Total ZW\$	
2020			
Balance at 1 January 2020	362 455 673	2 330 446	364 786 119
Share of profit/( loss) for the year	2 288 659 604	(931 410)	2 287 728 194
Dividends received	(9 437 765)	-	(9 437 765)
Share of other comprehensive income	-	9 094 132	9 094 132
Termination transfer	(201 422 057)	-	(201 422 057)
Balance at 31 December 2020	2 440 255 455	10 493 168	2 450 748 623
Restated 2019			
Balance at 1 January 2019	28 469 600	99 831	28 569 431
Share of profit/(loss) for the year	294 807 910	(37 800)	294 770 110
Share of other comprehensive income	-	2 120 638	2 120 638
Foreign currency translation reserve	39 178 163	147 777	39 325 940
Balance at 31 December 2019	362 455 673	2 330 446	364 786 119

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
7. INTANGIBLE ASSETS				
Cost				
Balance at 1 January	31 716 213	44 601 023	835 948	1 104 983
Additions	1 452 282	1 899 084	475 621	99 480
Decommissioning of e Life	-	(14 783 894)	-	(368 515)
Balance at 31 December	33 168 495	31 716 213	1 311 569	835 948
Amortisation and impairment losses				
Balance as at 1 January	2 641 949	14 783 896	68 814	368 515
Amortisation	6 561 084	2 641 949	246 460	68 814
Decommissioning of e Life	-	(14 783 896)	-	(368 515)
Balance as at 31 December	9 203 033	2 641 949	315 274	68 814
Net book value as at 31 December	23 965 462	29 074 264	996 295	767 134

8. EQUIPMENT

	Inflation adjusted			
	Motor vehicles ZW\$	Equipment furniture & fittings ZW\$	Computers ZW\$	Total ZW\$
2020				
Cost or valuation				
At 1 January 2020	13 294 057	4 954 877	5 679 744	23 928 679
Additions	-	765 403	954 906	1 720 309
Disposals	(8 608 666)	11 155 932	(825 105)	1 722 161
Revaluation	(4 685 391)	16 876 212	5 809 546	27 371 149
At 31 December 2020	4 685 391	16 876 212	5 809 546	27 371 149
Accumulated depreciation and impairment				
Balance at 1 January 2020	4 518 568	1 821 985	1 348 676	7 689 229
Charge for the year	-	-	-	-
Disposal	(4 518 568)	(1 821 985)	(1 348 676)	(7 689 229)
Revaluation	-	-	-	-
Balance at 31 December 2020	4 685 391	16 876 212	5 809 546	27 371 149
Carrying amount				
Balance at 31 December 2020	13 294 057	4 954 877	5 679 745	23 928 679
Restated 2019				
Cost or valuation				
At 1 January 2019	20 213 576	16 784 229	15 719 241	52 717 046
Additions	-	-	1 877 178	1 877 178
Revaluation	(390 595)	(11 714 960)	(11 880 114)	(23 985 669)
Disposals	(6 528 924)	(114 392)	(36 560)	(6 679 876)
At 31 December 2019	13 294 057	4 954 877	5 679 745	23 928 679
Accumulated depreciation and impairment				
Balance at 1 January 2019	12 044 380	11 590 145	12 580 051	36 214 576
Charge for the year	5 853 864	3 628 661	3 994 431	13 476 956
Disposal	(5 544 501)	(18 191)	(9 597)	(5 572 289)
Revaluation	(12 353 743)	(15 200 615)	(16 564 885)	(44 119 243)
Balance at 31 December 2019	13 294 057	4 954 877	5 679 745	23 928 679
Carrying amount				
Balance at 31 December 2019	13 294 057	4 954 877	5 679 745	23 928 679
Balance at 31 December 2018	8 169 196	5 194 084	3 139 190	16 502 470

	Unaudited Historical cost			
	Motor vehicles ZW\$	Equipment furniture & fittings ZW\$	Computers ZW\$	Total ZW\$
2020				
Cost or valuation				
At 1 January 2020	2 963 576	1 104 566	1 266 156	5 334 297
Additions	-	209 855	772 970	982 825
Disposals	-	-	-	-
Currency conversion	1 721 815	15 561 792	3 770 420	21 054 027
Revaluation	4 685 391	16 876 213	5 809 545	27 371 149
At 31 December 2020	4 685 391	16 876 213	5 809 545	27 371 149
Accumulated depreciation and impairment				
Balance at 1 January 2020	1 007 301	244 812	287 997	1 540 110
Charge for the year	-	-	-	-
Disposal	(1 007 301)	(244 812)	(287 997)	(1 540 110)
Revaluation	-	-	-	-
Balance at 31 December 2020	4 685 391	16 876 213	5 809 545	27 371 149
Carrying amount				
Balance at 31 December 2020	2 963 576	1 104 566	1 266 155	5 334 297
Restated 2019				
Cost or valuation				
At 1 January 2018	473 718	440 144	322 255	1 236 117
Additions	-	-	172 137	172 137
Revaluation	2 309 590	389 355	604 223	3 303 168
Currency conversion	439 773	279 614	168 993	888 380
Disposals	(259 505)	(4 547)	(1 453)	(265 505)
At 31 December 2019	2 963 576	1 104 566	1 266 155	5 334 297
Accumulated depreciation and impairment				
Balance at 1 January 2018	180 536	253 734	209 594	643 864
Charge for the year	210 088	130 228	143 355	483 671
Disposal	(45 173)	(723)	(381)	(46 277)
Revaluation	(345 451)	(383 239)	(352 568)	(1 081 258)
Balance at 31 December 2019	2 963 576	1 104 566	1 266 155	5 334 297
Carrying amount				
Balance at 31 December 2019	2 963 576	1 104 566	1 266 155	5 334 297
Balance at 31 December 2018	293 182	186 410	112 661	592 253

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	Restated 31 Dec 2019 ZW\$
9. LIFE ASSURANCE FUNDS				
At 1 January	1 074 898 822	982 622 184	238 655 969	37 439 715
Changes to policyholder liabilities	462 493 154	43 383 703	1 298 736 009	168 287 453
Foreign currency translation reserve	-	-	-	22 029 348
Additional expense reserve	136 364 174	48 892 935	136 364 172	10 899 453
At 31 December	1 673 756 150	1 074 898 822	1 673 756 150	238 655 969





Audited Financial Results for the year ended 31 December 2020

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

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

19 PRIOR YEAR ERROR

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

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

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

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

The financial statements for the year ended 31 December 2019 have been restated to reverse the revaluation gain adjustment on computer software. The financial statements have also been restated to apply the exchange rate of USD1:ZWL1 on the date of change of functional currency (23 February 2019), which was the earliest observable exchange rate per IAS21. The Company has not presented the earliest opening statement of financial position as is required buy IAS 8 due to the impracticability to disclose the same as at 1 January 2019 as the statement of financial position for the year ended 31 December 2018 did not achieve fair presentation due to currency distortions since October 2018. An adverse opinion on the statement of financial position as at 31 December 2018 was issued given the complexity of determining the exchange rates between October 2018 and February 2019 being unknown.

20. RISK MANAGEMENT

Liquidity risk gap analyses as at 31 December 2020

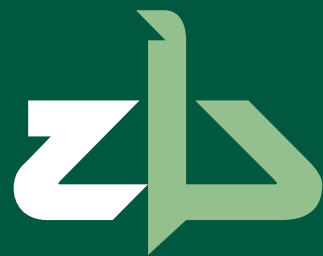
	Up to 1 Month ZW\$	2 to 12 Months ZW\$	Above 12 Months ZW\$	Total ZW\$
Assets				
Bank and cash	4 200 400	-	-	4 200 400
Funds on deposit	5 475 258	171 354	295 537	5 942 149
At Amortised cost	-	12 220 511	-	12 220 511
Investments-At Fair Value	-	208 249 227	262 759 492	471 008 719
Trade and other receivables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

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ZB FINANCIAL HOLDINGS

Audited Financial Results for the year ended 31 December 2020

AUDITED FINANCIAL RESULTS for the year ended 31 December 2020

STATEMENT OF FINANCIAL POSITION				
As at 31 December 2020				
Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>Non-current assets</b>				
Equipment	11 748 882	17 310 899	11 748 882	3 859 030
Right of use assets	6 124 820	1 318 671	6 124 820	293 965
Investment properties	187 862 000	200 469 892	187 862 000	44 689 728
Investments	131 268 437	98 324 423	131 268 437	21 918 961
<b>Total non-current assets</b>	<b>337 004 139</b>	<b>317 423 885</b>	<b>337 004 139</b>	<b>70 761 684</b>
<b>Current assets</b>				
Other assets	432 884	362 662	432 884	80 846
Balances receivable from insurance companies	79 955 826	132 327 526	79 955 826	29 499 099
Cash and cash equivalent	421 845 668	228 090 341	421 845 668	50 847 014
<b>Total current assets</b>	<b>502 234 378</b>	<b>360 780 529</b>	<b>502 234 378</b>	<b>80 426 959</b>
<b>Total assets</b>	<b>839 238 517</b>	<b>678 204 414</b>	<b>839 238 517</b>	<b>151 188 643</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	204 797	204 797	5 000	5 000
Share premium	102 193 484	102 193 484	2 495 000	2 495 000
Non-distributable reserves	3 214 377	4 902 682	18 608 612	12 769 705
Retained earnings	423 675 176	336 864 654	508 179 222	83 745 866
<b>Total shareholders' equity</b>	<b>529 287 834</b>	<b>444 165 617</b>	<b>529 287 834</b>	<b>99 015 571</b>
<b>Non-current liabilities</b>				
Deferred tax liability	32 071 642	65 265 813	32 071 642	14 549 374
Lease Liabilities	6 386 415	1 318 671	6 386 415	293 965
<b>Current liabilities</b>				
Unearned premium reserve	111 326 041	69 800 161	111 326 041	15 560 193
Incurred but not reported claims reserve (IBNR)	90 163 636	54 340 227	90 163 636	12 113 789
Outstanding claims	28 571 568	-	28 571 568	-
Balances payable to insurance companies	10 817 924	25 447 847	10 817 924	5 672 958
Taxation	8 330 090	2 841 616	8 330 090	633 467
Other payables	22 283 367	15 024 462	22 283 367	3 349 326
<b>Total liabilities</b>	<b>309 950 683</b>	<b>234 038 797</b>	<b>309 950 683</b>	<b>52 173 072</b>
<b>Total equity and liabilities</b>	<b>839 238 517</b>	<b>678 204 414</b>	<b>839 238 517</b>	<b>151 188 643</b>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
For the year ended 31 December 2020				
Notes	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
Gross premium	1 224 090 431	972 566 753	869 359 759	110 317 171
Retrocession premium	(242 611 563)	(99 805 239)	(139 906 985)	(7 527 313)
<b>Net premium income</b>	<b>981 478 868</b>	<b>872 761 514</b>	<b>729 452 774</b>	<b>102 789 858</b>
Unearned premium	(145 201 284)	(142 147 356)	(95 765 848)	(14 261 734)
<b>Net earned premium</b>	<b>836 277 584</b>	<b>730 614 158</b>	<b>633 686 926</b>	<b>88 528 124</b>
Net claims	(433 088 622)	(239 713 742)	(289 284 269)	(25 603 184)
Net commissions	(256 137 159)	(238 218 709)	(194 543 341)	(29 183 008)
Operating expenses	(111 510 171)	(181 612 415)	(78 296 107)	(19 440 928)
<b>Underwriting result</b>	<b>35 541 632</b>	<b>71 069 292</b>	<b>71 563 209</b>	<b>14 301 004</b>
Investment income	362 127 100	110 530 543	179 772 248	23 061 582
Fair value adjustment	(12 147 326)	64 842 487	212 704 982	52 641 302
<b>Net operating profit</b>	<b>385 521 406</b>	<b>246 442 322</b>	<b>464 040 439</b>	<b>90 003 888</b>
Net monetary loss	(311 478 791)	(68 840 887)	-	-
<b>Profit before tax</b>	<b>74 042 615</b>	<b>177 601 435</b>	<b>464 040 439</b>	<b>90 003 888</b>
Income tax expense	12 256 154	(64 273 479)	(37 841 453)	(15 127 811)
<b>Profit for the year</b>	<b>86 298 769</b>	<b>113 327 956</b>	<b>426 198 986</b>	<b>74 876 077</b>
Revaluation of Equipment	2 173 617	5 548 245	8 740 760	2 998 126
Income tax relating to components of other comprehensive income	(537 318)	(1 371 525)	(2 160 716)	(741 137)
<b>Total comprehensive income</b>	<b>87 935 068</b>	<b>117 504 676</b>	<b>432 779 030</b>	<b>77 133 066</b>
<b>Earnings per share</b>				
Basic earnings per share (ZW cents)	172.93	226.66	852.40	149.75

STATEMENT OF CHANGES IN EQUITY					
For the year ended 31 December 2020					
	Inflation adjusted				
	Share capital ZW\$	Share premium ZW\$	Non distributable reserves ZW\$	Retained earnings ZW\$	Total equity ZW\$
<b>2020</b>					
Balance at 1 January 2020	204 797	102 193 484	4 902 682	336 864 654	444 165 617
Profit for the year	-	-	-	86 298 769	86 298 769
Transfer to retained income	-	-	(3 324 604)	3 324 604	-
<b>Other comprehensive income net of tax</b>					
Revaluation of equipment	-	-	1 636 299	-	1 636 299
Dividend paid	-	-	-	(2 812 851)	(2 812 851)
<b>Balance at 31 December 2020</b>	<b>204 797</b>	<b>102 193 484</b>	<b>3 214 377</b>	<b>423 675 176</b>	<b>529 287 834</b>
<b>2019</b>					
Balance at 1 January 2019	204 797	102 193 484	725 962	239 221 252	342 345 495
Profit for the year	-	-	-	113 327 956	113 327 956
<b>Other comprehensive income net of tax</b>					
Revaluation of equipment	-	-	4 176 720	-	4 176 720
Dividend paid	-	-	-	(15 684 554)	(15 684 554)
<b>Balance at 31 December 2019</b>	<b>204 797</b>	<b>102 193 484</b>	<b>4 902 682</b>	<b>336 864 654</b>	<b>444 165 617</b>

STATEMENT OF CHANGES IN EQUITY (continued)					
For the year ended 31 December 2020					
	Unaudited Historical cost				
	Share capital ZW\$	Share premium ZW\$	Non distributable reserves ZW\$	Retained earnings ZW\$	Total equity ZW\$
<b>2020</b>					
Balance at 1 January 2019	5 000	2 495 000	12 769 705	83 745 866	99 015 571
Profit for the year	-	-	-	426 198 986	426 198 986
Transfer to retained income	-	-	(741 137)	741 137	-
<b>Other comprehensive income net of tax</b>					
Revaluation of equipment	-	-	6 580 044	-	6 580 044
Dividend paid	-	-	-	(2 506 767)	(2 506 767)
<b>Balance at 31 December 2020</b>	<b>5 000</b>	<b>2 495 000</b>	<b>18 608 612</b>	<b>508 179 222</b>	<b>529 287 834</b>
<b>2019</b>					
Balance at 1 January 2019	5 000	2 495 000	122 400	9 432 688	12 055 088
Translation gain	-	-	9 649 178	-	9 649 178
Profit for the year	-	-	-	74 876 077	74 876 077
<b>Other comprehensive income net of tax</b>					
Revaluation of equipment	-	-	2 998 127	-	2 998 127
Dividend paid	-	-	-	(562 899)	(562 899)
<b>Balance at 31 December 2019</b>	<b>5 000</b>	<b>2 495 000</b>	<b>12 769 705</b>	<b>83 745 866</b>	<b>99 015 571</b>

STATEMENT OF CASH FLOWS				
For the year ended 31 December 2020				
	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>Cash generated from operating activities</b>	<b>(110 130 093)</b>	<b>75 224 947</b>	<b>252 429 744</b>	<b>21 287 086</b>
Income taxes paid	(15 986 861)	(2 496 832)	(14 783 277)	(633 192)
Interest received	2 232 642	4 496 236	1 618 544	414 845
<b>Net cash generated from operating activities</b>	<b>(123 884 312)</b>	<b>77 224 351</b>	<b>239 265 011</b>	<b>21 068 739</b>
<b>Cash flows from investing activities</b>				
Additions to equipment	(34 785)	(5 696 210)	(8 999)	(234 775)
Purchase of prescribed assets	(42 015 403)	(1 028 199)	(41 893 300)	(2 076 202)
Purchase of listed securities	(649 192)	-	(381 102)	-
Maturity of prescribed assets	9 110 807	12 649 386	2 076 202	2 891 661
Proceeds on disposal of listed securities	653 003	-	381 434	-
Proceeds from disposal of equipment	-	76 478	-	3 226
Divided Received	2 319 580	5 465 307	1 871 880	524 024
<b>Net cash generated from investing activities</b>	<b>(30 615 990)</b>	<b>11 466 762</b>	<b>(37 953 885)</b>	<b>1 107 934</b>
<b>Cash flows from financing activities</b>				
Divided Paid	(2 812 851)	(15 684 554)	(2 506 767)	(562 899)
Lease liability paid	(3 815 968)	(324 991)	(1 866 222)	(72 449)
<b>Net cash utilised in financing activities</b>	<b>(6 628 819)</b>	<b>(16 009 545)</b>	<b>(4 372 989)</b>	<b>(635 348)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(161 129 121)</b>	<b>72 681 568</b>	<b>196 938 137</b>	<b>21 541 325</b>
Cash and cash equivalents at the beginning of the year	228 090 341	57 022 642	50 847 014	2 046 471
Effect of movement in exchange rates	354 884 448	98 386 131	174 060 517	27 259 218
<b>Cash and cash equivalents at the end of the year</b>	<b>421 845 668</b>	<b>228 090 341</b>	<b>421 845 668</b>	<b>50 847 014</b>

NOTES TO THE FINANCIAL STATEMENTS				
For the year ended 31 December 2020				
1 INVESTMENT PROPERTY	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
<b>Opening balance</b>	<b>200 469 892</b>	<b>62 915 263</b>	<b>44 689 728</b>	<b>2 257 950</b>
Translation gain	-	-	-	3 386 925
Fair value adjustment	(12 607 892)	137 554 629	143 172 272	39 044 853
<b>Closing balance</b>	<b>187 862 000</b>	<b>200 469 892</b>	<b>187 862 000</b>	<b>44 689 728</b>

Investment properties comprise a number of residential properties that are leased out to third parties to earn rental income. The net rental income recognised in profit or loss by the Company from its investment property, all of which is leased out under operating lease, amounted to ZWL\$2 690 430 (Inflation adjusted), ZWL\$2 221 307 (historical). There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements. There are no restrictions or encumbrances over investment property as at the reporting date.

Measurement of fair value

An external, independent property valuer, EPG Global determined the fair value of investment properties. EPG Global has appropriately recognised professional qualifications and recent experience in the location and category of the properties being valued. Reviews conducted by an independent valuer provide the fair value of the Company's investment property portfolio every 12 months.

2. INVESTMENTS	Inflation adjusted			
	Quoted Shares ZW\$	Bonds & Bills ZW\$	Unquoted investment ZW\$	Total ZW\$
<b>2020</b>				
Opening balance	86 562 179	9 432 601	2 329 643	98 324 423
Fair value adjustments	2 270 874	-	(1 810 308)	460 566
Effects of monetary movements	-	(417 337)	-	(417 337)
Additions	649 192	42 015 403	-	42 664 595
Maturities	(653 003)	(9 110 807)	-	(9 763 810)
<b>Closing balance</b>	<b>88 829 242</b>	<b>41 919 860</b>	<b>519 335</b>	<b>131 268 437</b>
<b>2019</b>				
Opening balance	159 888 146	81 312 971	1 715 818	242 916 935
Fair value adjustments	(73 325 967)	-	613 825	(72 712 142)
Effects of monetary movements	-	(60 259 184)	-	(60 259 184)
Additions	-	1 028 199	-	1 028 199
Maturities	-	(12 649 385)	-	(12 649 385)
<b>Closing balance</b>	<b>86 562 179</b>	<b>9 432 601</b>	<b>2 329 643</b>	<b>98 324 423</b>



Audited Financial Results for the year ended 31 December 2020

2. INVESTMENTS (continued)	Unaudited Historical cost			
	Quoted Shares ZW\$	Bonds & Bills ZW\$	Unquoted investment ZW\$	Total ZW\$
2020				
Opening balances	19 296 864	2 102 762	519 335	21 918 961
Fair value adjustments	69 532 710	-	-	69 532 710
Additions	381 102	41 893 300	-	42 274 402
Maturities	(381 434)	(2 076 202)	-	(2 457 636)
Closing balances	88 829 242	41 919 860	519 335	131 268 437
2019				
Opening balances	5 738 186	2 918 221	61 578	8 717 985
Translation gain	419 986	-	-	419 986
Fair value adjustments	13 138 692	-	457 757	13 596 449
Additions	-	2 076 202	-	2 076 202
Maturities	-	(2 891 661)	-	(2 891 661)
Closing balances	19 296 864	2 102 762	519 335	21 918 961

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

8. TECHNICAL RESERVES				
An external independent actuarial firm, African Actuarial Consultants determined incurred but not reported claims reserve (IBNR), Unearned Premium Reserve and the Outstanding Claims Reserves African Actuarial Consultants has the appropriate recognised professional qualifications and experience to undertake this valuation.				
To estimate the IBNR Reserve, the actuary made use of the Basic Chainleader and Inflation adjusted Chainleader methods. To estimate the Unearned premium reserve the Actuary makes use of the 365th method. To estimate outstanding claims reserve, reports and individual case estimates received from ceding companies were used.				
	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$	31 Dec 2020 ZW\$	31 Dec 2019 ZW\$
9 NET CLAIMS				
Gross claims	305 223 653	192 913 784	187 787 823	16 724 142
Retrocession recoveries	(12 425 257)	(10 169 695)	(5 124 969)	(881 634)
IBNR movement	92 080 960	49 716 050	78 049 847	9 760 676
Outstanding claims movement	48 209 266	7 253 603	28 571 568	-
	433 088 622	239 713 742	289 284 269	25 603 184
10 NET COMMISSIONS				
Gross commissions	328 103 418	257 380 358	236 910 391	31 530 408
Retrocession commissions	(71 966 259)	(19 161 649)	(42 367 050)	(2 347 400)
	256 137 159	238 218 709	194 543 341	29 183 008
11 OPERATING EXPENSES				
Staff expenses	31 082 206	26 358 393	22 799 137	2 822 431
Impairment on balances receivable from insurance companies	9 231 212	92873329	9 231 212	11 170 139
Depreciation- property and equipment	3 855 151	3 312 533	859 907	228 890
Depreciation-right of use asset	1 055 046	808 492	515 977	54 928
Directors' remuneration	4 129 992	655 229	3 084 320	58 938
Current year audit fees	4 234 704	2 604 227	2 144 671	261 709
Other management expenses	53 654 295	52 461 982	39 794 223	5 028 004
Impairment Right of Use Asset	485 636	3 290 202	-	-
Profit on lease reassessment	(133 340)	(825 888)	(133 340)	(184 111)
Impairment-property and equipment	3 915 269	73 916	-	-
	111 510 171	181 612 415	78 296 107	19 440 928
12 INVESTMENT INCOME				
Interest income	2 232 642	4 496 236	1 618 544	414 845
Dividend income	2 319 580	5 465 307	1 871 880	524 024
Exchange gain	354 884 448	98 386 131	174 060 517	21 932 717
Loss on disposal of assets	-	(51 466)	-	(1 367)
Rental Income	2 690 430	2 234 335	2 221 307	191 363
	362 127 100	110 530 543	179 772 248	23 061 582
13 FAIR VALUE ADJUSTMENT				
Increase in fair value of equity investments	460 566	(72 712 142)	69 532 710	13 596 449
Increase in fair value of investment property	(12 607 892)	137 554 629	143 172 272	39 044 853
	(12 147 326)	64 842 487	212 704 982	52 641 302
14 REGULATORY FRAMEWORK				
The Insurance and Pensions Commission (IPEC) requires reinsurers to maintain a minimum solvency level of 25%. The solvency ratio is calculated as shareholder's equity divided by net premium income. As at 31 December 2020 the company had a solvency margin of 54%(Inflation adjusted), 73% (Historical) (December 2019: 51%- Inflation adjusted and 96%-Historical). The company is also compliant with the IPEC prescribed minimum capital requirement of \$75,000,000.				

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## **Independent Auditors' Report**

### **To the shareholders of ZB Financial Holdings Limited**

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#### **Adverse Opinion on Inflation Adjusted Consolidated Financial Statements and Qualified Opinion on the Inflation Adjusted Separate Financial Statements**

We have audited the inflation adjusted consolidated and separate financial statements of ZB Financial Holdings Limited (the "Group" and "Company"), set out on pages 14 to 180, which comprise:

- the inflation adjusted consolidated and separate statements of financial position as at 31 December 2020;
- the inflation adjusted consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the inflation adjusted consolidated and separate statements of changes in equity for the year then ended;
- the inflation adjusted consolidated and separate statements of cash flows for the year then ended; and
- the notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the inflation adjusted consolidated financial statements do not present fairly the inflation adjusted consolidated financial position of ZB Financial Holdings Limited as at 31 December 2020, and its inflation adjusted consolidated financial performance and its inflation adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25) and the Insurance Act (Chapter 24:07).

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the inflation adjusted separate financial statements present fairly, in all material respects, the inflation adjusted separate financial position of ZB Financial Holdings Limited as at 31 December 2020, and its inflation adjusted separate financial performance and inflation adjusted separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

## **Basis for Adverse Opinion on Inflation Adjusted Consolidated Financial Statements and Qualified Opinion on the Separate Financial Statements**

*Inconsistent application of fair value measurement principles related to valuation of investment properties and owner occupied properties between ZB Financial Holdings Limited and its subsidiaries and an associate in the current year*

ZB Financial Holdings Limited, through its life assurance subsidiary, has an associate investment in a property development and investment company. Both the group and the associate engaged the same external property valuer to perform property valuations for their respective year end valuations, with ZB Financial Holdings and its subsidiaries' property portfolio being valued in United States dollars and being converted into Zimbabwe dollars using the official exchange rate as at 31 December 2020, which is consistent with the basis adopted in the prior year. The associate engaged the same valuer to conduct two full valuations at year end, one in United States dollars and the other in Zimbabwe dollars, with the Zimbabwe dollar valuation being adopted for year end reporting purposes, which is inconsistent with the valuation basis adopted in the prior year as well as with the valuation approach applied in respect of ZB Financial Holdings Limited's owner occupied and investment properties.

There is a lack of consistency between property valuation basis and translation methods applied by ZB Financial Holdings Limited and its subsidiaries and the associate. IFRS 13 *Fair Value Measurement* paragraph 65 requires valuation techniques used to measure fair value to be applied consistently. The change from including the valuation of investment properties of the associate on the basis of direct ZWL\$ valuations in the current year compared to USD valuation in the prior year does not comply with the conditions in the standard that allow for a change in valuation techniques due to limited ZWL\$ market evidence.

In accordance with IAS 28, *Investments in Associates and Joint Ventures* paragraph 35, the investee's financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances except as described in paragraph 36A. IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 5 defines accounting policies as the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. If an associate or a joint venture uses methods and techniques other than those of the entity for like transactions and events in similar circumstances, adjustments shall be made to make the associate's or joint venture's results to conform to those of the entity when the associate's or joint venture's financial statements are used by the entity in applying the equity method.

The Directors have not adjusted the financial records and its financial statements to align the valuation approaches between ZB Financial Holdings Group and its associate. The directors have estimated that the effects on the inflation adjusted consolidated financial statements, had the directors adjusted the financial records to align the valuation approaches between ZB Financial Holdings Limited and the associate, would have resulted in equity accounted investments decreasing by ZWL\$ 952 278 246, deferred tax liability decreasing by ZWL\$ 49 011 524, life assurance funds liability decreasing by ZWL\$ 203 972 150, with the effect on the inflation adjusted consolidated statement of profit or loss and other comprehensive income impact being a decrease in the share of profit from equity accounted investments by ZWL\$ 952 278 246, as well as decrease in the changes to policyholder liabilities by ZWL\$ 203 972 150 and the related income tax expense by ZWL\$49 011 524.

The effect of this non-compliance with IAS 28 and IFRS 13 on the inflation adjusted consolidated financial statements is material and pervasive.



*Non-compliance with International Financial Reporting Standards IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) and International Financial Reporting Standards IAS 29 - Financial Reporting in Hyperinflation Economies (IAS 29) in the prior financial year*

As described in note 3.1.1 to the inflation adjusted consolidated and separate financial statements, during the prior financial year, a new currency called the RTGS dollar, also referred to as Zimbabwe dollar, was legislated through Statutory Instrument 33 of 2019 on 22 February 2019. SI33/19 fixed the exchange rate between the RTGS dollar and the USD at a rate of 1:1 for the period up to its effective date. The Group and Company however, decided to account for the change in functional currency from United States dollars to Zimbabwe dollars effective 1 January 2019 by adopting the opening interbank foreign exchange rate of 1:2.5 for the period between 1 January and 22 February 2019. This was not in compliance with IAS 21 where the functional currency was assessed to have been the ZWL with effect from 1 October 2018 and the market exchange rate was not 1:1 as stipulated by SI33/19.

In addition, as described in note 3.1.3 to the inflation adjusted consolidated and separate financial statements, Zimbabwe became a hyperinflationary economy with effect from 1 July 2019. IAS 29 refers to a 'currency' in an economy being the underlying indicator of the hyperinflationary environment, based on that understanding the Group is required to identify the currency which is that of a hyperinflationary environment. As noted in the section above, the currency identified in a hyperinflationary economy, RTGS dollars, was determined to be a functional currency from an accounting perspective from October 2018, only became legally recognised as currency on 22 February 2019, and was determined to have become hyperinflationary from 1 July 2019. The Directors opted to apply the principles of hyperinflation from 1 January 2009. During this period however, Zimbabwe was in a USD currency and economy predominantly and therefore was not operating in a hyperinflationary economy. It is therefore incorrect to apply hyperinflation accounting from 1 January 2009 up to 30 September 2018.

Had the Group and Company applied the full requirements of IAS 21 and IAS 29 in the prior year, various elements of the prior year inflation adjusted consolidated and separate financial statements, namely equity and non-monetary assets that are not carried at fair value or in terms of current purchasing parity, which are presented as comparative financial information, may have been materially impacted as disclosed in Note 3.1.3. The financial effects of this departure on the prior year inflation adjusted consolidated and separate financial statements have not been determined.

Our opinion on the current year's inflation adjusted consolidated financial statements has been further modified and the inflation adjusted separate financial statements have been modified because of the possible effects of these matters on the comparability of the current year's inflation adjusted consolidated and separate financial statements with those of the prior year.

*Prior period error relating to incorrect adoption of the revaluation model for intangible assets for the inflation adjusted consolidated financial statements*

In addition, we also draw attention to note 15 to the inflation adjusted consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2019 has been restated.

*Comparative Information audited by another auditor*

The inflation adjusted consolidated and separate financial statements, were audited by another auditor who expressed an adverse opinion on those inflation adjusted consolidated and separate financial statements on 29 May 2020 due to the non-compliance with IAS 21 and IAS 29 as described above.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements* section of our report. We are independent of the both the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted consolidated and separate financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the inflation adjusted consolidated financial statements and our qualified opinion on the inflation adjusted separate financial statements.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Adverse Opinion on Inflation Adjusted Consolidated Financial Statements and Qualified Opinion on the Separate Financial Statements* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Valuation of insurance contract liabilities

*This matter relates to the inflation adjusted consolidated financial statements.*

Refer to the insurance liabilities accounting policy note 3.17.2 and trade payables consolidated note 17 to the inflation adjusted consolidated financial statements. Also refer to the key sources of estimation uncertainty valuation of the life fund note 2.2.2.7 and the life assurance funds note 22 to the inflation adjusted consolidated financial statements.

Key Audit Matter	How the matter was addressed in our audit
<p>The Group holds significant insurance liabilities which comprise of IBNR of ZWL\$ 90 163 636 (note 17), net outstanding claims of ZWL\$28 571 568 (note 17), and UPR of ZWL\$111 326 041 (note 17) and through its life assurance subsidiary has a life assurance fund with the value of ZWL\$1 673 756 150 (note 22) as at 31 December 2020.</p> <p>The directors engaged an actuarial expert to assess the valuation of the IBNR, net outstanding claims and UPR as well as the life fund.</p> <p>The determination of the insurance liabilities, is an area that makes use of</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key controls over the identification, measurement and recording of the group's calculation of insurance contract liabilities.</li> <li>• Evaluating the appropriateness of the methodology applied and assumptions used by the Group to determine the insurance liabilities using our knowledge and industry experience.</li> <li>• Engaging our own actuarial specialist to interrogate the methodology and</li> </ul>



<p>significant qualitative and quantitative judgments and estimates due to the level of subjectivity inherent in the estimation of the occurrence and severity of insurable events that have occurred as at the end of the reporting period.</p> <p>Significant estimation and judgement is applied over key valuation assumptions used to determine the insurance contract liabilities such as valuation interest rates, expense inflation and mortality basis.</p> <p>Because of the inherent susceptibility of the technical reserves to estimation uncertainty as well as the significance of their quantitative impact, we considered the valuation of these insurance liabilities to be a key audit matter.</p>	<p>assumptions used in the determination of the insurance liabilities by testing the principles and integrity of the data and models used by management and their actuaries.</p> <ul style="list-style-type: none"> <li>Assessing the reasonability and accuracy of the liabilities by comparing the prior year claims recognised against the results of current year claims actually reported that related to the prior financial period.</li> <li>Confirming the amounts recoverable from the reinsurers.</li> <li>Re-computing, the date of the origination of premiums, the allocation of premiums received between current year and future periods based on time allocation, together with the amounts for future periods being recognized as UPR.</li> <li>Assessing the disclosures in the consolidated inflation adjusted financial statements, paying particular attention to the disclosure of the assumptions used and judgements made.</li> </ul>
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## 2. Valuation of property, equipment and investment property

*This matter relates to both the inflation adjusted consolidated and separate financial statements.*

Refer to the property and equipment accounting policy note 3.7, the investment property accounting policy note 3.16, critical accounting estimates and judgements note 2.2.2.4, the property and equipment consolidated note 14, the investment property consolidated and separate note 12, and property and equipment company note 14 to the inflation adjusted consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group and Company hold owner occupied properties, equipment and investment properties that are valued at fair value in accordance with IAS 16 <i>Property, Plant and Equipment</i> and IAS 40, <i>Investment Property</i>, respectively. As at reporting date, the Group and Company had property, equipment and investment properties amounting to ZWL\$2 951 346 534 for Group and ZWL\$32 261 413 for Company and ZWL\$2 177 997 851 for Group and ZWL\$ 29 525 000 for the Company, respectively.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessing the professional competence, capability and objectivity of the qualified valuers. Specifically, in respect of the valuers, we enquired about interests and relationships that may have created a threat to the valuers' objectivity. We also validated the valuers' professional memberships.</li> </ul>

Key audit matter	How the matter was addressed in our audit
<p>Fair valuation of properties is difficult to ascertain as market comparable sales are not as readily available as a result of depressed economic activity which has resulted in a limited number of open market sales. Furthermore, the hyperinflationary environment has made it increasingly difficult to determine the fair value in local currency. Therefore, the qualified valuers determined property values in USD and converted to local currency at ruling interbank exchange rate at 31 December 2020.</p> <p>Due to the degree of complexity involved in determining the fair value of the owner-occupied properties and investment properties and the significance of the judgments and estimates made by the directors, as well as the significance of their quantitative impact, this was considered to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Holding discussions with the Group's and Company's independent valuers to understand the assumptions and methodologies used in valuing these properties and the market evidence supporting the valuation assumptions.</li> <li>• Evaluating the appropriateness of the inputs to the valuations by reviewing supporting market transactions used for the valuations.</li> <li>• Evaluating the appropriateness of the methodology applied for conversion of the USD valuations to ZWL in line with the requirements of the applicable financial reporting standards.</li> <li>• Assessing the adequacy of the disclosures in the inflation adjusted consolidated and separate financial statements in respect of owner occupied properties and investment property.</li> </ul>

### 3. Expected credit loss allowance on loans and advances

*This matter relates to the inflation adjusted consolidated financial statements.*

Refer to the impairment of financial assets accounting policy note 3.4.1.5, mortgages and other advances consolidated note 7, and credit risk consolidated note 38.2.4 in the inflation adjusted consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group, through its banking and building society subsidiaries, provides retail, retail corporate, mortgage and corporate loans and advances. As at reporting date, the Group had mortgages and other advances amounting to ZWL\$3 147 343 462. The Group uses an expected credit loss (ECL) model to determine the loss allowance in respect of loans and advances and total ECL at Group level amounts to ZWL\$275 225 469. The ECL methodology incorporates the expected future credit losses due to forward looking macro-economic variables.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessing and testing the design and operating effectiveness of the controls over credit origination and monitoring.</li> <li>• Assessing whether the Group's credit policies are aligned with IFRS 9, Financial Instruments.</li> <li>• Engaging our Financial Risk Management (FRM) specialists to evaluate the appropriateness of the IFRS 9 expected credit loss models</li> </ul>



Key audit matter	How the matter was addressed in our audit
<p>The Group's ECL model uses certain judgements and assumptions such as:</p> <ul style="list-style-type: none"> <li>• the credit risk grades allocated to the counterparties loans and advances and mortgages;</li> <li>• the probability of a loan becoming past due and subsequently defaulting (probability of default 'PD');</li> <li>• the magnitude of the likely loss if there is default (loss given default 'LGD');</li> <li>• the expected exposure in the event of a default (exposure at default 'EAD');</li> <li>• the criteria for assessing significant increase in credit risk (SICR);</li> <li>• the rate of recovery on the loans that are past due and in default;</li> <li>• the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collateral; and</li> <li>• the incorporation of forward-looking information used in determining the expected credit losses on the loans and advances.</li> </ul> <p>Due to the significance of the loans and advances balance to the inflation adjusted financial position of the Group and the level of judgement including the estimation of key impairment parameters applied in determining the ECL, the expected credit loss on loans and advances was considered a key audit matter.</p>	<p>by independent (challenger) models to evaluate the appropriateness of the ECL.</p> <ul style="list-style-type: none"> <li>• Assessing completeness, accuracy and validity of data and inputs used during the development and application of the ECL model. For a sample of loans and advances, we evaluated the appropriateness of the credit risk grades.</li> <li>• Using available external and independent information to challenge management's assumptions and judgements in determining expected credit losses.</li> <li>• Assessed the adequacy of the disclosures in the inflation adjusted consolidated financial statements respect of ECL, as required in terms of IFRS 9.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the Report of the directors, the Statement of directors' responsibilities, extracts from the report of the independent actuary and the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Unaudited Historical Cost" but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon, which

we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for adverse opinion* section above, given the non-compliance with IFRS 13 and IAS 28 in the current year in addition to IAS 21 and IAS 29 in the prior year, the Group's and Company's current year's inflation adjusted financial statements may not be comparable with the prior year. We have therefore concluded that the other information is materially misstated for the same reasons with respect to the amounts or other items in the Report of the directors, the Statement of directors' responsibilities, extracts from the report of the independent actuary, and the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Unaudited Historical Cost".

#### **Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25) and the Insurance Act (Chapter 24:07), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Company and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/ Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated and separate financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the



adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

KPMG Zimbabwe  
Registered Accountants and Auditors  
Chartered Accountants (Zimbabwe)

Michael de Beer  
Chartered Accountant (Zimbabwe)  
Registered Auditor  
PAAB Practicing Certificate Number 0369

30 June 2021

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors

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